

आयकर अपीलीय अधिकरण, रायपुर न्यायपीठ, रायपुर
IN THE INCOME TAX APPELLATE TRIBUNAL RAIPUR BENCH, RAIPUR
श्री पार्थ सारथी चौधरी, न्यायिक सदस्य एवं श्री अवधेश कुमार मिश्र, लेखा सदस्य के समक्ष
BEFORE SHRI PARTHA SARATHI CHAUDHURY, JM &
SHRI AVDHESH KUMAR MISHRA, AM
आयकर अपील सं. / ITA No: 840/RPR/2025
(निर्धारण वर्ष Assessment Year: 2018-19)

Saket Products and Rolling Mill Private Limited, Subhash Marg, Bhaiyathan Road, Surajpur, Surguja (C.G.) 497229	Vs	Income Tax Officer, Ward 1, Aykar Bhawan, Kharsia Road, Ambikapur, C. G., 497001
PAN: AAJCS2709N		
(अपीलार्थी/Appellant)	:	(प्रत्यर्थी / Respondent)
निर्धारिती की ओर से / Assessee by	:	Shri G. S. Agrawal, CA
राजस्व की ओर से / Revenue by	:	Dr. Priyanka Patel, Sr. DR
सुनवाई की तारीख / Date of Hearing	:	10/02/2026
घोषणा की तारीख / Date of Pronouncement	:	16/02/2026

आदेश / ORDER

Per Avdhesh Kumar Mishra, AM:

This appeal for Assessment Year ('AY') 2018-19 filed by the assessee is directed against order dated 28.10.2025 of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre ('NFAC'), Delhi ['CIT(A)'] passed under section 250 of the Income Tax Act, 1961 ('Act').

2. The appellant assessee has raised following grounds of appeal: -

"1. That under the facts and the law, the Order of below authorities are bad in law and on facts. Addition of Rs.38,00,000/- kindly be deleted.

2. *That under the facts and the law, the notice u/s 148 is barred by limitation as sent/delivered through registered mail id of appellant on 01.04.2022 (as mentioned in assessment order at 1st item of Para 2 of page 2 in remark column though dated 31.03.2022) whose last date was 31.03.2022. Prayed to annul the assessment order.*
(Judgment of Hon'ble C.G. High Court, Chhattisgarh in writ Appeal No. 315/2023 dt. 20.11.2024 in Ridhi Agro Industries vs. Union of India & others relied upon).
3. *That under the facts and the law, the proceedings u/s 148A & 148 is not according to law as the Notice u/s 148A did not accompany the information, inter-alia, statement of one Ketan Bhai Jayantilal Gazzar, suggesting that the income chargeable tax has escaped assessment. The Assessment Order be annulled or addition of Rs. 38,00,000/- be deleted.*
4. *That under the facts and the law, the Ld. Commissioner of Income Tax (Appeals) erred in dismissing the Appeal though the Order of the Ld. Assessing Officer is under presumption and surmises, based on borrowed opinion. The Ld. AO was not sure for which the case was reopened and addition of Rs. 38,00,000/- was made i.e., for sale/purchase/ accommodation entries. Prayed that Ld. AO did not have reason to reopen the case, the assessment so made be annulled.*
5. *That under the facts & the law, the Ld. Commissioner of Income Tax (Appeals) further erred in dismissing the Appeal, without considering the fact that the Ld. AO was misled due to mis-identification of buyer, as the Ld. AO made enquiry from M/s. Palak Trading, Durg (Chhattisgarh) whereas the Appellant has dealt with M/s. Palak Enterprises, Bhavnagar (Gujarat). Prayed to annul the assessment.*
6. *That under the facts & the law, the Ld. Commissioner of Income Tax (Appeals) further erred in dismissing the Appeal though the Appellant discharged the burden of proving the transaction by filing the sales invoices, account of the party, GST Returns such as GSTR-1 and GSTR-3, Bank*

Statement etc., and there was no dispute with GST department. Prayed to delete the addition of Rs. 38,00,000/-.

