

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI "F" BENCH, MUMBAI
BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER AND
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER
ITA No. 6025/MUM/2025(AY: 2012-13)**

Shree Krishna Woollen Mills Pvt. Ltd. Krishna Mills Compound, L. B.S. Marg, Bhandup West S.O, 400078, Mumbai.	vs.	DCIT Circle 15(3)(2), Aayakar Bhawan, Mumbai-400020.
PAN/GIR No: AABCS9353G		
(Appellant)		(Respondent)

Appellant by	None
Respondent by	Ms. Kavitha Kaushik (SR DR)
Date of Hearing	28.01.2026
Date of Pronouncement	23.02.2026

ORDER

PER BIJAYANANDA PRUSETH, AM:

This appeal filed by the assessee emanates from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'Act') by the Commissioner of Income-Tax (Appeals), National Faceless Appeal Centre [in short, 'CIT(A)'], dated 30.07.2025 for the assessment year (AY) 2012-13.

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

"1. The Learned Commissioner of Income Tax (Appeals) (CIT) erred in confirming the penalty levied by the Learned AO under section 271 (1) (c) of the Income Tax Act, 1961, being 126% of Tax Payable on total alleged concealed income of Rs.4,88,19,661/-, without duly appreciating the facts on record and bona fide contention of Your Appellants. Your Appellants submit that the penalty levied of Rs.2,00,00,000/- be ordered to be deleted.

2. Your Appellants crave leave to add, alter OR amend OR withdraw the ground of Appeal and submit such statements, documents and papers as may be considered necessary either at OR before hearing of the appeal."

3. The case was posted for hearing on 25.11.2025, 13.01.2026, 27.01.2026 and 28.01.2026. The case was adjourned for hearing twice on the written request of the appellant to 12.01.2026 and 27.01.2026. The case was further adjourned to 28.01.2026. However, none appeared on behalf of the assessee on 28.01.2026 nor any request for adjournment nor written submission were filed. Hence, no useful purpose would be served by prolonging the proceedings before us. The case is, accordingly, decided on the basis of materials available on record.

4. Facts of the case in brief are that the assessee filed his return of income for the AY 2012-13 on 28.09.2012 declaring total income at Rs.2,87,77,652/-. He further revised the return of income on 15.03.2014 declaring total income of Rs.2,87,77,652/-. After hearing the assessee, assessment order u/s 143(3) was passed on 31.01.2015 by making addition of Rs.4,88,19,661/- towards interest received by the assessee from the insurance company under the head income from other sources. The AO subsequently levied penalty u/s 271(1)(c) of the Act amounting to Rs.2,000,00,00/- on the concealed income of Rs4,88,19,661/-.

5. Aggrieved by the order of AO, the assessee filed appeal before the CIT(A). In the appellate proceedings, the appellant filed written submission in response to the notices issued u/s 250 by the CIT(A). After considering the submission of

the assessee, the CIT(A) dismissed the appeal by passing a detailed and speaking order.

6. Aggrieved by the order of CIT(A), the assessee filed appeal before the Tribunal. The assessee had requested for adjournment which was granted twice. However, on the final date of hearing, the assessee did not appear nor filed any written submission and details in support of the grounds raised in the appeal.

7. On the other hand, the learned Senior Departmental Representative (Id. Sr. DR) for the revenue supported the order of lower authorities. He submitted that the order of AO was confirmed by the CIT(A) and ITAT in the quantum proceedings.

8. We have heard both the parties and perused the materials available on record. Adequate opportunity was granted to the assessee to file written submission in support of the grounds raised in the appeal. However, the appellant did not file any written submission before us. Thus, we find that assessee has no material to support the grounds raised by him; otherwise, there was no reason for the silence of the assessee. At this stage, it would be proper to reproduce the relevant part of the order of CIT(A) which is as under:-

“6.1 The appellant has raised only on ground of appeal related to levy of penalty I have carefully examined the facts of the case, the submissions of the appellant and the penalty order passed under section 271(1)(c) of the Income-tax Act, 1961. I have also perused the appellate orders of the

CIT(A) and the Hon'ble ITAT confirming the additions made in the assessment proceedings under section 143(3) of the Act.

6.2 The penalty in the instant case arises from an addition of Rs. 4,88.19,661/- made to the income of the assessee on account of interest received from the insurance company on delayed payment of compensation for fire damage. The assessee claimed this amount as capital receipt, not liable to tax and did not offer the same as income in the return of income. The Assessing Officer in the course of the assessment proceeding, has held this to be a revenue receipt and brought it to tax. This view of the A.O has been upheld by the CIT(A) and later by the Hon'ble ITAT. Mumbai Bench. Therefore, the core issue is whether the assessee's conduct in claiming such receipt as exempt constitutes concealment of income" or "furnishing of inaccurate particulars warranting penalty under section 271(1)(c) of the Act. The assessee has argued that the claim was made under a bona-fide belief that the amount represented capital receipt and was supported by explanatory notes and references to judicial precedents. The assessee has also contended that there was full disclosure of all facts and no suppression. Explanation 1 to section 271(1)(c) does not apply to immaterial particulars, and thus Explanation I to Section 271(1)(c) does not apply.

