CNR No: PHHC010410222026
2026:PHHC:205088-DB

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

(1) **ITA No.104 of 2026 (O&M)**

M/s Rana Sugars Limited

.....Appellant

Versus

Deputy Commissioner of Income Tax, Central Circle 1, Chandigarh

.....Respondent

(2) **ITA No.106 of 2026 (O&M)**

M/s Rana Sugars Limited

.....Appellant

Versus

Deputy Commissioner of Income Tax, Central Circle 1, Chandigarh

.....Respondent

1.	The date when the judgment is reserved	05.11.2026
2.	The date when the judgment is pronounced	21.11.2026
3.	The date when the judgment is uploaded on the website	21.11.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5.	The delay, if any, of the pronouncement of full judgment, and reasons thereof	Not applicable

CORAM : HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MR. JUSTICE SUNISH BINDLISH

Argued by: Ms. Radhika Suri, Senior Advocate with
Mr. Sidhant Suri, Advocate and
Mr. Abhinav Narang, Advocate,
for the appellant (s).

DEEPAK SIBAL, J.

1. This order shall dispose of the aforesaid two appeals as common questions of law and fact arise therein. The appeals arise out of a

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common order dated 04.08.2025 passed by the Income Tax Appellate Tribunal, "B" Bench, Chandigarh, through which the appeals of the appellant for the assessment years 2010-11 and 2011-12 (ITA Nos.512/Chandi/2023 and 513/Chandi/2023), both of which had been filed with a delay of 1862 days, were dismissed for want of condonation of delay. For the sake of convenience facts have been extracted from ITA-104-2026.

2. The appellant company claims to be engaged in the business of manufacturing sugar, alcohol, spirit and power generation. On 24.09.2010, for the assessment year 2010-11, the appellant filed its income tax return through which it declared its total income as "Nil". The case of the appellant was selected for scrutiny assessment. On 27.06.2012, a notice under Section 142(1) of the Income Tax Act, 1961 (for short – the Act) was served upon the appellant. Thereafter, the company's Assessing Officer (for short – the AO) passed assessment order under Section 143(3) of the Act dated 28.02.2013 making certain disallowances in the appellant's case and assessing its total income at Rs.11,45,15,249/-. The appellant challenged the assessment order dated 28.02.2013 through filing of a statutory appeal which through order dated 08.05.2018 was partly allowed by the Commissioner of Income Tax (Appeals)-I, Chandigarh [for short – CIT(A)]. The order of the CIT(A) dated 08.05.2018 was then taken up in appeal by the appellant before the Income Tax Appellate Tribunal "B" Bench Chandigarh (for short – the ITAT) through ITA No.512/Chandi/2023. Such appeal was filed on 12.08.2023 and there was a delay of 1862 days in its filing. The application seeking condonation of

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such delay was moved by the appellant only on 17.07.2024. The appeal of the appellant was heard by the ITAT along with the appeal of the Revenue (ITA No.1048/Chandi/2018), which had been filed in the year 2018 itself against the very same order of the CIT(A) dated 08.05.2018. The ITAT was of the view that the delay of 1862 days had not been sufficiently explained and therefore, on the ground of delay, the said appeal was dismissed on 04.08.2025. Through the same order, the appeal of the Revenue was also dismissed on merits. The present appeal is directed against the order of the ITAT dated 04.08.2025 and seeks to raise the following questions of law:-

i) *Whether the Hon'ble ITAT has erred in law while dismissing the appeal of the appellant company vide order dated 04.08.2025 on the ground of inordinate delay in filing the appeal even when the appellant company has a bonafide case of delay and that it was not due to any negligence or wilful disregard by the appellant company but was a genuine oversight and much dependence on professional employees, who subsequently resigned without informing the management of non-filing of the appeal against the order of Ld. CIT(A) and hence, making the management of the appellant company unaware of the same?*

ii) *Whether the Hon'ble ITAT erred in law in dismissing the appeal of the appellant company without applying its mind on the issue of disallowance of Rs. 24,33,125/- made under Section 40 (a)(ia) even when the total amount of interest paid to the NBFC in A.Y. 2010-11 was only Rs. 18,49,244/- and not Rs. 24,33,125/- and that the payees have duly shown the said interest received as income in their balance sheet thereby not making the appellant company as assessee in default in terms of Section 201(1) of the Act along with its proviso?*

