



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 7223 OF 2026 (T-IT)

BETWEEN:

1. ELEMENT 14 INDIA PRIVATE LIMITED
A COMPANY REGISTERED
UNDER COMPANIES ACT, 1956
REGISTERED OFFICE AT:
11TH FLOOR, TOWER D,
IBC KNOWLEDGE PARK, 4/1,
DHARMARAM COLLEGE S.O,
BANGALORE SOUTH
BANGALORE - 560 029

REPRESENTED BY ITS AUTHORIZED SIGNATORY

MR. GAURAV SHARMA,
SON OF DEVENDRA KUMAR SHARMA,
AGED ABOUT 40 YEARS,
OFFICE AT: 11TH FLOOR, TOWER D,
IBC KNOWLEDGE PARK, 4/1,
DHARMARAM COLLEGE S.O,
BANGALORE SOUTH,
BANGALORE - 560 029

... PETITIONER

(BY SRI. KAMAL SAWHNEY, ADVOCATE FOR
SRI MOHAMMED SHAKEEB M MULLA., ADVOCATE)

Digitally signed
by PRAKASH N
Location: HIGH
COURT OF
KARNATAKA



AND:

1. ASSESSMENT UNIT
INCOME TAX DEPARTMENT
NATIONAL FACELESS ASSESSMENT CENTRE
CIVIC CENTRE, MINTO ROAD
NEW DELHI - 110 002
2. THE DEPUTY COMMISSIONER OF INCOME TAX
CIRCLE 2(2)(1), BENGALURU BMTC BUILDING,
80 FT ROAD, 6TH BLOCK,
KORAMANGALA,
BENGALURU - 560 095
3. PRINCIPAL COMMISSIONER OF INCOME TAX - 2,
5TH FLOOR, BMTC BUILDING,
80 FT ROAD, 6TH BLOCK,
KORAMANGALA,
BENGALURU - 560 095
4. DISPUTE RESOLUTION PANEL 1,
BENGALURU
THROUGH SECRETARY,
COMMISSIONER OF INCOME TAX (DRP)-1,
KENDRIYA SADAN, 4TH FLOOR,
KORAMANGALA
BANGALORE - 560 034

... RESPONDENTS

(BY SRI. E.I. SANMATHI., ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA, PRAYING TO (I) ISSUE A WRIT OF CERTIORARI QUASHING THE IMPUGNED ORDER DATED 29.01.2026 WITH DIN ITBA/AST/S/143(3)/2025-26/1085312943(1) PASSED UNDER SECTION 143(3) READ WITH SECTION 144C(13) READ WITH SECTION 144B OF THE



INCOME-TAX ACT, 1961 (ANNEXURE-A) FOR AY 2022-23 AS BEING MADE IN VIOLATION OF THE PRINCIPLES OF NATURAL JUSTICE AND ETC.

THIS PETITION COMING ON FOR PRELIMINARY HEARING THIS DAY, ORDER WAS MADE THEREIN AS UNDER:
CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

The petitioner has sought for setting aside the order under Section 143 (3) r/w 144 (C) (13) r/w 144B of the Income Tax Act, 1961, at Annexure-A passed for the Assessment Year 2022-23 on the premise that there has been violation of principles of natural justice.

The petitioner has also sought for quashing of the directions issued under Section 144 C (5) of the Income Tax Act, 1961 ("the Act", for short) at Annexure-J, passed for the Assessment Year 2022-23.

2. At the outset, it is submitted on behalf of the petitioner that they are not pressing the relief as per Prayer II.



3. The relevant facts are that the assessment order was passed on 29.01.2026, which order entailed procedure for passing Draft Assessment Order and procedure under Section 144 (C) of the Act.

4. It is to be noticed that in terms of directions of the Dispute Resolution Panel (DRP) at Annexure-J, DRP had directed the AO and the Assessee to reconcile the differences insofar as Annexure-J is concerned.

5. It is noticed that Annexure-J is a process whereby the Draft Assessment Order is subject to the directions by the Dispute Resolution Panel at the instance of the assessee. Insofar as power of DRP to issue directions as per Annexure-J, it is pointed out that DRP could not have issued directions contrary to Section 144 (12).