7. *That under the facts & the law, the Ld. Commissioner of Income Tax (Appeals) further erred in dismissing the Appeal though the Ld. AO accepted the books of account, accepted the purchases out of which the sales were made, quantity records kept. Prayed to delete the addition of Rs. 38,00,000/-. That under the facts & the law, the Ld. Commissioner of Income Tax (Appeals) further erred in passing the Order ex-parte, without allowing proper opportunity though the Appellant responded to earlier Notices but the Notice dated 29.09.2025 did not come to notice of the Appellant, timely. Prayed to delete the addition of Rs. 38,00,000/-.*
8. *That under the facts & the law, the Ld. Commissioner of Income Tax (Appeals) further erred in passing the Order ex-parte, without allowing proper opportunity though the Appellant responded to earlier Notices but the Notice dated 29.09.2025 did not come to notice of the Appellant, timely. Prayed to delete the addition of Rs.38,00,000/-.*

Prayed that the reassessment proceeding is without jurisdiction and the assessment order be annulled.”

3. The relevant facts giving rise to this appeal are that the assessee, a rice miller, is also engaged in trading of cereals, pulses, spices, edible items and manufacturing of iron & steel bars, filed its original Income Tax Return ('ITR') of the relevant year declaring income of Rs.13,19,039/-. Later, the case was reopened on the reasoning that the assessee had taken accommodation entries of Rs.38,00,000/- from M/s Palak Enterprises. During the course of re-opened assessment proceedings, the assessee filed part response on 11.11.2022. However, there was no compliance thereafter though the Ld. Assessing Officer

('AO') provided three opportunities of being heard on 13.01.2023, 17.02.2023 and 27.02.2023. The part compliance and part explanation of the appellant assessee were not found satisfactory by the Ld. AO; hence, the said accommodation entries of Rs.38,00,000/- was taxed under section 68 r.w.s. 115BBE of the Act. Aggrieved, the assessee filed appeal before the Ld. CIT(A), which was dismissed as under:

"Grounds No. 1-6

These grounds agitate that the notice issued u/s 148 of the Act on 31.03.2022 was invalid and thereby, making the assessment order dated 15-03-2023 ab initio void.

I find that the AO has brought on record the reason behind the issuance of notice u/s 148 which has already been mentioned in the earlier part of this order. To repeat the same, it is to mention that as per the information received from Investigation Wing that a search and survey action was conducted on Shri Jayeshbhai Balwantraai Shah, his close aide Ketanbhal Jayantilal Gajjar and their connected concerns, namely Palak Enterprise and many others were unearthed. They have been involved in providing accommodation entries by way of bogus sales/ purchase transactions to various beneficiaries. The company was one such entity who reaped the benefits with accommodation entries of Rs. 1,01,97,688/- during the A.Y 2018-19, on 21.03.2013 by the Investigation Wing of the department, During the course of search and survey action, incriminating data of M/s. Palak Enterprise was found which is related to facilitate others with accommodation entries by way of bogus purchase and sale bills without any actual sale / purchase of goods, which was unearthed by the Investigation wing. It establishes that the assessee company is a beneficiary and had obtained accommodation entry to the tune of Rs. 38,00,000/-. It establishes that the information has a direct bearing on your income. Thus the accommodation entry amounting of Rs.38,00,000/- done by the assessee company with M/s Palak Enterprise has escaped assessment during the A.Y 2018-19. The information suggests that the income chargeable to tax has escaped assessment by Rs.38,00,000/-. As per information available with this office, assessee's company has availed accommodation entries by way of bogus sales/purchases/loans etc from M/Is Palak Enterprises during the financial year 2017-18. Therefore, the information suggests that the income chargeable to tax has escaped assessment

by Rs 38,00,000/- for the year under consideration and (iii) Confirmation from the third party Le. M/s Palak Enterprises (AAJHP9543G) through this Office Notice under section 133(6) of the Income-tax Act, 1961 in regard to the claim of the assessee that: M/s Palak Enterprises, through Case History Noting dated 22/02/2023 confirmed that "With reference to the above notice we hereby state that PRASHANT RADHESHYAM AGRAWAL (HUF) is proprietor of M/S PALAK TRADING, DURG. Our firm m/s palak trading had not entered into any business transactions with M/S SAKET PRODUCTS AND ROLLING MILL PRIVATE LIMITED, MARG, SUBHASH SURAJPUR, ROAD, SURAJPUR, SURAJPUR SURGUJA AAJCS2709N for the Assessment Year 2018-19"

