

**IN THE INCOME TAX APPELLATE TRIBUNAL
“C” BENCH, AHMEDABAD**

**BEFORE: SHRI SANJAY GARG, JUDICIAL MEMBER
AND**

SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER

आयकर अपील सं./I.T.A. No. 2365/Ahd/2025

(निर्धारण वर्ष / Assessment Year : 2020-21)

Pringalkumar Praveenbhai Shah 3-A, Vimalnath CHS Ltd., Opp. Jain Derasar, B/h. Yagnik Hall, Bapunagar, Ahmedabad, Gujarat- 380024	बनाम/ Vs.	Income Tax Officer Ward 6(1)(1), Ahmedabad
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : BCOPS2417J		
(Appellant)	..	(Respondent)

अपीलार्थी ओर से /Appellant by :	Shri Umedsingh Bhati & Shri Abhimanyu Singh Bhati, A.Rs.
प्रत्यर्थी की ओर से/Respondent by :	Shri Rignesh Das, CIT. DR

Date of Hearing	19/01/2026
Date of Pronouncement	09/02/2026

ORDER

PER ANNAPURNA GUPTA, AM:

The present appeal has been filed by the Assessee against the order of the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (hereinafter referred to as “NFAC”), Delhi (hereinafter referred to as “CIT(A)”) dated 19.11.2025 passed under Section 250 of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) and relates to Assessment Year (A.Y.) 2020-21.

2. The grounds of appeal raised by the assessee read as under:

- “1. The order of the learned Commissioner of Income-tax (Appeals) is bad in law as it is non-speaking, mechanical and passed in violation of section 250(6) of the Act and principles of natural justice without considering the submissions uploaded duly supported by Annexures.*
- 2. The learned Commissioner of Income Tax (Appeals) erred in law and on facts in confirming the addition of Rs.9,00,63,954/- made u/s 69C r.w.s. 115BBE, without appreciating the correct facts, books of account, purchase and sales ledgers, bank statements etc; and explanations placed on record.*
- 3. The learned Commissioner of Income Tax (Appeals) failed to consider that the difference between the purchase figures and the creditors' statements arose solely due to GST-inclusive vs. GST-exclusive accounting, and the purchases were fully reconciled and properly recorded.*
- 4. The learned Commissioner of Income Tax (Appeals) erred in upholding the disallowance of entire purchases even though the Assessing Officer had accepted the sales as genuine, rendering the addition self-contradictory and untenable.*
- 5. The learned Commissioner of Income Tax (Appeals) erred in confirming the applicability of section 69C despite the purchases being duly recorded in the books and the source of expenditure being fully explained.*
- 6. Without prejudice, the learned Commissioner of Income Tax (Appeals) erred in confirming 100% disallowance of purchases, contrary to settled judicial principles that only profit element, if any, can be brought to tax.”*

3. The solitary grievance raised by the assessee before us is against the confirmation by the Ld. CIT(A) of the disallowance made by the AO of purchases made by the assessee amounting to Rs.9,00,63,954/-. His solitary plea before us was that both the orders of the AO and the Ld. CIT(A) were grossly unjustified in making the impugned disallowance. He contended that the basis of the disallowance was that the assessee had failed to discharge

its onus of proving the genuineness of the purchases made by it. However, he contended that the facts were just to the contrary. Ld. Counsel for the assessee contended that each and every document which had been asked for by the AO during assessment proceedings to prove the genuineness of the purchases had been submitted during assessment proceedings. Every query raised by the AO was answered. Ld. Counsel for the assessee contended that both the AO and Ld. CIT(A) had, for reasons best known to them, chosen to ignore all the evidences and pleadings and explanations filed by the assessee during assessment proceedings and went on to record findings contrary to the facts on record, that the assessee had not established the genuineness of the purchases made by it. Ld. Counsel for the assessee contended that the order passed by the AO in the first round itself was so unjustified and incorrect that the assessee had chosen to file a writ petition against the same to the Hon'ble High Court who had fairly directed stay of demand but the matter could not be taken up for hearing on merits for a considerable period of time and, therefore, the assessee had withdrawn its writ petition and chosen to pursue the appellate route available to it. He contended that this fact was noted in the order of the Ld.CIT(A) also at Page No.2. Ld. Counsel for the assessee contended that because of the callous attitude of the authorities below who had chosen to ignore all submissions filed by the assessee, the assessee perforce had to file voluminous paper book before us comprising of 1163 pages just to demonstrate the incorrectness of the findings of the Revenue authorities of the assessee having not discharged its onus of proving genuineness of the purchase transaction. He