6. Though various contentions have been raised regarding validity of Annexure-J, however at the time of hearing of the matter, on behalf of the petitioner it is stated that they did not wish to press their relief at



Annexure-J. Accordingly, the court refrains from entering into any adjudication at Annexure-J.

7. Insofar as assessment order is concerned, it is pointed out that order suffers from violation of principles of natural justice insofar it is contended that the Assessing Officer has relied on incomplete CBIC data as well as entry wise returns were not shared with the assessee to make its case before the Assessing Officer.

8. In support of such contention, reliance is placed on the observation in the Order-in-Original at para 8.3.3 (b). Insofar as such contention, it is pointed out that the authority has though referred to data from the CBIC, the assessee had specifically raised an issue by also making a submission that the assessee has pleaded to the jurisdictional Custom Officer to issue month-wise certificates relating to import purchase, which was not obtained at the relevant point of time when the assessment proceedings were on. The Assessing Officer thus remarked that though complete invoice wise CBIC



data could not be retrieved despite efforts by the Department, the authority also observes that there was no complete data before it when completing the adjudication proceedings.

9. The observations at para (b) are extracted as below:

"b) The assessee has submitted that during the course of the assessment proceedings, it had repeatedly requested to provide the invoice wise or bill of entry wise import details as appealing on the CBIC/Insight Portal to enable the company to reconciled the same with the imports in its books The assessee also stated that as asked for in the show cause notice. the assessee has also applied to the Jurisdictional Custom Officer to issue month wise certificates relating to import purchase, however it would be highly difficult to procure such certificates from Customs Officer immediately and the company will share the certificates with this office as soon as the same are obtained. The assessee also submitted a table on me basis of report of clearing house agent as per which the assessee has stated that as per the same the difference is only Rs. 2.04.43.810 which can be added to the total income of the assessee.



The above explanation/facts of the case has duly been considered. Though the complete invoice wise CBIC data could not be retrieved inspite of repeated efforts by the department but it is also a fact the assessee was also aware of this discrepancy long ago and it could have also got the certificates from the concerned Custom authorities long back to support its claim now been made which it also failed to do so. Further, the difference of Rs. 2.04 43,810 as claimed to be given on the basis of report of Clearing House Agent has also not supporting documentary evidence in the form of the report of the said Agent with evidences However, considering the fact that the assessee has now applied for month wise/invoice wise import purchases details for the year under consideration and on receipt of the same, the assessee is free to submit the certificate of the Jurisdictional Custom Officer regarding total invoice wise import purchases for the year under consideration to the Jurisdictional Assessing officer for taking remedial action as per the Income Tax provisions. But till now the fact remains that the difference of Rs. 83,47,22,507 in purchase remained unexplained/unreconciled."

10. It is the case of the petitioner that when the Assessing Authority itself did not have complete invoice



wise CBIC data as is made out from the observations at para (b) extracted above, and in the absence of entry wise details shared with the petitioner, the authority ought not to have completed the adjudication proceedings.

11. Needless to state, the information available with the authority ought to have been shared with the petitioner. Further, if there was any lack of data, the authority had to wait till complete data was obtained at its instance.

12. Sri.E.I.Sanmathi, learned counsel appearing for the Revenue would contest and submit that whatever information was available was forwarded by way of Excel Sheet to the petitioner.

13. However, when the authority relies on certain information to complete adjudication on certain issue, it is necessary that all information available with the Department ought to be shared with the petitioner at the first instance. Insofar as information which is incomplete,



there cannot be any presumption adverse to the interest of the petitioner. If there are any materials which is incomplete, unless there are other materials to make such information complete, same cannot be used by the Department.

14. In light of the above, the order at Annexure-A is set aside. The matter is remitted to the stage of passing of final assessment. However, it is made clear that in light of assertion of the petitioner regarding violation of principles of natural justice as observed above, the authority to proceed for adjudication after sharing the information in their custody with the petitioner.

15. Needless to state, if any additional information that has come to the revenue, same may be subjected to be included in the proceedings after being shared with the petitioner and affording appropriate opportunity to the petitioner.



16. Accordingly, the petition is disposed of. It is clarified that the final assessment order at Annexure-A is set aside subject to the above directions. The authority could then proceed to pass final assessment order.

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

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