

**IN THE INCOME TAX APPELLATE TRIBUNAL
"A" BENCH, AHMEDABAD**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

**ITA No. 1163/Ahd/2025 & CO No.70/Ahd/2025
(Assessment Year: 2022-23)**

Assistant Commissioner of Income-tax, Circle-1, Bhavnagar	Vs.	Rudra Global Infra Products Limited, 2715/A, M.D. House, Waghawadi Road, Nr. Central Salt, Bhavnagar-364001 [PAN No. AAGCM 9245 A]
(Appellant)	..	(Respondent/Cross Objector)

Assessee represented by :	Shri Parimalsinh B. Parmar, AR
Revenue represented by:	Shri Alpesh Parmar, CIT(DR)
Date of Hearing	17.11.2025
Date of Pronouncement	19.01.2026

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal by the Revenue and the Cross Objection by the assessee arise out of the order dated 26.03.2025 passed by the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [hereinafter referred to as "Ld. CIT(A)"] under section 250 of the Income-tax Act, 1961 ["the Act"] for the Assessment Year (AY) 2022-23.

2. The sole grievance of the Revenue reads as under:-

"Whether the CIT (A) has erred in facts and law in deleting the addition of Rs. 41,71,10,137/- being non-genuine and bogus purchases, without appreciating the fact that the assessee could not substantiate the genuineness of the purchases?"

3. Grounds of cross-objections raised by the assessee are as under:-

"1. Admission of legal ground

The assessee prays to admit the legal grounds No. 2 & 3 which can be taken for first time before the Hon'ble Tribunal as held by Hon'ble Supreme court in the case of NTPC 229 ITR 383.

2. Issue of Notice u/s 143(2) bad in law

(a) The notice issued u/s 143(2) is bad in law as it did not specify that the case has been selected through CASS cycle which is in violation of principles of natural justice because the assessee would have objected the inquiry or show-cause notice issued beyond CASS parameters and thus non-specification in notice u/s 143(2) gave unbridled powers to AO which are not intended when selection is made through CASS cycle.

(b) The AO erred in not mentioning 'scrutiny through CASS' cycle in notice u/s 143(2) and thus, the AO has acted in violation of press release dated 31-December-2015 that promised to public that Income Tax Department is committed to providing fair and transparent tax administration and continuously improve taxpayer services.

3. Additions on Non-CASS Parameters

The AO erred in making addition on issues which were not part of CASS parameters, called by AO as Non-CASS and no adverse inference was drawn on CASS parameters as noted in para 03 of assessment order and thus acted in violation of CBDT instruction F. No. 225/66/2023/ITA-II Dated 24.05.2023 that mandated complete scrutiny only in respect of compulsory selection and the assessee did not meet that criterion as per Para 3 because selection of case was done through CASS cycle and inquiry ought to be restricted on CAAS parameters and Hon'ble courts have held that the AO cannot travel beyond CBDT instructions."

4. The brief facts of the case are that the assessee-company is engaged in manufacturing of 'TMT bars' by using 'billets' which, in turn, are made by melting 'MS scrap'. In this case, the assessee filed its return of income for the year under consideration, declaring NIL income and book profit under MAT at Rs.1,88,64,123/-. Further, the return was processed u/s 143(1) by making a disallowance of the credit of Bought Forward Losses of Rs. 9,20,26,780/- resulting into an assessed income of Rs. 9,20,26,781/-. The case was selected for scrutiny through CASS. During the assessment proceedings, the Assessing Officer treated purchases aggregating to Rs. 41,71,10,137/- as bogus in respect of the following four suppliers:

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Sr. No.	Name of Supplier	Quantity of MS scrap (in MT)	Amount (Rs.)
1	GSRs Steel & Alloys Pvt. Ltd.	4663.600	10,68,38,357
2	Merry Sales Pvt. Ltd.	10937.480	24,53,38,519
3	Naresh Ram (Prop. Ram Enterprises)	390.995	1,70,93,619
4	Ruby Kumar (Prop. Kumar Enterprises)	1080.855	4,78,39,642
	Total	17072.935	41,71,10,137

The disallowance was made mainly on the ground of non-response or partial response to notices issued under section 133(6) of the Act.