contended that the assessee has now filed all communications and evidences, which were filed to the AO and which were, therefore, even before the Ld. CIT(A) to prove its case in the form of the paper book.

4. Having stated so, he drew our attention to the facts of the case pointing out that the purchases made by the assessee to the tune of Rs.9,00,63,954/- disallowed by the Revenue authorities treating them as an ingenuine pertained to the parties listed at para 4.2 of the assessment order as under:

<i>Sr. No.</i>	<i>Name of the party</i>	<i>Amount in Rs.</i>
1.	Ventura Metal and Alloys	5,09,43,065/-
2.	Hindustan Metal Corporation	2,30,87,700/-
3.	Pioneer Oversees	26,39,400/-
4.	Arihant Tubes	18,32,058/-
5.	Calcutta Tube Valves Flanges Pvt. Ltd.	10,92,632/-
6.	Prabhat Bright Steel Industries	89,169/-
7.	Somnath Trading Co.	92,60,791/-
8.	Aditya Steel	1,55,345/-
9.	Bhavya Impex	9,63,794/-
	<i>Total</i>	<i>9,00,63,954/-</i>

5. Ld. Counsel for the assessee drew our attention to the findings of the AO leading to the disallowance of the impugned purchases contained at para 5 of its order as under:

“5. Summary of information/evidence collected which proposed to be used against it

The assessee has, therefore, not discharged its onus in the instant case and has merely furnished confirmations, which are themselves laden with several discrepancies which render them unreliable to be used as credible evidence. Even otherwise, these 'confirmations' cannot constitute sufficient evidence to prove the genuineness of the parties in question as the parties in question has

not provided anything and not even responded. The assessee himself has not provided the audited balance sheet, profit and loss account and ledger of the said parties. The indifferent conduct of the assessee towards discharge of its onus, therefore, fails assessee's own case.

Further during the assessment proceedings assessee again furnished its partly reply on 20.09.2022 after the approval/generation of ILDP. However, the reply of the assessee have duly been considered and found not satisfactory. The assessee again submitted the almost same material which has already been examined.

In view of the above facts and circumstances and the position of law in this regard, I am considered opinion that an amount of 9,00,63,954/-purchase claimed by the assessee against such parties requires to be disallowed and is proposed to added back to the total income of the assessee u/s 69C r.w.s. 115BBE of the IT Act being unexplained expenditure, penalty proceedings u/s 271AAC(1) is also proposed to be initiated separately for the income taxed u/s 115BBE of the Income Tax Act.”

6. Referring to the same, he pointed out that the purchases were disallowed noting that the assessee had not established genuineness of the same having furnished only confirmation which had several discrepancies therein and were, therefore, unreliable. That the assessee had not furnished the audited balance sheet, P&L account and ledger of the said parties.

7. He drew our attention to the order of the Ld. CIT(A) at para 5.22 pointing out that he confirmed the findings of the AO as above that the assessee had failed to prove the genuineness of the purchases having not filed the balance sheet, P&L account, bills / vouchers, bank statements of the parties, the mode of transport and details of transportation of the goods purchased. That therefore, the genuineness and the creditworthiness of the

purchases remained unexplained. Para 5.22 of the order is reproduced hereunder:

"5.2.2. I have carefully considered the facts of the case, the submissions made by the appellant, and the findings recorded in the assessment order.

"Unexplained expenditure, etc. TAX

69C. Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year

Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as a deduction under any head of income."