Further, the appellant, during the appellate proceedings, has failed to bring in any evidence that he had asked for cross-examination of the Proprietor during the assessment proceedings. In fact, the appellant did not properly comply during the assessment proceedings by producing the details as called for. Thus, his allegation that the assessee was never allowed cross examination of the directors is not at all true since the request was made after the assessment was over.

Accordingly, I do not find any merit in the ground raised by the appellant and therefore, this ground of appeal is **dismissed**.

Grounds 7-9

In these grounds, the appellant agitates that the addition of Rs. 38,00,000/- was made without any basis and the statements were recorded at the back of the appellant and also without giving copies of the material gathered and relied by the revenue and without allowing an opportunity to the appellant to cross-examine them as well and accordingly. the same may be deleted.

However, I find that the appellant was granted not less than opportunities for presenting his case and filing detailed submission during the assessment proceedings but he never availed of them. Further, the AO, In the assessment order, had reproduced the extract of the statement of M/s Palak Enterprise where, in unambiguous terms, he commented that the said cash investment of Rs. 38 lacs was made by the appellant during the A.Y.2018-19 in the upcoming project of the company and since the status of the project was not certain, the same had been secured through Case History Noting dated 25/02/2023 also confirms the fact Investigation Wings findings that M/s Palak Enterprise was a

fake concern who facilitated others with accommodation entries by way of bogus purchase and sale bills without any actual sale / purchase of goods, which was unearthed by the Investigation wing. It establishes that the assessee company is a beneficiary and had obtained accommodation entry to the tune of Rs. 38,00,000/-, It establishes that the information has a direct bearing on your income as they failed establish that they actually had transactions with M/s Palak Enterprise with sufficient proof of evidence. Further, the assessee submission made through Case History Noting also substantiates the fact.

Having noted thus, it is a fact that the appellant chose not to submit anything in response to various notices issued to him thereby giving him ample opportunity of hearing during of issuing of notices, dates of hearing granted to the appellant and the response of the Justice. The table enumerated at page 2 of the assessment order listed the various dates appellant during the assessment stage. It is very clear from the above table that the appellant had chosen not to comply with the notices issued during assessment proceedings

Further, during the appellate proceedings, the appellant has not produced any evidence to the assessment proceedings. However, I find that the said requests were made after the show that he requested the AO for allowing him cross-examination of the Proprietor during assessment was over and thus, his allegation that the assessee was never allowed cross examination of the Proprietoris not at all true since the request was not made within the proper time frame.

*Accordingly, I do not find any merit in the grounds raised by the appellant and therefore, these grounds of appeal are **dismissed**.*

Grounds No. 10-11

This ground agitates that in earlier notices u/s 142(1) vide DIN-ITBA/AST/F/142(1)/2022-23/1049060051(1), dated 24/01/2023 and ITBA/AST/F/142(1)/2022-23/1049734152(1) dated 14/02/2023 requiring details of M/s Palak Enterprises such as PAN, address, email, ITR, etc., the assessee submits that the assessee only had record of the address of M/s Palak Enterprises on which orders were sent on transit, which as per the record of the assessee is- Ruturaj Complex, F/6, Crescent road, Bhavnagar, Gujarat and GSTIN-24APTPG5248L1ZE. The assessee submits that no detail other than above was provided by the party at the time of transaction. The assessee had

tried to trace the party on receiving the above notices but was unable to get the details since there was no contact with Mis Palak Enterprises other than the sale transactions made to the party via broker. Moreover, the assessee discontinued their manufacturing business post COVID 19 in January 2022 and therefore had no contact with any broker or other parties with whom transactions were previously made. dated on 23/02/2023, whereas the assessment order was passed on 16-03-2023 and thus, depriving the appellant of the opportunity to present its case.

I find that the AO has noted in his order that the SCN was issued on 14.12.2019 fixing the date of hearing on 16.12.2019 and the assessment order was passed on 19.12.2019. Thus, the order was passed well after the time for presentation of reply to SCN was over. In the appellate stage, the appellant has made this a separate ground to agitate but he never availed of the opportunities provided to him by the AO during assessment stage to represent his case and produce the details. Further, the appellant has failed to bring in any evidence during the appellate proceedings that the hearing was fixed on 30.12.2019 instead of 16.12.2019, as mentioned by the AQ in his order. it is well established that the assessee could not discharge the onus as laid down by section 68 of the Act and therefore the assessee company's claim is not acceptable for the reasons as cited above. Therefore, the above transactions amounting to Rs.38,00,000/- done by the assessee company with Mis Palak Enterprise is remains unexplained and the same is treated as unexplained cash credit as per provisions of section 68 and to be taxed u/s 1158BE of act. Penalty Proceedings under Sec.274 read with Section 271AAC(1) of the 1.T. Act is initiated.

Thus, I find that the appellant wants to misrepresent the facts in order to get a favourable order.

Accordingly, I do not find any merit in the ground raised by the appellant and therefore. this ground of appeal is also dismissed.”

4. Before us, Shri G.S. Agrawal, CA, Ld. Authorized Representative ('AR') of the assessee drew our attention to the fact that the Ld. CIT(A) had decided the appeal *ex-parte* as the appellant assessee had not filed any submission before him. He prayed for remanding this case back to the Ld. CIT(A).

5. Dr. Priyanka Patel, Ld. Sr. DR, reiterating various paras of the assessment order and impugned appellate order, submitted that reasonable opportunities of being heard had been provided to the appellant assessee by the Authorities below; Ld. AO and Ld. CIT(A). However, the appellant assessee tactfully ensured noncompliance to avoid investigations. Further, she put emphasis on the finding of the Ld. CIT(A) wherein he had decided the case on merit and not dismissed in limine. Hence, she prayed for dismissing the appeal and upholding impugned order. She drew our attention to orders of the Authorities below to demonstrate that the appellant assessee did not ensure any effective compliance either before the Ld. AO or The Ld. CIT(A). On our specific query, she reluctantly admitted for remanding the case back to the file of the Ld. CIT(A) for adjudication *afresh/denovo*.

6. We have heard both parties and have perused the materials available on the record. We have taken note of the fact that the Ld. CIT(A) has decided the appeal after discussing the issue in detail and his reasons for agreeing with the assessment order. We find merit in the contention of the Ld. Sr. DR that the impugned order has not dismissed the appeal in limine. Non-compliance at the appellate stage on the part of the assessee, *prima facie*, does not seem justified. However, considering the facts in entirety and in the interest of justice, we are refraining to offer any comment on merit of the case. After thoughtful consideration, we deem it fit to set aside the impugned order and remand the matter back to the file of the Ld. CIT(A) for deciding the case *afresh/denovo*, in accordance with the law, after providing adequate opportunity of being heard to the assessee. Ordered

accordingly. The appellant assessee, no doubt, shall cooperate in remitted appellate proceedings.

7. In the result, this appeal of assessee is **allowed for statistical purposes**.

Order pronounced in the open court on 16/02/2026.

Sd/-
(PARTHA SARATHI CHAUDHURY)
न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-
(AVDHESH KUMAR MISHRA)
लेखा सदस्य / ACCOUNTANT MEMBER

रायपुर / Raipur; दिनांक Dated 16/02/2026
HKS, PS

आदेशकी प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. The Pr. CIT, Raipur (C.G.)
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण,
रायपुर/ DR, ITAT, Raipur
5. गार्ड फाईल / Guard file.

//True copy//

आदेशानुसार/ BY ORDER,

(Private Secretary)
आयकर अपीलीय अधिकरण, रायपुर / ITAT, Raipur