5. Aggrieved by the order of the Assessing Officer, the Assessee filed appeal before the Ld. CIT(A) who upheld the order of the Assessing Officer. The Ld. CIT(A), after an elaborate examination of facts and documentary evidence, deleted the addition by recording detailed factual findings as under:-

“6.1 The only substantial ground in this case relates to the purchases of Rs. 41,71,10,137/- being treated as bogus in the following four cases :

Sr. No.	Name of Party	Purchase Quantity in MT	Purchase Amount (Rs)
1	GSRs Steel & Alloys Pvt. Ltd.	4663.600	10,68,38,357
2	Merry Sales Pvt. Ltd.	10937.480	24,53,38,519
3	Naresh Ram (Prop. Ram Enterprises)	390.995	1,70,93,619
4	Ruby Kumar (Prop. Kumar Enterprises)	1080.855	4,78,39,642
	Total	17072.935	41,71,10,137

6.2 The AO treated the above purchases as bogus on the following grounds:

- (i) That Shri Naresh Ram and Ruby Kumar did not make any submission in response to the notices issued u/s 133(6).*
- (ii) Supplier GSRs Steel & Alloys Pvt. Ltd was not found at the given address by the verification unit.*

- (iii) *Merry Sales Pvt. Ltd, though replied and submitted the confirmation copy of the ledger account but no other details were furnished.*
- (iv) *It is also stated that the appellant had only submitted confirmation ledger account but failed to submit corresponding bank account statement.*

6.3 In the course of appellate proceeding, the appellant submitted that the appellant company is a listed company and getting its accounts audited by chartered accountants duly appointed by the board and shareholders in its annual general meeting, which is an independent agency, having verified and certified the books of accounts of company including the inventory of same. It is submitted that the appellant industry falls under requirement of cost audit which is required to be done for the cost audit of manufacturing process of company as well as certifying the cost of material produced by the company, which too is an independent agency. Being listed company the internal controls and checks are in place, which is duly and periodically verified by the internal auditor of company and they have never questioned the inventory of company in their report. It is further submitted that the management is periodically taking verification of stock, which is in line with the books of accounts and there is no deviation observed by them as well as statutory auditor or internal auditor. The company is having working capital limits from banks and they are conducting surprise stock verification by their own staffs or stock auditor empaneled with them and there is no deviation observed by them in recent years. During the relevant year, a search operation was conducted by DGGI Jaipur and CGST team at the appellant's premises and there was no stock variation/deviation, found or reported by them during their search operation. It is also submitted that the search operation was conducted by Income tax department during the year at our premises and there was no stock variation/deviation, found or reported by them during their survey operation. Also, the appellant is registered with Beuro of Indian Standard (BIS) for better quality of material and with them they are giving royalty of Rs. 3 per Ton which has never been disputed by BIS authorities. This proves that sale was undisputed which cannot be done without material being purchased for manufacturing. It is submitted that in view of so many control and checks, the process of purchase and manufacturing was fully robust and there was no variation in inventory reported by company.

6.4 It is further submitted that the appellant is having complete secure and robust system of making purchase and maintaining complete KYC of all the suppliers and buyers as well and the process of the same is as follows:

- 1. Company is having vendor registration process Intact where complete KYC is taken from supplier before issuing any purchase instruction to them and after completion of KYC the purchase department is issuing*

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purchase order and then after factory gate is accepting any inward truck to gate in for delivery.

- 2. All inward materials are duly verified by purchase department and then after it is released for weight at way-bridge available inside the factory premises and their photograph of truck and raw material is taken along with weight slip.*
- 3. Before gate in truck to be unloaded in scrapyard QC department is verifying raw material and requisite lab test are done before unloading and after that the raw material get unloaded in factory yard.*
- 4. There after accounts department comes into picture and processing the payment before making payments they verify the last GST return filling Status of party and if same is not filled by the party they are always asked to file the same and after filling of same the payments are released to parties.*
- 5. More than 90% of payment done by the company are done online and through RTGS and NEFT mode which always restrict the bogus payments as online payments always done in account which is provided by supplier along with complete bank details of supplier.*

6.5 It is, accordingly, submitted that the appellant has completed the onus or burden of proof of transaction with four mentioned parties which meets the requirement of law but the AO has not taken all the things in positive manner and taken these all the transactions as bogus or sham transactions. It is submitted that the AO issued notice u/s. 133(6) to almost all the parties approximately more than 150 parties as the appellant got the information from its buyers and sellers as well as all the unsecured loan and secured loans. The appellant submitted all the details (as almost data more than 1 TB).