The appellant fails to provide balance sheet, profit and loss account, bills/vouchers, bank statement of the parties through whom the assessee has made purchases. The appellant has not provided the mode of transport and details of the transportation of the goods purchased. The genuineness and creditworthiness of the purchases remained unexplained.

Further, it is evident that the Assessing Officer had provided adequate opportunities through multiple notices; however, the appellant had not availed such opportunities in a timely manner. The explanation offered, therefore, remains general, unsubstantiated, and unverifiable."

8. Before proceeding, Ld. Counsel for the assessee pointed out that the Ld. CIT(A) had noted that despite the AO having provided adequate opportunity through multiple notices, the assessee had not availed such opportunities in a timely manner. He contended that in the course of the hearing before us, it would be demonstrated that this finding of the Ld. CIT(A) was a false

finding and had resulted in causing immense prejudice to the assessee.

9. Having pointed out the reasons for the disallowance of purchases to the tune of Rs.9 Crores as above, Ld. Counsel for the assessee drew our attention to paper book page no.408, which was a chart containing date-wise details of documents uploaded on or before 27.03.2022 i.e. much before the passing of the assessment order on 22.09.2022 by the assessee on the ITBA Portal as under:

CHART CONTAINING DATE WISE DETAILS OF DOCUMENTS UPLOADED ON OR BEFORE 27.03.2022 BY THE APPELLANT ON ITBA PORTAL:

S.No.	Supplier	Bills & Lorry Receipts	Confirmations	I.T. Return	Annual Accounts	Tax Audit Report	Bank Statements
1	Ventura Metal & Alloys	27.03.22	27.03.22	27.03.22	27.03.22	Not provided to us	27.03.22
2	Hindustan Metal Corp.	27.03.22	27.03.22	19.03.22	27.03.22	Not provided to us	Not provided to us
3	Pioneer Overseas	27.03.22	27.03.22	21.03.22	27.03.22	Not uploaded	Not provided to us
4	Arihant Tubes	27.03.22	25.03.22	19.03.22	25.03.22	25.03.22	25.03.22
5	Calcutta Tube Valves & Flanges P. Ltd.	27.03.22	25.03.22	19.03.22	25.03.22	25.03.22	25.03.22
6	Prabhat Bright Steel Industries	27.03.22	27.03.22	19.03.22	27.03.22	27.03.22	27.03.22
7	Somnath Trading Co.	27.03.22	27.03.22	21.03.22	Not provided to us	Not provided to us	Not provided to us
8	Aditya Steel	27.03.22	25.03.22	19.03.22	25.03.22	27.03.22	27.03.22
9	Bhaya Impex	27.03.22	27.03.22	19.03.22	Not provided to us	Not provided to us	27.03.22

10. Referring to the above, he pointed out that all the deficiencies noted by the AO with respect to the parties from whom purchases was made by the assessee was disallowed, was

clearly reflected as being non-existent. By way of the impugned chart, Ld. Counsel for the assessee contended that the chart in a summery manner clearly pointed out the falsity in the findings of the AO and the CIT(A), reflecting the fact of all documents noted by the authorities below as having been not furnished by the assessee, to have duly furnished during assessment proceedings itself. Thereafter, he drew our attention to the various letters filed during assessment proceedings and reflected in the chart above through which the above documents were filed, which was placed before us in the paper book. He drew our attention to the letter filed by the assessee dated 27.03.2022 placed at paper book page nos. 312 to 342, through which, all bills & Lorry receipts of the purchases made were furnished, the confirmations of the parties through whom purchases made was furnished, the annual accounts of most of the parties was furnished as also the tax audit reports, bank statements and IT returns of some of the parties were furnished. Letter dated 25.03.2022 of the assessee was placed at paper book page nos. 310 to 311, wherein it was pointed out that some confirmations of the parties, annual accounts of the parties, Tax Audit Report and bank statement of parties were filed. Letter dated 19th March, 2022 was filed at paper book page no.278 to 286 containing the IT returns of the parties. Ld. Counsel for the assessee contended that the paper book also contained e-proceeding response acknowledgements of all the above letters filed by the assessee. He further drew our attention to the description of the documents placed in the paper books as under:

