

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

**BEFORE SMT. ANNAPURNA GUPTA, ACCOUNTANT MEMBER &
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

I.T.A. No.1744/Ahd/2025
(Assessment Year: 2016-17)

Concord Biotech Ltd., 1601-1602, 16 th Floor, B Wing Mondeal Heights, Nr. Novotel Hotel, Iscon Cross Road, S.G. Highway, Ahmedabad-380054	Vs.	Deputy Commissioner of Income Tax, Circle-1(1)(1), Ahmedabad
[PAN No.AAACC8514G]		
(Appellant)	..	(Respondent)

Appellant by :	Ms. Kinjal Shah, AR
Respondent by:	Smt. Urvashi Mandhan, Sr. DR

Date of Hearing	24.02.2026
Date of Pronouncement	26.02.2026

ORDER

PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:

This appeal has been filed by the Assessee against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 21.07.2025 passed for A.Y. 2016-17.

2. The assessee has raised the following grounds of appeal:

“1. The CITA has erred in confirming reopening of the assessment order u/s.147/148.

It is submitted that the reopening proceedings as well as the notice suffer from inherent technical defects which go to the root of the Reopening proceedings and particularly because the Appellant has not concealed any income or filed inaccurate particulars thereof, the reopening proceedings ought to have been held as void and ab initio and the order ought to have been quashed.

2. The CITA has erred in collecting evidences at the back of the Appellant and has further erred in not granting copies thereof and/or not offering cross examination of the person from whom the evidences are collected and used as evidence against the Appellant.

It is submitted that as per provisions of Law and in the interest of equity and natural justice, the evidences collected at the back of the Appellant ought to have been shown and cross examination ought to have been granted before utilising evidences against the assessee and therefore the order ought have been dismissed.

3. *The CITA has also erred in getting a remand report from the AO and has also erred in not giving copy thereof to the Appellant for filing rejoinders even though, specifically requested for. It is submitted that the CITA ought to have given copy of the remand report and allowed the appellant a chance to file a rejoinder, and not having done so, the order of the CITA be dismissed.*

4. *Without prejudice to above, the CITA has erred in confirming disallowance Rs. 37,39,250/- treating the same to be bogus purchases from Umiya Trading Company. The CITA has also not judiciously adjudicated the detailed submissions and evidences particularly vide letters dated 28-3-24 and 19-7-25, and hence, the disallowance of Rs.37,39,250/- ought to have been deleted.”*

3. The brief facts of the case are that the assessee, a company, filed its original return of income for Assessment Year 2016–17 on 17.10.2016 declaring total income of Rs. 114,93,76,740/-. The assessment was originally completed under section 143(3) of the Act on 27.11.2018 assessing the total income at Rs. 1,15,17,83,428/- under normal provisions. Subsequently, on the basis of information received from the Investigation Wing alleging that M/s Umiya Trading Company was a non-genuine entity engaged in providing accommodation entries, the Assessing Officer reopened the assessment by issuing notice under section 148 of the Act. In response, the assessee filed return of income on 13.04.2021 declaring income of Rs. 1,14,95,42,290/-. During the reassessment proceedings, the Assessing Officer issued various notices and examined the ledger account of Umiya Trading Company in the books of the assessee. The Assessing Officer also issued notice under section 133(6) to Umiya Trading Company, to which no response was received. Relying upon the investigation report and bank statements of Umiya Trading Company, and holding that no actual business activity was carried out by the said concern, the Assessing Officer held that the purchases shown by the assessee from Umiya Trading Company were bogus.

Accordingly, the Assessing Officer completed the reassessment under section 147 by making an addition of **Rs. 37,39,250/-** treating the same as bogus purchases, and assessed the total income at Rs. 1,15,55,22,678/- vide order dated 29.03.2022.

4. Aggrieved by the reassessment order, the assessee preferred an appeal before the Commissioner of Income-tax (Appeals). Before the CIT(A), the assessee contended that the addition on account of bogus purchases was unjustified as the purchases were genuine, supported by purchase orders, invoices, delivery challans, ledger accounts and evidence of utilization of raw material in manufacturing activity.

5. The learned CIT(A), after examining the assessment records, submissions of the assessee and the remand report of the Assessing Officer, upheld the addition of Rs. 37,39,250/- by relying upon the investigation findings which, according to the CIT(A), established that Umiya Trading Company was a paper entity engaged in providing accommodation entries and that the banking transactions lacked economic substance. Accordingly, the CIT(A) dismissed the appeal of the assessee in entirety.