6.6 I have considered the submission of the appellant and it is noticed that out of more than 150 parties, only two parties Shri Naresh Ram and Ruby Kumar did not make any submission despite service of notice u/s 133(6). The AO on the basis of this and without conducting any further enquiry concluded that these transactions are not genuine. In the case of GSRs Steel and Alloys Pvt. Ltd, the AO got persuaded to treat the transaction as bogus merely because the company was not found at the address by the verification unit. The AO did not even seem to have confronted this to the appellant in order to ascertain whether there was a change in address or there were other circumstances whereby this company was not found by the verification unit at the given address. In the case of Merry Sales Pvt. Ltd, the party replied before the AO and submitted the confirmation copy of the

ledger account but the AO treated this transaction as bogus on the basis that no 'other details' were furnished. Though, it is not clear from the assessment order as to what other details were called for and in the event of non-response what further action was taken by him in the case of Merry Sales Pvt. Ltd.

6.7 It is trite law that no adverse inference can be drawn only on the basis that the parties did not submit details in response to notice u/s 133(6) or on the ground that the said party was not found on the address given without falsifying the documentary, contemporaneous evidence submitted by the appellant on the basis of enquiry conducted by the AO. It is noticed that in this case, the appellant purchased the MS scrap from this party to the tune of Rs.10,68,38,357.00/- i.e. 4663.605 M.T. of MS scrap which is almost equal to 5% of total raw material purchase during the year under review. Further, all the transactions which are done are duly reflected in GSTR 2A of the appellant. This shows that the suppliers had filed the GSTR 1 after sales were made by them. Further, the appellant submitted the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the appellant. The payments were made by account payee cheques and above that all the payments were done online in account of supplier from appellant's bank account and the same is reflecting in appellant's bank statement. As online payment with the name of payee it can't be settled with any other party. Further, the appellant deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them means assessee have taken all the precautions and compliances well in place.

6.8 Likewise, in the case of Merry Sales Pvt. Ltd, the appellant purchased the MS scrap from this party to the tune of Rs. 24,53,38,519.00/- i.e. 10937.48 M.T. of MS scrap which is almost equal to 15% of total raw material purchase during the year under review and just because of that party had not replied to the notice u/s. 133(6), the assessing officer considered it as bogus purchase. It is noticed that all the transactions which are done are duly reflected in GSTR 2A of the appellant. This shows that the suppliers filed the GSTR 1 after sales were made by them. The appellant also submitted that the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the appellant. All the payments were made by account payee cheques and all the payments were done online in account of supplier from appellant's bank account and same is reflecting in appellant's bank statement. The appellant deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them. The supplier has also submitted the ledger confirmation on income tax portal over which is not considered.

6.9 In the case of Naresh Ram (Prop. M/s. Ram Enterprises), the appellant purchased the MS scrap from this party to the tune of Rs. 1,70,93,619.00/- i.e. 390.995 M.T. of MS scrap which is almost equal to 0.5% of total raw material purchase during the year under review and just because of that party had not replied the notice u/s. 133(6), the assessing officer has considered it as bogus purchase. The appellant submitted in its reply that all the transactions which are done duly reflect in GSTR 2A of the appellant. This shows that the suppliers have filed the GSTR 1 after sales were made by them. The appellant also submitted the confirmation of the supplier and GSTR filing status of supplier and the same was active at the time of purchase made by the appellant. All the payments were made by account payee cheques and all the payments were done online in account of supplier from appellant's bank account and same was reflecting in appellant's bank statement. The appellant deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them.