iii) *Whether, the Ld. ITAT has erred in law in dismissing the appeal of the appellant company without applying its mind on the issue of confirming the addition of Rs. 53,21,407/- made by the Ld. A.O. by restricting the rate of depreciation to 15% on trucks/tankers even when the same was eligible for higher depreciation @ 40% as these trucks were used by the appellant for transporting goods and freight was earned by the appellant?*

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3. The facts in ITA-106-2026, which pertains to the assessment year 2011-12, are similar. For the said assessment year, on 27.09.2011, the appellant filed its return declaring its total income as “Nil”. Through order dated 28.02.2014 passed under Section 143(3) of the Act, the AO made certain disallowances and computed the total loss of the appellant at Rs.46,17,90,109/-. The appeal filed by the appellant against the said assessment order was partly allowed by the CIT(A) through order dated 08.05.2018. The appellant challenged such order of the CIT(A) before the ITAT through ITA No.513/Chandi/2023, which too was filed on 12.08.2023 with a delay of 1862 days. The application for condonation of delay in that appeal was also moved on 17.07.2024 and was based on grounds identical to those taken in ITA No.512/Chandi/2023. Through the common order dated 04.08.2025, the ITAT dismissed the said appeal also on the ground of delay, while the appeal of the Revenue for that year (ITA No.1049/Chandi/2018) was dismissed on merits. In ITA-106-2026, question No.(i) is identical to question No.(i) reproduced above, whereas question Nos.(ii) to (iv) relate to the merits of the disallowance of interest of Rs.93,92,737/- on account of capitalisation of interest on capital work in progress under the proviso to Section 36(1)(iii) of the Act, the disallowance of Rs.18,49,244/- under Section 40(a)(ia) of the Act and the addition of Rs.32,44,775/- on account of restriction of the rate of depreciation on trucks/tankers to 15%.

4. Learned counsel for the appellant has been heard.

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5. Our answer to question No.(i) shall determine as to whether questions Nos.(ii) and (iii) (and question No.(iv) in ITA-106-2026) need to be opined upon. Therefore, question No.(i) is being taken up first.

6. As per Section 253(3), every appeal under Section 253(1) and 253(2) of the Act is required to be filed within sixty days of the date on which the order sought to be appealed against is communicated to the assessee. In the case in hand the order of the CIT(A) dated 08.05.2018 was sought to be challenged by the appellant through filing of an appeal before the ITAT. Admittedly, the last date for filing such appeal was 07.07.2018. Since such appeal was filed on 12.08.2023, there was delay of 1862 days in its filing.

7. In the application filed before the ITAT, the appellant sought to provide “sufficient cause” for the delay of 1862 days in the filing of its appeal. It was submitted that on 16.02.2018 a search under Section 132 of the Act was conducted on the premises of the company and that in the year 2019, without handing over charge, since the appellant’s Chief Financial Officer (Mr. Manoj Gupta) and General Manager (Mr. Pardeep Singhal), who, owing to the actions of various agencies including SEBI, had started disengaging themselves from the work of the company, resigned, the appellant was not aware as to whether any appeal had been filed on behalf of the company to challenge therein the order of the CIT(A) dated 08.05.2018. The company further submitted that between years 2018 and 2022 the appellant changed its tax consultants three times and that none of these three consultants identified that through order of the CIT(A) dated 08.05.2018 the company’s appeal had only been partly allowed. It was

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only when the present counsel conducted a thorough review it was revealed that through the order of the CIT(A) dated 08.05.2018 certain disallowances had been made in the appellant's case which needed to be appealed against and accordingly, on 12.08.2023, the appeal was filed before the ITAT. It was further submitted that the management of the appellant was too much involved in various other matters like handling actions by various other agencies. In the said application, the appellant also stated that against the order of the CIT(A) dated 08.05.2018 the Revenue had filed a separate appeal which was pending before the ITAT.