6. The assessee is in appeal before us against the order passed by the Commissioner of Income-tax (Appeals) dismissing the appeal of the assessee.

7. Before us, the ld. counsel for the assessee submitted that the addition is bad in law as the Assessing Officer failed to disclose what income had escaped assessment and merely relied upon the books and bank statements of a third party, namely Umiya Trading Company, without correlating the same with the books of the assessee. It was

submitted that the entire addition of Rs. 37,39,250/- has been made without furnishing to the assessee the breakup of alleged bogus purchases or the material relied upon by the Assessing Officer. The ld. counsel contended that copies of bank statements of Umiya Trading Company were never provided to the assessee, nor was any opportunity of cross-examination of the proprietor of Umiya Trading Company or the Investigation Officer granted, despite specific requests, thereby violating principles of natural justice. It was further submitted that the very foundation of the allegation of bogus purchases is flawed as the Investigation Officer had visited an incorrect address, namely 35, Jay Hatkeshwar Society, Ranip, Ahmedabad, whereas all purchase orders and invoices clearly reflected the address of Umiya Trading Company at H-58, Pink City, Kailashnath Society, Ranip, Ahmedabad. According to the ld. counsel, this factual error vitiates the entire investigation and the consequential addition. The ld. counsel for the assessee also contended that the assessee had actually purchased raw materials aggregating to Rs. 26,74,625/- from Umiya Trading Company, which were duly recorded in the books of account, supported by purchase orders, invoices, delivery challans, quality control records, production records and corresponding sales of finished goods, all of which were placed in the paper book. It was emphasized that payments for purchases as well as receipts from sales were through banking channels and that the Assessing Officer had neither rejected the books of account nor doubted the sales. The ld. counsel further argued that considering the scale of operations of the assessee, which had total purchases of more than Rs. 78 crores and declared substantial profits, it is inconceivable that the assessee would resort to bogus purchases of a negligible amount of Rs. 37 lakhs constituting less than 0.5% of total purchases. The ld. counsel for the assessee placed reliance on binding

judicial precedents including decisions of the Hon'ble Gujarat High Court and various Benches of the Tribunal to contend that where sales are accepted and books of account are not rejected, purchases cannot be disallowed merely on the basis of third-party information.

8. **We have considered the rival submissions, perused the material available on record and carefully examined the assessment order and the order of the CIT(A).**

9. We find that the addition in the present case rests primarily on investigation carried out in the case of Umiya Trading Company and the bank statements of the said concern, which admittedly were never furnished to the assessee. We further find force in the contention of the ld. counsel that the Investigation Officer proceeded on an incorrect address and that no independent verification was carried out by the Assessing Officer at the correct address mentioned on purchase invoices and other concurrent records. The denial of copies of bank statements and the remand report, coupled with the absence of opportunity to rebut the adverse material, in our considered view, constitutes a serious breach of principles of natural justice.

10. On merits, it is undisputed that the assessee maintained regular books of account duly audited, that the sales corresponding to the alleged purchases were accepted, and that the books of account were not rejected by the Assessing Officer. The assessee has placed on record documentary evidence demonstrating the physical movement of goods from purchase of raw material to manufacture and sale of finished goods. In such circumstances, merely relying on third-party investigation without disproving the documentary evidence furnished by the assessee is not

sufficient to sustain the addition. Judicial precedents have consistently held that where sales are accepted and books are not rejected, disallowance of purchases is not justified solely on the basis of doubts about the supplier.

11. In view of the totality of facts and circumstances, the arguments advanced by the ld. counsel for the assessee, and the procedural lapses noted above, we are of the considered opinion that the addition of Rs. 37,39,250/- cannot be sustained. Accordingly, the order of the Commissioner of Income-tax (Appeals) is set aside and the Assessing Officer is directed to delete the addition made on account of alleged bogus purchases.

12. In the result, the appeal filed by the assessee is **allowed**.

This Order pronounced in Open Court on	26/02/2026
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Sd/-
(ANNAPURNA GUPTA)
ACCOUNTANT MEMBER

Ahmedabad; Dated 26/02/2026

TANMAY, Sr. PS

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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