6.10 In the case of Ruby Kumar (Prop. M/s. Kumar Enterprises), the appellant purchased the MS scrap from this party to the tune of Rs. 4,78,39,642/- i.e. 1080.855 M.T. of MS scrap which is almost equal to 1.5% of total raw material purchase during the year under review. The appellant submitted in its reply that all the transactions which are done duly reflect in GSTR 2A of the appellant. The appellant also submitted the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the appellant. All the payments were made by account payee cheques and all the related payments were done online in account of supplier from appellant's bank account and same was reflecting in appellant's bank statement. The appellant deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them means assessee have taken all the precautions and compliances well in place.

6.11 It is noticed that merely because some parties have not responded to notices issued u/s 133(6) despite service of notice and that the parties who appeared before him did not submit 'other details' without specifying what details were called for and what further action was taken for non-compliance or on the basis that against purchases only miniscule payments were made in the year under consideration without even enquiring whether further payments were made in the subsequent years, the AO concluded that the transactions of bogus. The legal position in this regard is almost settled that once a notice u/s 133(6) is issued and the parties do not respond to the said notices, the AO must conduct necessary enquiry in terms of law to take this enquiry to its logical conclusion and no adverse inference can be drawn merely on the basis that the parties not respond to the notices. Further, if the parties appear before the AO and do not submit the 'other details', this again calls for necessary enquiry in the case of those parties to draw meaningful inference. The AO did not carry out any of these

exercises and rejected the whole set of transactions which are through banking channels along with necessary GST and TDS records. Such a conclusion by the AO cannot be legally and judicially countenanced. The addition made, therefore, on the basis of mere presumption cannot be sustained, more so, when the AO is not doubting the identity of the lender and genuineness of the transaction. I am fortified in this regard by Commissioner of Income-tax, Faridabad V. GP International Ltd. [2010] 186 Taxman 229 (Punjab & Haryana)/ [2010] 325 ITR 25 (Punjab & Haryana)/[2010] 229 CTR 86 (Punjab & Haryana)[02-12-2009], where law was explained in the following terms:

“3. Regarding the addition of Rs. 15,00,000 on account of unexplained share capital, it has been held that at the time of the original assessment, the assessee had supplied the list of the persons along with their addresses to whom the shares were sold. The said list contained information, such as name, address and number of shares allotted. The Assessing Officer had issued enquiry letter under section 133(6) of the Act at random basis to 25 persons, out of whom some of the persons confirmed the genuineness of the transaction. However, some persons did not respond. In view of this fact, out of the total share capital of Rs. 54,28,500, the Assessing Officer made an addition of Rs. 15,00,000 by treating the sources of share capital of those persons as unexplained. In our opinion, the CIT(A) as well as the ITAT have rightly deleted the aforesaid addition, because in the instant case, the Assessing Officer is not doubting the identity of the persons from whom the assessee has shown receipt of application money. Merely because some of the persons did not respond to the notice issued by the Assessing Officer under section 133(6) of the Act, it cannot be taken that the said transaction was ingenuine. It has been held by the Hon'ble Supreme Court in CIT v. Lovely Exports (P.) Ltd. [S.L. A. No. 11993 of 2007, dated 11-1- 2008] that if the share application money is received by the assessee company from alleged bogus shareholders, whose names are given to the Assessing Officer, then the department is free to proceed to reopen their individual assessments in accordance with law. But the said amount cannot be taken as unexplained income in the hands of the assessee.

4. In view of the above, we do not find any illegality in the impugned order passed by the ITAT and in our opinion, no substantial questions of law, as raised by the revenue in this appeal, arise from the order of the ITAT.

Dismissed.”