8. The explanation offered by the appellant for the delay of 1862 days in filing of its appeal before the ITAT is found to be vague as it lacks specifics. As per the company, without handing over charge, its Chief Financial Officer and General Manager resigned in the year 2019 and that they also never informed the management that no appeal has been filed against the order of the CIT(A) dated 08.05.2018. The respective dates of resignation of these officers are not forthcoming from the record. The claim with regard to them not handing over charge is also not backed by any supporting evidence. No document such as the resignation letters of these officers or the record of the company accepting their resignations has been placed on record. The application for condonation of delay, as appended with the present appeal (Annexure A-3), is in the form of a letter signed by an authorised signatory of the company and is not accompanied by any affidavit. Even otherwise, the resignation of these officers in the year 2019 does not explain the failure of the appellant to file the appeal within the period of limitation which expired on 07.07.2018, i.e., at a time

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when, admittedly, these officers were still in the employment of the company. The explanation is also not consistent. While before the ITAT the appellant claimed that a search under Section 132 of the Act was conducted on the company on 16.02.2018, in the grounds of appeal before this Court it has been pleaded that on 16.02.2018 a survey under Section 133A of the Act was conducted on the company and a search was conducted on its management.

9. In its application for condonation of delay the company further goes on to state that between the years 2018 and 2022 three tax consultants were changed. No specifics with regard to such "explanation" is found in the application. It is utterly vague. Neither the names of the three tax consultants nor the periods during which they were engaged have been disclosed. Such explanation even otherwise does not account for the failure of the management of the company itself to ascertain the outcome of its own appeal before the CIT(A).

10. Explanation for the cause of delay between the year 2022 and the date of filing of the appeal on 12.08.2023 is found completely missing. The date on which the present counsel/Chartered Accountant was engaged and the date on which the alleged "thorough review" of the order of the CIT(A) was conducted have also not been disclosed. Further, though the appeal was filed on 12.08.2023, the application for condonation of delay was moved only on 17.07.2024, i.e., after about eleven more months, for which also no explanation has been offered.

11. Most importantly, the plea of the appellant that its management remained unaware that its appeal had only been partly

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allowed by the CIT(A) stands belied by its own admission. In the application for condonation of delay, the appellant itself stated that against the very same order of the CIT(A) dated 08.05.2018 the Revenue had filed a separate appeal which was pending before the ITAT. Such appeals of the Revenue for the assessment years 2010-11 and 2011-12 (ITA Nos.1048/Chandi/2018 and 1049/Chandi/2018) were filed in the year 2018 itself and the appellant was the respondent therein. In the face of such proceedings arising out of the very same order of the CIT(A), pending before the ITAT since the year 2018, the appellant cannot be heard to say that for over five years it remained unaware of the contents of that order or of the fact that certain additions stood confirmed against it. Rather, in its application the appellant itself admits that the major portion of the confirmed addition under Section 36(1)(iii) of the Act was directly connected with the issue raised in the appeal of the Revenue.

12. Further, the submission that the management of the appellant was “too much involved in various other matters like handling actions by various other agencies” leading to the delay in filing of the appeal before the ITAT shows negligence on the part of the management of the appellant company to take prompt steps to challenge therein the order of the CIT(A) dated 08.05.2018.

13. In the light of the above, we find that the explanation offered by the appellant for the condonation of inordinate delay of 1862 days in the filing of its appeal before the ITAT lacked diligence. It does not constitute “sufficient cause”. Therefore, there is no error of fact and law depicted in the impugned order of the ITAT. Since the ITAT exercised its

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discretion under Section 253(5) of the Act upon consideration of the explanation offered by the appellant, no question of law, much less a substantial question of law, arises in this regard.

14. Since question No.(i) has been answered against the appellant there is no occasion to deal with question Nos.(ii) and (iii) in ITA-104-2026 and question Nos.(ii) to (iv) in ITA-106-2026.

15. Both the appeals are dismissed.

(DEEPAKSIBAL)
JUDGE

(SUNISHBINDLISH)
JUDGE

21.11. 2026
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Whether speaking/reasoned Yes/No
Whether reportable Yes/No

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