6.3 However, these contentions of the appellant fails to satisfy when tested against the conduct of the assessee and the settled judicial position in similar cases. Firstly, the assessee made the impugned claim of exemption in the return of income, but did not reflect the said receipt in the computation of income or under any head of income. While the explanatory note in the revised return mentions the nature of the receipt, the actual omission of such a large receipt from taxation, despite the knowledge that interest received from an insurer is generally taxable, shows an attempt to camouflage taxable income. It was only when the scrutiny proceedings were initiated that the issue came to light.

6.4 It is important to note that, it is now well-settled that Explanation 1 to section 271(1)(c) creates a presumption of concealment if an

explanation is not substantiated or is found to be untenable. The assessee has failed to prove that its explanation was bona fide and based on due diligence. The judgment of the Hon'ble Supreme Court in Mak Data (P.) Ltd. v. CIT [(2013) 358 ITR 593 (SC)] is directly applicable, where the Hon'ble Court held that merely stating facts in a note or claiming an exemption does not absolve the assessee of the charge of furnishing inaccurate particulars, especially when the claim lacks legal merit and the particulars furnished are misleading. Further, the plea that the matter is sub-judice before the Hon'ble Bombay High Court does not grant immunity from the penalty under section 271(1)(c) of the Act. In the absence of any stay on the penalty proceedings or order and given that the additions have been confirmed by both CIT(A) and ITAT after elaborate consideration, the finding of concealment stands established.

6.5 The appellant's reliance on CIT v. Reliance Petroproducts Pvt. Ltd. [(2010) 322 ITR 158 (SC)] is misplaced in the present factual matrix. In that case, the assessee had disclosed all material facts and made a legal claim. However, in the present case, the appellant not only made a legally untenable claim but failed to disclose it properly in the computation, and the explanation was found to be neither substantiated nor bona-fide. The Hon'ble Supreme Court in Union of India v. Dharmendra Textile Processors [(2008) 306 ITR 277 (SC)] has clearly held that penalty under section 271(1)(c) is a civil liability and will follow from the objective act of concealment or furnishing of inaccurate particulars without the necessity to prove mens-rea.

6.6 The addition sustained in this case relates to interest compensation received over a prolonged litigation period which the assessee wrongly sought to exclude from tax. The consistent rejection of its explanation by all lower appellate authorities clearly indicates that the assessee's position was not acceptable in law and lacked bona-fide basis. This aligns with the the deeming provisions und under Explanation 1 to section 271(1)(c) and justifies the imposition of penalty. In light of the above facts and settled legal principles, I find that the assessee has clearly furnished inaccurate particulars of income and concealed income to the tune of Rs. 4,88,19,661/-. The assessing officer was fully justified

in invoking section 271(1)(c) and levying a penalty of Rs. 2,00,00,000, which is well within the permissible limit under law. Accordingly, the penalty of Rs. 2,00,00,000/- levied under section 271(1)(c) of the Income-tax Act, 1961 is hereby confirmed. The appeal is dismissed.”

8.1 It is clear from above that the CIT(A) has passed a detailed and speaking order after incorporating the facts of the case and submission of the assessee. The assessee has not given any explanatory and supporting details to controvert the findings of the CIT(A). We do not find no infirmity in the said order, which we confirm.

9. It has also been held in a number of cases that dismissal of appeal is an inherent power which every Tribunal possesses. The Hon'ble Bombay High Court in case of M/s Chemipol vs. UOI, Central Excise Appeal No.62 of 2009, referred to the decision in case of Sundarlal vs. Nandramdas, AIR 1958 MP 206 where it was observed that though the Act does not give any power of dismissal, it is axiomatic that no Court or Tribunal is supposed continue a proceeding before it when the party who has moved it has not appeared nor cared to remain present. The dismissal, therefore, is an inherent power which every Tribunal possesses. This was approved in Dr. P. Nalla Thampy vs. Shankar, 1984 (Supp) SCC 631. In New India Assurance vs. Srinivasan, (2000) 3 SCC 242, it was held that every Court or judicial body or authority which has a duty to decide a lis between two parties, inherently possesses the power to dismiss a case in default. Where a case is called

for hearing and the party is not present, the Court or the judicial or quasi-judicial body is under no obligation to keep the matter pending before it or to pursue the matter on behalf of the complainant who had instituted the proceedings. The Hon'ble Supreme Court in case of CIT vs. B. N. Bhattacharjee & Ors., (1979) 10 CTR 354 (SC) observed that preferring an appeal means effectively pursuing it. Following the above authoritative precedents and the facts of the case discussed above, the ground of appeal is dismissed.

10. In the result, the appeal of the assessee is dismissed.

Order is pronounced on 23.02.2026.

**Sd/-
(SANDEEP GOSAIN)
JUDICIAL MEMBER**

**Sd/-
(BIJYANANDA PRUSETH)
ACCOUNTANT MEMBER**

*Aniket Chand; Sr. PS

MUMBAI

Date: 23.02.2026

Copy of the Order forwarded to:

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, MUMBAI
6. Guard File

By Order

Assistant Registrar
ITAT, MUMBAI