6.12 Where an appellant submits documentary evidence, the same cannot be rejected merely on the basis that the parties did not comply with the notices issued u/s 133(6) unless the AO conducts further enquiry and records a finding to reject the documentary evidence furnished by the appellant. The AO is required to record his finding in respect of each of the documentary evidence furnished by the appellant and draw necessary inference thereafter. Law, in this regard, was explained in ACIT v Hareshbhai Mohanbhai Sakariya [2023] 148 taxmann.com 115 (SuratTrib.) [29-11-2022] in the following terms:

“20. We have considered the rival submissions of both the parties and have gone through the orders of authorities below carefully. We have also deliberated on the case law relied by the ld. AR of the assessee. We find that the Assessing Officer disallowed the interest expenses by taking a view that the lender parties have not responded to the notice under section 133(6) of the Act. We find that no finding was given by Assessing Officer on various documentary evidences furnished by assessee, which consists of confirmation of parties, return of income of lender parties, ledger account of assessee and parties' books of account, bank statement of parties and financial statement of lenders. The assessee has also filed copies of reply in response to notice under section 133(6) of the Act. We find that the ld. CIT(A) allowed relief to the assessee by clearly holding that the reply of lender party in response to notice under section 133(6) is seen on ITBA Website. Similar interest expenses were allowed in earlier assessment years and was never disallowed. We find that the ld. CIT(A) granted relief on appreciation of fact that the assessee made compliance. As we have earlier noted that the Assessing Officer has not given any finding on the various documentary evidences to substantiate the genuineness of interest expenses. Further the Assessing Officer has not controverted the fact that in earlier years, similar interest expenses were allowed. In view of the aforesaid factual discussion, we do not find any merit in the grounds of appeal raised by the Revenue and we delete the same. Accordingly, grounds No. 2 and 3 of the appeal are dismissed.”

6.13 The addition made merely on the basis of non-compliance of notice u/s 133(6) without controverting the documentary evidence cannot, therefore, be sustained. Accordingly, this ground of appeal is allowed and the addition made is directed to be deleted.”

6. Aggrieved by the order of the Ld. CIT(A), the Revenue filed appeal before the Tribunal.

7. Before us, the Ld. DR relied upon the assessment order. It was argued that disallowance was made as there was no response or partial response to notices issued under section 133(6) of the Act. Hence, the assessee has not discharged his onus of proving the purchases as correct.

8. The Ld. AR strongly supported the order of the Ld. CIT(A) and submitted that the impugned addition was made purely on the basis of presumptions without rebutting or controverting the documentary evidence placed on record by the assessee. The Ld. AR contended that neither sales, opening stock nor closing stock had been doubted by the Assessing Officer, and the books of accounts had also not been rejected by the Assessing Officer. It was further argued that no addition can be sustained merely on account of non-compliance with notice issued u/s 133(6), in the absence of any adverse material or without controverting documentary evidences furnished by the assessee. In the present case, the assessee had duly filed all supporting documentary evidences, which remained uncontroverted by the Assessing Officer. In support of this proposition, reliance was placed on the following judicial precedents:-

- i) CIT v. GP International Ltd, (2010) 325 ITR 25 (P&H)
- ii) ACIT v. Hareshbhai M. Sakariya, (2023) 148 taxmann.com 115 (Surat)

The Ld. AR further contended that the impact of the impugned addition on the Gross Profit (GP) and Net Profit (NP) ratios is apparent and unsustainable, as demonstrated in the table below:

Particulars	Turnover	GP (Rs.)	GP ratio	NP (Rs.)	NP ratio
Before addition	350.63 Cr	39,64,52,049	11.31%	8,24,39,927	2.35%
Addition by AO	--	41,71,10,137	--	41,71,10,137	--
After addition	350.63 Cr	81,35,62,186	23.20%	49,95,50,064	14.25%

It was submitted that the aforesaid addition has resulted in abnormally high GP and NP ratios, which are wholly inconsistent with the nature of the assessee's line of business. In view of the above facts, documentary evidences,

and judicial precedents, it was contended that the impugned addition is arbitrary, devoid of legal basis, and deserves to be deleted.