INDEX TO PAPER BOOKS-I, II & III

S.No.	DESCRIPTION OF THE DOCUMENTS	Page No.
1.	Return of Income for A.Yr.2020-21 along with Computation of Total Income	1-4
2.	Tax Audit Report for the year ended on 31.03.2020 along with Balance Sheet and Profit & Loss Account	5-24
3.	Copies of various GST Returns in form GSTR-9, GSTR-9C, GSTR-3B and GSTR-1 etc.	25-140
4.	Copies of Bank Statements of Indusind Bank, Bank of Baroda and HDFC Bank	141-216
5.	Notice u/s 143(2) dated 29.06.2021	217-218
6.	Notice u/s 142(1) dated 07.12.2021 along with Annexure	219-221
7.	e-Proceedings Response Acknowledgement of Notice u/s 142(1) dated 07.12.2021	222-223
8.	Written reply dated 09.12.2021 along with Annexures containing Purchase Register, Details of Bank Accounts, Party-wise purchases and Party wise creditors' liabilities	224-251
9.	Notice u/s 142(1) dated 17.03.2022 with Annexure	252-253
10.	e-Proceedings Response Acknowledgements of Notice u/s 142(1) dated 17.03.2022	254-277
11.	Written reply dated 19.03.2022 along with Annexures containing confirmations of suppliers, purchase invoices, PAN, address and amount of total purchases from Suppliers etc.	278-286
12.	Draft Assessment Order dated 24.03.2022	287-295

S.No.	DESCRIPTION OF THE DOCUMENTS	Page No.
13.	e-Proceedings Response Acknowledgements of Notice u/s 142(1) dated 17.03.2022	296-309
14.	Reply dated 25.03.2022 with Annexures	310-311
15.	Reply dated 27.03.2022 along with creditors ledgers and Sales Register	312-342
16.	Physical Notice from NaFAC dated 08.09.2022 along with its enclosures	343-348
17.	e-Proceedings Response Acknowledgements of Notice dated 08.09.2022	349-355
18.	Written reply 20.09.2022	356-359
19.	Notice u/s 250 of the Income Tax Act, 1961 dated 28.03.2025	360-361
20.	e-Proceedings Response Acknowledgements of Notice u/s 250 dated 28.03.2025	362-380
21.	Notice u/s 250 of the Income Tax Act, 1961 dated 10.10.2025	381-384
22.	Written submissions before the CIT(A) dated 20.04.2025 with Annexure reg. details of documents uploaded in case of nine suppliers	385-408
23.	Documents uploaded relating to Ventura Metal and Alloys consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts, Bank statement of supplier, Sales Invoice, e-way bills, freight bills etc.	409-706
24.	Documents uploaded relating to Hindustan Metal Corp. consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts ,Sales Invoices, e-way bills, freight bills etc.	707-814A
25.	Documents uploaded relating to Pioneer Overseas consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Sales Invoices and freight bills etc.	815-835A

S.No.	DESCRIPTION OF THE DOCUMENTS	Page No.
26.	Documents uploaded relating to Arihant Tubes consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts, Tax Audit Reports, Sales Invoices, e-way bills and Bank Statement of Supplier etc.	836-882
27.	Documents uploaded relating to Calcutta Tube Valves & Flanges P. Limited consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts, Tax Audit Reports, Challans, Sales Invoices, e-way bills, freight bills and Bank Statement of Supplier etc.	883-1020
28.	Documents uploaded relating to Prabhat Bright Steel Industries consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts, Tax Audit Reports, Sales Invoices, e-way bills, freight bills and Bank Statement of Supplier etc.	1021-1044
29.	Documents uploaded relating to Somanth Trading Co; consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Sales Invoices, e-way bills and freight bills etc.	1045-1058
30.	Documents uploaded relating to Aditya Steel consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Annual Accounts, Tax Audit Reports, Sales Invoices, e-way bills and Bank Statement of Supplier etc.	1059-1083
31.	Documents uploaded relating to Bhavya Impex consisting of confirmation, Ledger account, copy of Return of Income with computation statement, Sales Invoices, e-way bills, freight bills and Bank Statement of Supplier etc.	1084-1109
32.	Documents uploaded relating to Mani Alloys (I) P. Limited consisting of confirmation, Ledger account, PAN, copy of Return of Income with computation statement, Sales Invoices, e-way bills, freight bills and Annual Report etc.	1110-1137
33.	Documents uploaded relating to Ashirvad Pipes consisting of confirmation, Ledger account, PAN, copy of Return of Income with computation statement, Tax Audit Report, Sales Invoices, e-way bills and freight bills etc.	1138-1163

