

**IN THE INCOME TAX APPELLATE TRIBUNAL  
"G" BENCH, MUMBAI**

**BEFORE SMT. BEENA PILLAI (JUDICIAL MEMBER)**

**&**

**SHRI GIRISH AGRAWAL (ACCOUNTANT MEMBER)**

**I.T.A. No. 8705/Mum/2025**

**Assessment Year: 2022-23**

<b>M/s. Wellknown Textiles Industries Pvt. Ltd.</b> 145, 4 <sup>th</sup> Floor, Sangam Dr. Viegas Street Kalbadevi Road Mumbai - 400002 <b>[PAN: AAACW0552A]</b>	Vs.	<b>Deputy Commissioner of Income tax, Circle - 4(3)(1), Mumbai</b>
<b>(Appellant)</b>		<b>(Respondent)</b>

<b>Assessee by</b>	Shri Rakesh Joshi, AR
<b>Revenue by</b>	Shri Prathmesh Lawand, Sr. DR

<b>Date of Hearing</b>	16.02.2026
<b>Date of Pronouncement</b>	20.02.2026

**ORDER**

**Per Smt. Beena Pillai, JM:**

The present appeal filed by the assessee arises out of the order dated 14/10/2025 passed by the NFAC, Delhi [hereinafter the "Ld.CIT(A)"] for A.Y. 2022-23, on the following grounds of appeal:-

*"1. On the facts and circumstances of the case as well as in law, the Learned CIT (A) has erred in passing the ex-parte order without providing the sufficient opportunity of being heard to the appellant.*

*2. On the facts and circumstances of the case as well as in law, the Learned CIT(A) has erred in confirming the action of the Learned Assessing Officer in making disallowance of expenses of Rs. 1,46,15,303/- u/s.14A r.w.s 8D of the Income Tax Act, 1961, without considering the facts and circumstances of the case.*

*3. On the facts and circumstances of the case and in law, the Learned CIT(A) as well as the Learned Assessing officer has erred in not*

*appreciating the fact that during the year under consideration the company has not earned any exempt income from the investment.*

*4. On the facts and in the circumstances of the case and in law, the Learned CIT (A) has erred in confirming the action of the Learned Assessing Officer in disallowing the interest expenses of RS.63,00,000/- u/s.36(1)(iii) of the Income Tax Act, 1961 on the alleged plea that interest bearing funds were used for the purpose of giving interest free loans, without considering the facts and circumstances of the case.*

*5. The appellant craves leave to add, amend, alter or delete the said ground of appeal.”*

**2.** At the outset, the Ld. AR submitted that the Ld. CIT(A) passed the impugned order ex parte without granting an effective opportunity of hearing to the assessee. He submitted that though certain notices were issued during the appellate proceedings, the assessee could not appear and place the relevant submissions and supporting evidences due to circumstances beyond its control. It was contended that the Ld. CIT(A), instead of adjudicating the issues on merits, proceeded to dismiss the appeal for non-prosecution and confirmed the additions made by the Ld. AO.

**2.1.** The Ld. AR submitted that the assessee is in possession of necessary documentary evidences and explanations to substantiate its claims and, if one more opportunity is granted, the assessee shall place all relevant material on record. He emphasized that the issues involved require proper verification and adjudication on merits. The Ld. AR, therefore, prayed that the matter be set aside to the file of the Ld. CIT(A).

**2.2.** The Ld. DR, though relied on the orders of the lower authorities, did not object if the matter is restored for proper verification.

We have perused the order passed by the Ld. CIT(A) and the material placed on record.

**3.** It is observed that the Ld. CIT(A) dismissed the appeal primarily on account of non-compliance on behalf of the assessee and proceeded to confirm the additions on the basis of the assessment order without adjudicating the issues on merits. It is thus evident that the appeal was disposed of ex parte and the claims of the assessee were not examined in the light of supporting evidences.

**3.1.** Considering the totality of facts and in the interest of substantial justice, we are of the view that the assessee deserves one more opportunity of being heard. The principles of natural justice require that the issues be adjudicated on merits after considering the evidences and submissions of the assessee. Accordingly, the impugned order of the Ld. CIT(A) is set aside with a direction to adjudicate the appeal afresh after granting adequate opportunity of being heard to the assessee. The Ld. CIT(A) shall pass a speaking order in accordance with law after considering the evidences and submissions that may be furnished by the assessee. The assessee is also directed to cooperate file the requisite details without seeking unnecessary adjournments. Needless to say that, proper opportunity of being heard must be granted to the assessee.

**Accordingly, grounds raised by assessee are allowed for statistical purposes.**

**In the result appeal filed by assessee is allowed for statistical purposes.**

**Order pronounced in the open court on 20/02/2026**

**Sd/-**

**(GIRISH AGRAWAL)  
Accountant Member**

**Sd/-**

**(BEENA PILLAI)  
Judicial Member**

Mumbai

Dated: 20/02/2026

SC Sr. P.S.

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy  
By order

(Asstt. Registrar)  
**ITAT, Mumbai**