9. We have carefully considered the rival submissions, perused the orders of the authorities below, and examined the material available on record. It is pertinent to note that the addition has been made solely on the basis of non-response or partial response to notices issued under section 133(6) of the Act. We find that the Ld. CIT(A) has recorded supplier-wise factual findings, which remain uncontroverted by the Revenue. We find that the Assessing Officer made addition as the supplier GSRS Steel and Alloys Pvt Ltd was not found at the given address by the verification unit. The addition was made on account of purchases made from Shri Naresh Ram and Ruby Kumar as the parties did not make any submissions in response to the notice issued u/s 133(6) of the Act. The party namely Merry Sales Pvt Ltd has submitted confirmation, copy of the ledger; but the Assessing Officer alleged that no other details were filed. The Assessing Officer made addition as the party did not submit bank account statements. In the case of GSRS Steel and Alloys Pvt. Ltd, the Assessing Officer got persuaded to treat the transaction as bogus merely because the company was not found at the address by the verification unit. The Assessing Officer did not even seem to have confronted this to the assessee in order to ascertain whether there was a change in address or there were other circumstances whereby this company was not found by the verification unit at the given address. In the case of Merry Sales Pvt. Ltd, the party replied before the Assessing Officer and submitted the confirmation copy of the ledger account but the Assessing Officer still treated this transaction as bogus on the basis that no 'other details' were furnished. Though, it is not clear from the assessment order as to what other details were called for and in the event of non-response what further action was taken by him in the case of Merry Sales Pvt. Ltd.

10. It is trite law that no adverse inference can be drawn only on the basis that the parties did not submit details in response to notice u/s 133(6) or on the ground that the said party was not found on the address given without falsifying the documentary, contemporaneous evidence submitted by the assessee on the basis of enquiry conducted by the Assessing Officer. It is noticed that in this case, the assessee purchased the MS scrap from this party to the tune of Rs.10,68,38,357.00/- i.e. 4663.605 M.T. of MS scrap which is nearly 5% of total raw material purchase during the year under review. Further, all the transactions which are done are duly reflected in GSTR 2A of the assessee. This shows that the suppliers had filed the GSTR 1 after sales were made by them. Further, the assessee submitted the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the assessee. The payments were made by account payee cheques and above that all the payments were done online in account of supplier from assessee's bank account and the same is reflecting in assessee's bank statement. Further, the assessee deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them means assessee have taken all the precautions and compliances well in place.

11. Likewise, in the case of Merry Sales Pvt. Ltd, the assessee purchased the MS scrap from this party to the tune of Rs. 24,53,38,519,00/- i.e. 10937.48 M.T. of MS scrap which is almost equal to 15% of total raw material purchase during the year under review and just because of that party had not replied to the notice u/s. 133(6), the assessing officer considered it as bogus purchase. It is noticed that all the transactions which are done are duly reflected in GSTR 2A of the assessee. This shows that the suppliers filed the GSTR 1 after sales were made by them. The assessee also submitted that the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the assessee. All the payments were made by account payee cheques and all the payments were done online in account of supplier from assessee's

bank account and same is reflecting in assessee's bank statement. The assessee deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them. The supplier has also submitted the ledger confirmation on income tax portal over which is not considered.

12. In the case of Naresh Ram (Prop. M/s. Ram Enterprises), the assessee purchased the MS scrap from this party to the tune of Rs. 1,70,93,619.00/-i.e. 390.995 M.T. of MS scrap which is almost equal to 0.5% of total raw material purchase during the year under review and just because of that party had not replied the notice u/s. 133(6), the assessing officer has considered it as bogus purchase. The assessee submitted in its reply that all the transactions which are done duly reflect in GSTR 2A of the assessee. This shows that the suppliers have filed the GSTR 1 after sales were made by them. The assessee also submitted the confirmation of the supplier and GSTR filing status of supplier and the same was active at the time of purchase made by the assessee. All the payments were made by account payee cheques and all the payments were done online in account of supplier from assessee's bank account and same was reflecting in assessee's bank statement. The assessee deducted the TDS on purchase of raw material and same is reflecting in TDS return filed by them.

13. In the case of Ruby Kumar (Prop. M/s. Kumar Enterprises), the assessee purchased the MS scrap from this party to the tune of Rs. 4,78,39,642/- i.e. 1080.855 M.T. of MS scrap which is almost equal to 1.5% of total raw material purchase during the year under review. The assessee submitted in its reply that all the transactions which are done duly reflect in GSTR 2A of the assessee. The assessee also submitted the confirmation of supplier and GSTR filing status of supplier and same was active at the time of purchase made by the assessee. All the payments were made by account payee cheques and all the related payments were done online in account of supplier from assessee's bank account and same was reflecting in assessee's bank statement. The assessee deducted the TDS on

purchase of raw material and same is reflecting in TDS return filed by them means assessee have taken all the precautions and compliances well in place.