11. He contended that to prove the genuineness of the purchases made by him, the assessee had filed;

- its audited balance sheet and P&L account &
- The copies of various GST return in Form GSTR-9 GST return in Form GSTR-9, GCTR-9C, GSTR-3B & GCTR-1 etc.

- Purchase register,
- details of bank accounts,
- partywise details of purchases,
- creditors details alongwith their name, address and PAN number and had also stated the fact of having done **trading of ferrous and non-ferrous metals in its proprietorship concerned M/s. Kamdhenu Metal and Alloys.**

12. With respect to the nine parties from whom purchase made was found to be bogus he contended that the following was filed

- their PAN
- mode of payment made to them
- copy of sales register and creditor's ledger,
- confirmations,
- ledger account,
- copy of return of income ,
- computation statement,
- annual accounts,
- bank statements of suppliers,
- sales invoices of every bills,
- freight bills etc.

13. Ld. Counsel for the assessee contended that the orders passed, therefore, by the authorities below, were grossly unjustified finding the assessee to have filed no evidence of purchases made.

14. Ld. DR, before us, was unable to counter the facts pointed out by the Ld. Counsel for the assessee as above, though, he supported the orders of the Ld.CIT(A).

15. Considering the averments made by both the parties before us and on going through the orders of the authorities below and taking note of the documents filed before us in the paper book filed by the assessee, we find that the order passed in the present case by the Ld. CIT(A) is a classic case of gross callousness. Both the AO while passing the assessment order and the Ld.CIT(A) while passing his appellate order, have decided the issue before them ignoring the submissions and evidences filed by the assessee.

16. The only basis with both the authorities for disallowing purchases made by the assessee is that assessee did not discharge its onus of proving the genuineness of the purchases. Ld. Counsel for the assessee has demonstrated that all possible evidences for proving the genuineness of the said persons have been filed by the assessee as noted above in the earlier part of the order. The Ld. Counsel for the assessee has demonstrated that both the AO and the CIT(A) have recorded a false finding of fact that the assessee only filed confirmations of the said parties and did not file their balance sheet, their bank statement, evidence of transportation of the material etc. Ld. Counsel for the assessee has demonstrated that all these evidences were filed during assessment proceedings itself. The Ld.DR was unable to controvert the contentions of the Ld.Counsel before us. Since,

the authorities below have ignored the evidences filed by the assessee, the same have remained unverified despite the assessee producing them twice, before the AO and the Ld.CIT(A). We see no reason now to give the department a second chance to verify the contentions/ evidences filed by the assessee

17. Undoubtedly the authorities below have exhibited gross negligence in the discharge of their statutory duty resulting in great harassment to the assessee who has had to run from pillar to post seeking justice. The order passed by the Ld. CIT(A) is against the basic principles of justice, i.e *Audi alteram partem* and for this reason alone, the order we hold is not sustainable and is set aside. The addition made of purchase amounting to Rs.9,00,63,954/- is directed to be deleted.

18. In the result, the appeal of the assessee is allowed.

This Order pronounced on 09/02/2026

Sd/-
(SANJAY GARG)
JUDICIAL MEMBER

Ahmedabad; Dated 09/02/2026

S. K. SINHA

True Copy

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.

आदेशानुसार/ BY ORDER,

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