14. It is noticed that merely because some parties have not responded to notices issued u/s 133(6) despite service of notice and that the parties who appeared before him did not submit 'other details' without specifying what details were called for and what further action was taken for non-compliance or on the basis that against purchases only miniscule payments were made in the year under consideration without even enquiring whether further payments were made in the subsequent years, the Assessing Officer concluded that the transactions of bogus. The legal position in this regard is almost settled that once a notice u/s 133(6) is issued and the parties do not respond to the said notices, the Assessing Officer must conduct necessary enquiry in terms of law to take this enquiry to its logical conclusion and no adverse inference can be drawn merely on the basis that the parties did not respond to the notices. The Assessing Officer did not carry out any of these exercises and rejected the whole set of transactions including GSTR and TDS records.

15. There was no enquiry by the Assessing Officer to treat the purchases as bogus. In the course of appellate proceeding, before the Ld. CIT(A), the assessee submitted that the assessee company is a listed company and getting its accounts audited by chartered accountants duly appointed by the board and shareholders in its annual general meeting, which is an independent agency, having verified and certified the books of accounts of company including the inventory of same. It was submitted that the assessee industry falls under requirement of cost audit which is required to be done for the cost audit of manufacturing process of company as well as certifying the cost of material produced by the company, which too is an independent agency. Being listed company the internal controls and checks are in place, which is duly and periodically verified by the internal auditor of company and they have never

questioned the inventory of company in their report. During the relevant year, a search operation was conducted by DGGI Jaipur and CGST team at the assessee's premises and there was no stock variation/deviation, found or reported by them during their search operation. It is also submitted that the search operation was conducted by Income tax department during the year at their premises and there was no stock variation/deviation, found or reported by them during their survey operation. There is no other information from the CGST authorities regarding any bogus purchases which is different from the year 2017-18. During the year, the assessee has produced delivery challan, evidences pertaining to movement of the goods and the transport bills. The addition has been made solely for the reason that the parties are not complied to the notices u/s 133(6) of the Act. No iota of corroborative material has been brought on record. Where an assessee submits documentary evidence, the same cannot be rejected merely on the basis that the parties did not comply with the notices issued u/s 133(6) unless the Assessing Officer conducts further enquiry and records a finding to reject the documentary evidence furnished by the assessee. The AO is required to record his finding in respect of each of the documentary evidence furnished by the assessee and draw necessary inference thereafter. On the other hand, the assessee has discharged their onus by producing all the relevant documents. Hence, the conclusion drawn by the Assessing Officer cannot be legally and judicially countenanced. The addition made, therefore, on the basis of mere presumption cannot be sustained, more so, when the Assessing Officer is not doubting the identity of the lender and genuineness of the transaction. Placing reliance on the order of the Co-ordinate Bench of the Tribunal and the Hon'ble High Court in the case of ACIT v Hareshbhai Mohanbhai Sakariya [2023] 148 taxmann.com 115 and Commissioner of Income-tax, Faridabad V GP International Ltd. [2010] 186 Taxman 229, we decline to interfere with the order of the Ld. CIT(A).

Thus, the appeal of the Revenue is dismissed.

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CO No. 70/Ahd/2025 - by assessee

16. Since we upheld the order of the Ld. CIT(A), the Cross Objection raised by the assessee becomes academic in nature and does not call for adjudication.

Accordingly, the Cross Objection is dismissed as infructuous.

17.. In the result, the appeal of the Revenue as well as the Cross-Objection filed by the assessee, both are dismissed.

The order is pronounced in the open Court on 19.01.2026.

Sd/-

**(SIDDHARTHA NAUTITAL)
JUDICIAL MEMBER**

Ahmedabad; Dated 19.01.2026

**btk

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file. s

True Copy

आदेशानुसार/ BY ORDER,

सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad