

**IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH "A", PUNE**

**BEFORE SHRI R. K. PANDA, VICE PRESIDENT  
AND  
MS. ASTHA CHANDRA, JUDICIAL MEMBER**

**ITA No.813/PUN/2018  
Assessment year : 2014-15**

Dineshkumar Ramchandra Tulsyan (HUF) 214B, Laxmi Niwas, Mahatma Nagar, Nashik – 422007	<b>Vs.</b>	ITO, Ward 1(5), Nashik
<b>PAN: AACHD5953R</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

**ITA No.814/PUN/2018  
Assessment year : 2014-15**

Smt. Sumandevi Dineshkumar Tulsyan 214B, Laxmi Niwas, Mahatma Nagar, Nashik – 422007	<b>Vs.</b>	ITO, Ward 1(5), Nashik
<b>PAN: ACKPT1322Q</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by : Shri Pramod S Shingte  
Department by : Shri Rajesh Haladkar (through virtual)  
Date of hearing : 29-10-2025  
Date of pronouncement : 28-11-2025

**ORDER**

**PER R.K. PANDA, V.P:**

The above two appeals filed by the respective assesseees are directed against the separate orders dated 21.03.2018 of the Ld. CIT(A)-1, Nashik relating to assessment year 2014-15. Since identical grounds have been raised by the respective assesseees in these appeals, therefore, for the sake of convenience, these were heard together and are being disposed of by this common order.

2. These appeals were earlier dismissed by the Tribunal for non-prosecution vide order dated 12.09.2022. Subsequently, the Tribunal vide MA Nos.147 & 148/PUN/2023 order dated 02.05.2025 recalled the order. Hence, these are recalled matters.

3. First we take up ITA No.813/PUN/2018 as the lead case.

4. Facts of the case, in brief, are that the assessee is an individual and filed his return of income on 02.08.2014 declaring total income of Rs.7,28,260/- after claiming an amount of Rs.1,00,97,902/- as exempt income u/s 10(38) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') being the long term capital gain on sale of listed shares on which STT was paid. The case was selected for scrutiny through CASS. Accordingly, statutory notice u/s 143(2) of the Act was issued and served on the assessee. Subsequently, notice u/s 142(1) of the Act along with a questionnaire was issued to the assessee calling for certain information in response to which the assessee filed the requisite details before the Assessing Officer from time to time.

5. During the course of assessment proceedings the Assessing Officer noted that the assessee has purchased 2500 shares of M/s. Pyramid Trading & Finance Ltd on 15.06.2012 @ Rs.6/- per share for Rs.15,000/-. Thereafter the company has issued bonus shares in the ratio of 1:7 on 05.02.2013 making the total holding of

20000 equity shares by the assessee. Again the shares were split on 16.01.2014 with ratio of 1:10 by renaming as Mishka Finance and Trading Ltd., thus making the total holding of 200000 equity shares of Mishka Finance and Trading Ltd. by the assessee. These shares were sold by the assessee during 19.02.2014 to 18.03.2014 for Rs.50.95 to 50.25 per share on various dates with total consideration of Rs.1,01,12,902/-.

6. From the various details furnished by the assessee, the Assessing Officer noted that the purchase of shares was offline in the name of the assessee through Roongta Rising Stock Pvt Ltd, a share broker of Surat. The shares were transferred to D-mat account on 28.12.2012 and sold through IIFL and the amount of Rs.1,01,12,902/- received in lieu of sale consideration was deposited in ICICI Bank. The Assessing Officer sought directions from the JCIT u/s 144A of the Act vide letter dated 26.12.2016 who gave directions which have been reproduced by the Assessing Officer in the body of the assessment order. The Assessing Officer confronted the directions given by the JCIT to the assessee.

7. The Assessing Officer noted that the Investigation Wing, Kolkata had conducted search and seizure action at the premises of entry operators, share brokers and money launderers who were involved in providing accommodation entries of Long Term Capital Gains. It was found that the price of various listed companies including Mishka i.e. the shares under question were manipulated and

the unaccounted money of the investors was routed through share transactions, resulting in Long Term Capital Gains as the same were exempt. He noted that the Investigation Wing, Kolkata passed on the information to Investigation Wing Nashik, who conducted survey u/s 133A of the Act in the business premises of the assessee on 02.09.2015. During the survey proceedings, statement of the assessee was recorded and he was confronted with evidences and the details gathered by the Investigation Wing, Kolkata with respect to accommodation entries taken by him and his wife Smt. Suman Devi. The assessee admitted in his statement that he and his wife had purchased bogus long term capital gain through the sale of scrip of M/s Mishka and disclosed an amount of Rs.1,00,97,902/- in his hands and Rs.99,63,145/- in the hands of his wife on account of bogus Long Term Capital Gains for assessment year 2014-15. However, vide letter dated 04.09.2015 the assessee retracted from his earlier statement. It was contended that the long term capital gains are genuine and correct and legitimate deduction has been claimed u/s 10(38) on the purchase/sale of shares of Mishka. The Assessing Officer noted that the admission was voluntary and the assessee has not denied or disapproved on merits the evidences/allegations shown by the department to prove that the assessee and his wife have taken accommodation entries of bogus Long Term Capital Gains.

8. The Assessing Officer discussed the modus operandi of bogus long term capital gains and explained in the order how the “operator” of a scrip, managed the

price of the scrip by maintaining a complex nexus of paper entities. He noted that Shri Vijay Kumar Jain was the initial promoter of the company and SEBI in its order No.WTM/RKA/SD/30/2015 dated 17.04.2015 [order passed u/s 11(1), 11(4) and 11B of the SEBI Act, 1992 and section 12A of the Securities Contracts (Regulation) Act, 1956] has clearly held that Shri Vijay Kumar Jain has been involved in the manipulation of the share price of this listed company and has manipulated so as to utilize this scrip to arrange entry of bogus long term capital gains and has subsequently restrained Shri Vijay Kumar Jain from accessing the securities market either directly or indirectly in any manner. The Assessing Officer also analyzed the Balance Sheet of Mishka and concluded that this company has poor financial fundamentals. This company does not have any business and does not have any fixed assets of plant & machinery. Most of the assets are either investment or loans and advances which have been given to entities existing on paper. The Assessing Officer thereafter discussed how the manipulation in the share prices is done to artificially jack up the price of Mishka Finance by entry operator. He noted that trading in scrip of Mishka was suspended from 07.01.2002 to 09.05.2012. He further noted that within a span of 4 months of revocation of suspension, despite the poor fundamentals and tarnished track record of long period of suspension of trading and below market price, on 24.09.2012 Mishka made a preferential allotment of 793700 shares at a premium of Rs.75 per share to 46 entities and was able to garner funds of Rs.6,74,64,500/-.

9. He noted that during the period from 14.02.2013 to 14.02.2014 the price of the scrip rose from Rs.5.50 to Rs.499 within average volume of 300 without there being any corporate announcement which could support such price in the scrip. The Assessing Officer also made enquiries u/s 133(6) of the Act and sent a letter dated 01.09.2016 to the Managing Director of Mishka. However, the same was returned back by the postal authorities with the remark 'unclaimed return to sender'. The Assessing Officer also made enquiry from Roongta Rising Stock Pvt Ltd, Surat as the bill of the broker was unsigned and amount was shown as due from the assessee. The broker was asked to submit the details of the transactions. In reply it was submitted by Roongta that he had received the amount in cash on 10.04.2012 and 16.04.2012. The Assessing Officer noted that it is strange that the broker is based in Surat and the assessee is in Nashik and in the bill the broker has not charged any commission and the bill also does not bear the mode of receipt and the bill mentions that the amount is due from the assessee. He, therefore, was of the opinion that the bill has not been issued in a normal manner but has been a paper work to show the offline purchase of shares through a broker. The Assessing Officer also discussed the statements of various persons including the share brokers and entry operators which were recorded during the course of investigation by the Investigation Wing, who have admitted in their statements that they were dealing in penny stocks including the shares of Mishka which was jacked up through cartel of interlinked companies controlled and managed by entry operators

for the purpose of providing accommodation entries of bogus long term capital gain.

10. The Assessing Officer also wrote to Bombay Stock Exchange and National Stock Exchange and called for the trade data with regard to purchase and sale of shares made by the assessee. On an analysis of the trade data he observed that 8 paper companies with address at 32, Baranasi Ghosh Street and 23/1, Principal Khudiram Bose Road whose common directors were Abhiset Basu and Pradi Dey and they have purchased the shares from the assessee. He observed that during investigation it was revealed that the above mentioned companies, who purchased the shares for giving exit, were operated and managed by the entry provider Shri Anil Kumar Khemka and are existing only on papers for the purpose of providing accommodation entry. The Assessing Officer also referred to the statement of Shri Anil Khemka of Devshyam Stock Broking P. Ltd who admitted in his statement recorded on 30.03.2015 by the DDIT(Inv.) and admitted that he has provided accommodation entries in respect of scrips as per list which included Mishka-512191. He had admitted that the companies controlled by him were paper companies which were used in giving accommodation entries and the list of such companies was also provided by him. The shares of Mishka, which were sold after the price was manipulated, were purchased by Shri Abhiset Basu and Pradip Dey who are the dummy directors of Signet Vinimay Pvt Ltd. Relying on various

decisions the Assessing Officer rejected the claim of exemption u/s 10(38) of the Act basically on the basis of the following reasons:

- The transaction of allotment of share is an off market transaction and not carried through a recognized Exchange. SEBI vide circular no. SMDRP/Policy/CIT-21/99, dated 14.09.1999 banned all negotiated deals including cross deals and all such deals are required to be executed only on the screens of exchanges in the price and order matching mechanism of the exchange just like any other normal trade. Thus the transactions are illegal and not in conformity with regulatory guidelines.
- The assessee is not able to explain how the shares were given to him in Nashik and who had signed the transfer form.
- The assessee had never purchased off market shares of a unlisted company before. He has admitted to not knowing anything about the company or the Directors. He does not know the broker from whom the shares were purchased.
- The broker company is based in Surat and the assessee is in Nashik and has transacted with the broker before and after the transaction.
- The broker has not charged any commission and the bill does not bear the mode of receipt.
- The company Mishka has very poor financial credentials and do not have any regular business to justify the sharp increase in market prices.
- The company does not have any standing in the trading circles or Stock Exchange.
- There is no plausible explanation of how the price increased manifold in few months of trading.
- The statements of accommodation entry providers, brokers, corroborate that the price of the share was manipulated and bogus long term capital gains have been provided to beneficiaries through dummy companies.
- Mishka is a penny stock company and has financial and trading pattern of providing accommodation entry by allotting shares to beneficiaries through preferential allotment, splitting the share, increasing the market price through paper companies.

11. In appeal the Ld. CIT(A) upheld the action of the Assessing Officer.

12. Aggrieved with such order of the Ld. CIT(A) the assessee is in appeal before the Tribunal by raising the following grounds:

1. *The learned Income Tax Officer, Ward 1(5), Nashik has erred in making aggregate additions of Rs.1,02,13,881/- and the learned Commissioner of Income Tax(Appeals)-1, Nashik has erred in confirming the same.*
2. *The learned Income Tax Officer, Ward 1(5), Nashik, has erred in not considering the fact that the assessee has complied with the provisions of sub section (38) of section 10 and treating long term capital gain as taxable and the learned Commissioner of Income Tax (Appeals)-1, Nashik has erred in confirming the same.*
3. *The learned Income Tax Officer, Ward 1(5), Nashik, has erred in making addition of Rs.1,00,97,902/- under section 68 of the Act and the learned Commissioner of Income Tax (Appeals)-1, Nashik, has erred in confirming the same.*
4. *The learned Income Tax Officer, Ward 1(5), Nashik, has erred in making addition of an amount of Rs.1,00,979/- under section 69C on allegation of commission paid by the assessee and the learned Commissioner of Income Tax(Appeals)-1, Nashik.*
5. *The learned Income Tax Officer, Ward 1(5), Nashik, has erred in making addition of an amount of Rs.15,000/- under section 69 on allegation of non-submission of proof as regards purchase of initial investment by the assessee and the learned Commissioner of Income Tax(Appeals)-1, Nashik has erred in confirming the same.*
6. *Additions made without any evidence should be deleted.*
7. *The Assessment Order under section 143(3) dated 28/12/2016 passed by the Assessing Officer is bad in law and the Commissioner of Income Tax(Appeals)-1. Nashik has erred in confirming the same.*
8. *The Assessee appeals to grant any relief that may be due to the Assessee under the Income Tax Act, 1961.*
9. *The appellant craves leave to add, amend or alter any of the grounds of appeal.*

13. Ground of appeal No.7 raised by the assessee is not pressed for which the Ld. DR has no objection. Accordingly, the same is dismissed as 'not pressed'.

14. Grounds of appeal No.8 and 9 being general in nature, the same are dismissed.

15. Grounds of appeal No.1 to 6 relate to the order of the Ld. CIT(A) upholding the action of the Assessing Officer in rejecting the claim of exemption u/s 10(38) of Rs.1,02,13,881/-.

16. The Ld. Counsel for the assessee strongly challenged the order of the Ld. CIT(A) confirming the addition made by the Assessing Officer. He submitted that a survey action 133A of the Act was carried out in the case of Laxmivilas Buildcon Ltd., Nashik in which the assessee Shri Dineshkumar R. Tulsyan is a Director and his statement was recorded u/s 131 of the Act. The survey continued upto 4.30 AM on 02.09.2015. Although the assessee, during the course of survey in the case of Laxmivilas Buildcon Ltd, had offered an additional income of Rs.2,00,61,047/- on account of bogus long term capital gain in respect of his HUF as well as his wife, however, the assessee vide letter dated 03.09.2015 has retracted from the said statement along with an affidavit. He submitted that the addition made by the Assessing Officer is basically on the basis of the statement of the assessee recorded during the course of survey in the case of Laxmivilas Buildcon Ltd where he was a director, report of the Investigation Wing, Kolkata and the SEBI report.

17. The Ld. Counsel for the assessee referring to the final report of SEBI, which came after completion of the assessment submitted that all the 104 names appearing in the report have been cleared by the SEBI.

18. Referring to the decision of Hon'ble Gujarat High Court in the case of PCIT vs. M/s. Gokuldham Enterprise LLP vide Tax Appeal No.427 of 2023 order dated 28.08.2023, he submitted that the Hon'ble High Court in the said decision has dismissed the appeal filed by the Revenue against the order of the Tribunal upholding the order of the CIT(A) accepting the claim of exemption u/s 10(38) of the Act in respect of long term capital gain of Rs.8,90,28,838/- by the assessee on account of sale of shares of Mishka Finance and Trading Ltd during the assessment year 2014-15.

19. Referring to the decision of Hon'ble Gujarat High Court in the case of PCIT vs. Neelu Mahansaria vide Tax Appeal No.683 of 2024 order dated 25.03.2025 he submitted that the Hon'ble High Court in the said decision has dismissed the appeal filed by the Revenue against the order of the Tribunal upholding the order of the CIT(A) deleting the addition of Rs.25,26,325/- made by the Assessing Officer u/s 68 of the Act arising out of sale of shares of Mishka Finance and Trading Company.

20. Referring to the decision of Hon'ble Rajasthan High Court in the case of PCIT vs. Smt. Kalawati Sharma vide Income Tax Appeal No.57/2021 order dated

17.05.2022 he submitted that the Hon'ble High Court in the said decision has dismissed the appeal filed by the Revenue against the order of the Tribunal upholding the order of the CIT(A) deleting the addition made by the Assessing Officer rejecting the claim of exemption u/s 10(38) of the Act on account of sale of penny stock shares.

21. Referring to the decision of Jaipur Bench of the Tribunal in the case of DCIT vs. Sh. Prakash Chand Sharma and DCIT vs. Kalawati Sharma vide ITA Nos.780 and 781/JP/2019 respectively order dated 18.11.2020 for assessment year 2015-16, he submitted that under identical circumstances the Tribunal upheld the order of CIT(A) deleting the addition made by the Assessing Officer on account of profit on sale of shares of Mishka Finance and Trading Ltd.

22. Referring to various other decisions, copies of which are placed in the paper book, he submitted that under identical circumstances the Coordinate Benches of the Tribunal have deleted the addition made by the Assessing Officer and sustained by the CIT(A) on account of rejection of exemption u/s 10(38) of the Act on account of sale of shares of Mishka Finance and Trading Ltd.

23. Referring to page 60 of the paper book, the Ld. Counsel for the assessee drew the attention of the Bench to the retraction made by the assessee on 03.09.2015. It has been stated that the statement was taken at 3.30 AM on 02.09.2015. It has been mentioned therein that the survey continued for 16 hours

which affected his physical and mental health and due to undue influence being piled up as the assessee being exhausted and depressed, therefore, with a view to end the survey, he declared the amount. However, on the very next day i.e. on 03.09.2015 after going through various details the assessee retracted before the Investigation Wing from his admission of additional income. He submitted that before the Addl.CIT as well as the Assessing Officer the assessee had repeatedly stated that the name of the assessee does not appear anywhere in the so-called statement recorded by the Investigation Wing, Kolkata from various operators, brokers, middlemen, etc. Referring to pages 5 to 8 of the order of SEBI it was categorically stated that the name of the assessee does not figure in the list of 104 entities.

24. Referring to the decision of the Mumbai Bench of the Tribunal in the case of Chirag Tejprakash Dangi vs. ITO vide ITA No.3256/Mum/2022 order dated 20.02.2024 for assessment year 2014-15, he submitted that the Tribunal in the said decision has deleted the long term capital gain of Rs.1.45 crores claimed as exempt u/s 10(38) of the Act where the addition was made on the basis of report of the Investigation Wing, Kolkata. In the said report the Investigation Wing, Kolkata had also given the modus operandi adopted in manipulation of prices of certain shares and generation of bogus capital gains. The Tribunal, relying on various decisions of Hon'ble Jurisdictional High Court, has deleted the addition on the ground that the long term capital gain declared by the assessee cannot be doubted.

25. Referring to the decision of the Coordinate Bench of the Tribunal in the case of Sonal Ashish Shah vs. ITO vide ITA No.2541/PUN/2024 order dated 03.06.2025 for assessment year 2014-15, he submitted that the Tribunal in the said decision has deleted the addition made by the Assessing Officer where the Assessing Officer had rejected the claim of exemption u/s 10(38) of the Act on account of sale of shares of Blazon Marbles Ltd treating the same as penny stock company. He also relied on the following decisions:

- i) *Sonal Ashish Shah vs. ITO vide ITA No.2541/PUN/2024 order dated 03.06.2025 for assessment year 2014-15*
- ii) *Sarika A. Sanap vs. ACIT vide ITA No.77/PUN/2019 order dated 16.08.2022 for assessment year 2015-16*
- iii) *ITO vs. Omprakash Asaram Mantri vide ITA Nos.140 & 141/PUN/2024 & other batch of appeals order dated 17.07.2025*
- iv) *ACIT vs. Sidharth Ratanlal Bafna vide ITA Nos.1555, 1560, 1561 & 1565/PUN/2024 vide order dated 27.10.2025*

26. Referring to the order of the SEBI, he submitted that SEBI vide order dated 05.10.2017 has revoked its earlier order dated 17.04.2015 which was the basis for addition made by the Assessing Officer. He accordingly submitted that the denial of exemption u/s 10(38) of the Act by the Assessing Officer and upheld by the Ld. CIT(A) being not in accordance with law has to be allowed.

27. The Ld. DR on the other hand heavily relied on the orders of the Assessing Officer and the Ld. CIT(A). He submitted that the assessee has purchased the shares through offline @ Rs.6 per share which were subsequently sold at a heavy price though the financials of the company does not justify such huge rise in the

price of the share. Further the addition made by the Assessing Officer is not only on the basis of the report of SEBI. It is due to the action of the Investigation Wing that the modus operandi came to light. Further the assessee, during the course of survey proceedings, had admitted earning of such bogus long term capital gain which was claimed as exempt u/s 10(38) of the Act. Referring to the assessment order and the order of the Ld. CIT(A), he submitted that both of them have very comprehensively discussed the issue and have given a categorical finding as to the modus operandi of earning of such long term capital gain which has been claimed as exempt u/s 10(38) of the Act. He accordingly submitted that the order of the Ld. CIT(A) be upheld.

28. We have heard the rival arguments made by both the sides, perused the orders of the Assessing Officer and the Ld. CIT(A) and the paper book filed on behalf of the assessee. We have also considered the various decisions cited before us. We find the Assessing Officer in the instant case rejected the claim of exemption u/s 10(38) of the Act amounting to Rs.1,01,12,902/- on account of sale of shares of Mishka Finance and Trading Company on the ground that the allotment of shares is an off market transaction and not carried out through recognized stock exchange and the assessee during the course of survey had admitted such bogus long term capital gain and had offered to pay the due taxes. Further, SEBI vide circular No.SMDRP/Policy/CIT-21/99, dated 14.09.1999 banned all negotiated deals including cross deals and all such deals are required to be executed only on the screens of exhcnaages in the price and order matching

mechanism of the exchange just like any other normal trade. We find the Ld. CIT(A) upheld the action of the Assessing Officer. It is the submission of the Ld. Counsel for the assessee that although he had admitted the bogus long term capital gain on 02.09.2015 at the time of survey in the company in which he is a director, however, the assessee on the very next day i.e. 03.09.2015 has retracted from his statement filed along with an affidavit. Further SEBI in its final report has cleared all the 104 parties. It is also his submission that the name of the assessee does not appear in any of the statements of the brokers or any other party who were examined by the Investigation Wing, Kolkata. Finally it is his submission that under identical circumstances the Hon'ble Gujarat High Court has upheld the order of the Tribunal dismissing the appeal filed by the Revenue against the order of the Ld. CIT(A) allowing the claim of exemption of long term capital gain u/s 10(38) of the Act on account of sale of shares of this very company i.e. Mishka Finance and Trading Company.

29. We find some force in the above arguments of the Ld. Counsel for the assessee. We find the Hon'ble Gujarat High Court in the case of PCIT vs. M/s. Gokuldham Enterprise LLP (supra) has dismissed the appeal filed by the Revenue against the order of the Tribunal upholding the order of the CIT(A) allowing the claim of exemption u/s 10(38) of the Act on account of sale of shares of Mishka Finance and Trading Company. The relevant observations of Hon'ble High Court read as under:

1. This tax appeal has been filed challenging the order dated 11.01.2023 made by the Income Tax Appellate Tribunal (for short 'the Tribunal') in ITA No. 675 of 2018 for the assessment year 2014-15.

2. The following substantial question of law has been raised in this appeal for consideration:

(i) Whether on the facts and circumstances of the case and in law, the Hon'ble ITAT has erred in

deleting the addition made by the AO on account of disallowance of exemption of Rs.8,90,28,838/- claimed by the assessee u/s. 10(38) of the IT Act?

3. The facts in brief are as under:

3.1 The assessee had filed return of income for the assessment year 2014-15 by declaring income of Rs. NIL. An assessment order was passed making addition on account of long term capital gain. The appeal was partly allowed deleting the addition made by the Assessing Officer. The Tribunal dismissed the appeal of the department.

3.2 The facts relating to the long term capital gain of Rs.8,90,25,838/- earned by the assessee are that they related to 1805700 shares of one Mishka Fiannce and Trading Limited ('MFTL' for short) sold by the assessee during the year for a value of Rs.9,12,18,266/-.

3.3 The SEBI had passed an interim order in relation to this scrip by 'MFTL' holding that preferential allottees and promoters related entities had, with the aid of exit providers, misused the exchange mechanism to exit at a higher price in order to book illegitimate gains with no payment of tax as long term capital gain, as long term capital gain is exempt under section 10(38) of the Act.

3.4 The Principal CIT (A) and the Tribunal found that the SEBI report based on which the Assessing Officer had made additions was an interim report and in the final report there was no adverse finding. The SEBI in the final report had not made any adverse findings.

4. While reversing the order of the Assessing Officer, the CIT(A) observed as under:

"The final report of SEBI has come out on 05.10.2017 wherein it has clearly stated in Para 7 of their report that:

*"Upon completion of investigation by SEBI, it is noted that there are no adverse findings against the 104 entities mentioned at S.No. 1-104 in*

*Table No. 2 with respect to their role in the price manipulation/prima facie violations for which Interim Order dated April 17, 2015 was passed and subsequently confirmed in the scrip of Mishka.”*

A copy of this report was sent to AO as per Rule 46A and remand report dated 22.11.2017 has been received. In para-3 of remand report, the AO has simply mentioned that the share transaction has been skillfully manipulated to claim the exemption u/s. 10(38). In this connection, it is verified that the payment for purchase of shares was made through banking channel, shares were in demat account of the appellant for more than 12 months before they were sold through BOLT of BSE and the proceeds have been received through banking channel, STT has been paid. The main stand of the AO which was picked up from SEBI interim report has also been decimated by the final report of the SEBI itself. The relevant portion of para 8 of SEBI report dated 05.10.2017 is reproduced as under::

“8. Considering the fact that there are no adverse findings against the 104 entities mentioned at S.No.1-104 in Table No.2 with respect to their role in the price manipulation/ prima facie violations for which interim Order dated April 17, 2015 was passed and subsequently confirmed in the scrip of Mishka warranting continuation of action under section 11B and 11(4) of the SEBI Act, I am of the considered view that the directions issued against them vide interim order dated April 17, 2015 which were confirmed vide Orders dated October 12, 2015, October 21, 2015, April 13, 2016, July 05, 2016 and August 26, 2016, are liable to be revoked.”

The perusal of list of entities mentioned therein indicates appellant's name at Sr.No.20, hence the appellant has been absolved of any wrong doing. Consequently, the argument of the AO has fallen flat

and there is no other independent finding to fasten *the tax liability on the appellant.*"

5. Confirming this view of the CIT(A), the Tribunal observed that having gone through the assessment order it was evident that it was based on the interim report. The final report of SEBI had absolved the scrip of all charges. Moreover, there was no independent finding on any other aspect casting doubts to show that share prices were manipulated at an unreasonable price when sold.

6. In view of the concurrent findings of the fact recorded by the Principal CIT and confirmed by the Tribunal, no substantial question of law arises. Appeal is accordingly dismissed with no order as to costs.

30. We find the Hon'ble Gujarat High Court in the case of PCIT vs. Neelu Mahansaria (supra) under identical circumstances has dismissed the appeal filed by the Revenue against the order of the Tribunal upholding the order of the CIT(A) allowing the claim of exemption u/s 10(38) of the Act on account of profit on sale of shares of Mishka Finance and Trading Company. The relevant observations of Hon'ble High Court read as under:

*"7. At the outset, learned Senior Standing Counsel Mr. Karan Sanghani for the appellant submitted that the order dated 18.01.2024 rendered in ITA No.197/SRT/2023 for Assessment Year 2014-2015 by the Tribunal was challenged before this Court by the Revenue by preferring Tax Appeal No.184 of 2024 and this Court (Coram : Hon'ble Mr. Justice Bhargav D. Karia and Hon'ble Mr. Justice Niral R. Mehta) dismissed the appeal filed by the Revenue as under:*

*"5. We have heard learned advocate for the appellant - revenue and have gone through the material produced on record and the orders passed by the authorities below.*

*6. At the outset, in our considered opinion, the findings recorded by the Tribunal deserve to be taken note of and thereby, extracted herein-below for the sake of brevity :*

*"9. I have considered the submission of both the parties and perused the order of lower authorities carefully. I find that the Assessing Officer doubted the transaction of assessee on the basis of report of Investigation Wing Kolkata. I further find that SEBI has initiated investigation in respect of Mishka Finance & Trading Ltd. I find that merely because there was allegation and investigation was done by SEBI against the company and assessee cannot be said to have entered into genuine transactions. So far as assessee is concerned, she has no control over the activities of the brokers or price manipulation. I further find that assessee has furnished complete evidence including contract note of shares, demat details, detail of bonus shares. However, no adverse evidence was brought against such evidence. Nor the assessing officer made adverse comment on such evidences. I further find that SEBI made a thorough inquiry against Mishka Finance & Trading Ltd. and vide order dated 05.10.2017 that no adverse materials were found in the investigation report with respect to prima facie violation.*

*10. I find that Hon'ble jurisdictional High Court in the case of Himani M. Vakil (supra) held that where assessee duly proved genuineness of sale transaction by bringing on record contract notes of sale and purchase, bank statement of broker and demat account showing transfer in and out of shares, Assessing Officer was not justified in bringing to tax capital gain arising from sale of shares as unexplained cash credit. I further find that Hon'ble jurisdictional High Court in the case of Parasben Kasturchand Kochar (supra) also held that when assessee discharged his onus by establishing that transactions were fair and transparent and all relevant details with regard to transfer furnished by Income Tax Authority and the Tribunal have also took the notice of fact that the shares remained in the account of assessee, the assessee also furnished demat account and details of bank transaction about the sale and purchase of shares, the addition was deleted.*

*12. I find that assessee made sale of shares through BSE and paid security transaction tax and there is no allegation against the share broker through whom assessee has made sales that they were indulging any price manipulation. Therefore, I do not find any justification in treating the LTCG as unexplained cash credit in absence of any cogent evidence. In the result, the addition of undisclosed income under section 68 is deleted. Considering the fact that I have accepted the LTCG by deleting the addition made under section 68, therefore the addition of alleged commission payment is also deleted. This ground of assessee is also allowed."*

*7. Considering the aforesaid observations and findings recorded by the Tribunal, we notice that the transaction of the assessee was doubted by the authority on the basis of the report of the Investigating Wing, Kolkata. It is pertinent to note at this stage that in furtherance to the aforesaid report, SEBI has undertaken a detailed inquiry against M/s.Mishka Finance & Trading Ltd. and in the said inquiry, vide order dated 5.10.2017, the SEBI has not found any adversarial material of any violation of statute. Over and above, admittedly, the assessee has also furnished complete evidence including contract note of shares, demat details, details of bonus shares and those evidences have not been doubted by the authorities.*

*8. At this stage also, it is required to be noted that the entire transaction was done by the assessee through the platform of BSE by paying necessary security transaction tax and the transaction was undertaken by the share brokers, no such allegation was made against the said broker for indulging in any price manipulation.*

*9. In view of the aforesaid, in our considered opinion, the questions of law framed by the appellant - revenue cannot be termed as substantial questions of law and thereby, the same deserve no interference.*

*8. Adopting the same reasoning, this tax appeal is also dismissed as in our considered opinion, the questions of law framed by the appellant-Revenue cannot be termed as substantial questions of law and thereby the same deserve no interference."*

31. We find the Mumbai Bench of the Tribunal in the case of Chirag Tejprakash Dangi vs. ITO (supra) has allowed claim of exemption u/s 10(38) of the Act by observing as under:

*"9. We heard the parties and perused the record. We notice that the assessing officer has primarily placed reliance on the report given by the Investigation wing of the Income tax department, Kolkata to arrive at the conclusion that the long term capital gains reported by the assessee is bogus in nature. We notice that the*

*investigation report prepared by Investigation wing, Kolkatta is a generalized report with regard to the modus operandi adopted in manipulation of prices of certain shares and generation of bogus capital gains. We notice that the AO has placed reliance on the said report without bringing any material on record to show that the transactions entered by the assessee were found to be a part of manipulated transactions, i.e., it was not proved that the assessee has carried out the transactions of purchase and sale of shares in connivance with the people who were involved in the alleged rigging of prices. The Ld A.R submitted that the SEBI, who is regulator of stock market operations, have conducted enquiries and the interim order passed by it suspending the trading in two of the companies mentioned above, has since been revoked. In any case, it is stated by Ld A.R that the transactions carried on by the assessee were not subjected to scrutiny by SEBI at all.*

*10. We notice from the statement recorded by the AO from the assessee u/s 131 of the Act that the assessee herein is a Chartered Accountant. In the statement, the assessee has specifically stated that he is a long term investor, meaning thereby, he would not be watching the share price movements on day to day basis. Hence, we are unable to understand as to how that AO could observe that the assessee herein was ignorant of stock market operations. We also notice that the assessee has*

- (a) purchased these shares by paying consideration through banking channels*
- (b) dematerialized the shares and kept the same in the Demat account.*
- (c) sold the shares through stock exchange platform*
- (d) received the sale consideration through banking channels.*

*Further, the shares have entered and exited the demant account of the assessee. We notice that the AO himself has not found any defect/deficiencies in the evidences furnished by the assessee with regard to purchase and sale of shares. As noticed earlier, the AO has not brought on record any material to show that the assessee was part of the group which involved in the manipulation of prices of shares. Hence, there is no reason to suspect the purchase and sale of shares undertaken by the assessee.*

*11. We may now refer to certain decisions rendered by Hon'ble Bombay High Court on identical issue. In the case of Shyam Pawar (supra), the Hon'ble Bombay High Court has observed as under:-*

*“3. Mr.Sureshkumar seriously complained that such finding rendered concurrently should not have been interfered with by the Tribunal. In further Appeal, the Tribunal proceeded not by analyzing this material and concluding that findings of fact concurrently rendered by the Assessing Officer and the Commissioner are perverse. The Tribunal proceeded on the footing that onus was on the Department to nail the Assessee through a proper evidence and that there was some cash transaction through these suspected brokers, on whom there was an investigation conducted by the*

*Department. Once the onus on the Department was discharged, according to Mr.Sureshkumr, by the Revenue-Department, then, such a finding by the Tribunal raises a substantial question of law. The Appeal, therefore, be admitted.*

*4. Mr.Gopal, learned Counsel appearing on behalf of the Assessee in each of these Appeals, invites our attention to the finding of the Tribunal. He submits that if this was nothing but an accommodation of cash or conversion of unaccounted money into accounted one, then, the evidence should have been complete. Change of circumstances ought to have, after the result of the investigation, connected the Assessee in some way or either with these brokers and the persons floating the two companies. It is only, after the Assessee who is supposed to dealing in shares and producing all the details including the DMAT account, the Exchange at Calcutta confirming the transaction, that the Appeal of the Assessee has been rightly allowed. The Tribunal has not merely interfered with the concurrent orders because another view was possible. It interfered because it was required to interfere with them as the Commissioner and the Assessing Officer failed to note some relevant and germane material. In these circumstances, he submits that the Appeals do not raise any substantial question of law and deserve to be dismissed.*

*5. We have perused the concurrent findings and on which heavy reliance is placed by Mr.Sureshkumar. While it is true that the Commissioner extensively referred to the correspondence and the contents of the report of the Investigation carried out in paras 20, 20.1, 20.2 and 21 of his order, what was important and vital for the purpose of the present case was whether the transactions in shares were genuine or sham and bogus. If the purchase and sale of shares are reflected in the Assessee's DMAT account, yet they are termed as arranged transactions and projected to be real, then, such conclusion which has been reached by the Commissioner and the Assessing Officer required a deeper scrutiny. It was also revealed during the course of inquiry by the Assessing Officer that the Calcutta Stock Exchange records showed that the shares were purchased for code numbers S003 and R121 of Sagar Trade Pvt Ltd. and Rockey Marketing Pvt. Ltd. respectively. Out of these two, only Rockey Marketing Pvt.Ltd. is listed in the appraisal report and it is stated to be involved in the modus-operandi. It is on this material that he holds that the transactions in sale and purchase of shares are doubtful and not genuine. In relation to Assessee's role in all this, all that the Commissioner observed is that the Assessee transacted through brokers at Calcutta, which itself raises doubt about the genuineness of the transactions and the financial result and performance of the Company was not such as would justify the increase in the share prices. Therefore, he reached the conclusion that certain operators and brokers devised the scheme to convert the unaccounted money of the Assessee to the accounted income and the present Assessee utilized the scheme.*

6. It is in that regard that we find that Mr.Gopal's contentions are well founded. The Tribunal concluded that there was something more which was required, which would connect the present Assessee to the transactions and which are attributed to the Promoters/Directors of the two companies. The Tribunal referred to the entire material and found that the investigation stopped at a particular point and was not carried forward by the Revenue. There are 1,30,000 shares of Bolton Properties Ltd. purchased by the Assessee during the month of January 2003 and he continued to hold them till 31 March 2003. The present case related to 20,000 shares of Mantra Online Ltd for the total consideration of Rs.25,93,150/-. These shares were sold and how they were sold, on what dates and for what consideration and the sums received by cheques have been referred extensively by the Tribunal in para 10. A copy of the DMAT account, placed at pages 36 & 37 of the Appeal Paper Book before the Tribunal showed the credit of share transaction. The contract notes in Form-A with two brokers were available and which gave details of the transactions. The contract note is a system generated and prescribed by the Stock Exchange. From this material, in para 11 the Tribunal concluded that this was not mere accommodation of cash and enabling it to be converted into accounted or regular payment. The discrepancy pointed out by the Calcutta Stock Exchange regarding client Code has been referred to. But the Tribunal concluded that itself, is not enough to prove that the transactions in the impugned shares were bogus/sham. The details received from Stock Exchange have been relied upon and for the purposes of faulting the Revenue in failing to discharge the basic onus. If the Tribunal proceeds on this line and concluded that inquiry was not carried forward and with a view to discharge the initial or basic onus, then such conclusion of the Tribunal cannot be termed as perverse. The conclusions as recorded in para 12 of the Tribunal's order are not vitiated by any error of law apparent on the face of the record either.

7. As a result of the above discussion, we do not find any substance in the contention of Mr.Suresh kumar that the Tribunal misdirected itself and in law. We hold that the Appeals do not raise any substantial question of law. They are accordingly dismissed. There would no order as to costs.

8. Even the additional question cannot be said to be substantial question of law, because it arises in the context of same transactions, dealings, same investigation and same charge or allegation of accommodation of unaccounted money being converted into accounted or regular as such. The relevant details pertaining to the shares were already on record. This question is also a fall out of the issue or question dealt with by the Tribunal and pertaining to the addition of Rs.25,93,150/-. Barring the figure of loss that is stated to have been taken, no distinguishable feature can be or could be placed on record. For the same reasons, even this additional question cannot be termed as substantial question of law.”

12. We may now refer to the decision rendered by Hon'ble Jurisdictional High Court in the case of PCIT vs. Ziauddin A Siddique (Income tax Appeal No. 2012 of 2017 dated 4th March, 2022) and relevant discussions made by Hon'ble Bombay High Court are extracted below:-

“2. We have considered the impugned order with the assistance of learned counsels and we have no reason to interfere. There is a finding of fact by the Tribunal that the transaction of purchase and sale of shares of the alleged penny stock of shares of Ramkrishna Fincap Ltd (“RFL”) is done through stock exchange and through the registered Stock Brokers. The payments have been made through banking channels and even Security Transaction Tax (“STT”) has also been paid. The Assessing Officer also has not criticized the documentation involving the sale and purchase of shares. The Tribunal has also come to a finding that there is no allegation against the assessee that it has participated in any price rigging in the market on the shares of RFL.

3. Therefore we find nothing perverse in the order of the Tribunal.

4. Mr. Walve placed reliance on a judgement of the Apex Court in Principal Commissioner of Income tax (Central)-1 vs. NRA Iron & Steel (P) Ltd (2019)(103 taxmann.com 48)(SC) but that does not help the revenue in as much as the facts in that case were entirely different.

5. In our view, the Tribunal has not committed any perversity or applied incorrect principles to the given facts and when the facts and circumstances are properly analysed and correct test is applied to decide the issue at hand, then, we do not think that question as pressed raises any substantial question of law.

In the case of CIT vs. Jamnadevi Agarwal (supra), the Hon'ble Bombay High Court held that the transactions of purchase and sale of shares cannot be considered to be bogus, when the documentary evidences furnished by the assessee establish genuineness of the claim. In the case of PCIT vs. Indravadan Jain (HUF) (supra), the broker through whom, the assessee had carried out the transactions have been alleged to have been indulged in price manipulations and the SEBI had also passed an order regarding irregularities and synchronized trades carried out in the shares by the said broker. However, the evidences furnished by the assessee with regard to purchase and sale of shares were not doubted. Under these set of facts, the Hon'ble Bombay High Court held as under:-

“....The CIT(A) came to the conclusion that respondent bought 3000 shares of RFL, on the floor of Kolkatta Stock Exchange through registered share broker. In pursuance of purchase of shares the said broker had raised invoice and purchase price was paid by cheque and respondent's bank account has been debited. The shares were also transferred into respondent's Demat account where it remained for more than one year. After a period of one year the shares were sold by the said broker on various dates in the Kolkatta Stock Exchange. Pursuant to sale of shares

*the said broker had also issued contract notes cum bill for sale and these contract notes and bills were made available during the course of appellate proceedings. On the sale of shares respondent effected delivery of shares by way of Demat instruction slips and also received payment from Kolkatta Stock Exchange. The cheque received was deposited in respondent's bank account. In view thereof, the CIT(A) found there was no reason to add the capital gains as unexplained cash credit under section 68 of the Act. The Tribunal while dismissing the appeals filed by the Revenue also observed on facts that these shares were purchased by respondent on the floor of Stock Exchange and not from the said broker, deliveries were taken, contract notes were issued and shares were also sold on the floor of Stock Exchange. The ITAT therefore, in our view, rightly concluded that there was no merit in the appeal."*

*In the instant case also, we noticed that the evidences furnished by the assessee to prove the purchase and sale of shares, payment made/received, entry/exit of shares in the demat account of the assessee etc., were not doubted with.*

*13. In the case of PCIT vs. Smt Krishna Devi (supra), the Hon'ble Delhi High Court has noticed that the reasoning given by the AO to disbelieve the capital gains declared by the assessee, viz., astronomical increase in the price of shares, weak fundamentals of the relevant companies are based on mere conjectures. Accordingly, the Hon'ble Delhi High Court affirmed the decision rendered by ITAT in deleting the addition of capital gains.*

*14. Accordingly, in the facts and circumstances of the case, we are of the view that the decisions rendered by the jurisdictional Hon'ble Bombay High Court in the cases cited above shall apply to the present case, since the AO has not established that the assessee was involved in price rigging and further the AO did not find fault with any of the documents furnished by the assessee.*

*15. We noticed earlier that the AO has assessed the Sale consideration of shares as unexplained cash credit u/s 68 of the Act. It is pertinent to note that the purchase of shares made in an earlier year has been accepted by the revenue. The sale of shares has taken place in the online platform of the Stock exchange and the sale consideration has been received through the stock broker in banking channels. Hence, in the facts of the case, the sale consideration cannot be considered to be unexplained cash credit in terms of sec. 68 of the Act.*

*16. Since we have held that the sale transactions of shares cannot be doubted with, the addition made by the AO with regard to estimated commission expenses is also liable to be deleted.*

*17. In view of the foregoing discussions, we hold that the sale consideration received on sale of shares cannot be assessed as unexplained cash credit u/s 68 of the Act and the long term capital gains declared by the assessee cannot be doubted with. Accordingly, we set aside the order passed by Ld CIT(A) and direct the AO to delete the impugned additions made by him."*

32. We find SEBI vide order dated 05.10.2017 has revoked the directions issued earlier in respect of 104 parties and the name of the assessee does not appear in the list of persons against whom adverse findings have been given. The relevant observations of SEBI read as under:

SEBI/WTM/MPB/EFD-1-DRA-III/50/2017

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

**ORDER**

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 entities in the scrip of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited).

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1. Securities and Exchange Board of India ("**SEBI**") conducted an examination into the dealings in the scrip of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited); hereinafter referred to as "**Mishka**" or "**the company**") on BSE Limited ("**BSE**") during the period from February 14, 2013 to December 31, 2014 as there was huge rise in the price of the scrip.
2. Upon preliminary inquiry, SEBI *prima facie* observed the following:
  - a) Mishka made a preferential allotment of 7,93,700 shares of Rs.10 each at a premium of Rs. 75/- per share to 46 entities during 2012-13. Once the shares were allotted/ transferred to the preferential allottees/promoter related group, certain entities started moving the price of the scrip upwards by trading in very low volumes;
  - b) After the release of compulsory lock-in period for 1 year, the Preferential Allottees and the Promoter related entities were provided exit at a high price by the certain entities allegedly related/connected amongst themselves and with Mishka ("**Exit Providers**");
  - c) By virtue of the same, it was alleged that the company and persons in charge of its affairs created preferential allotment of shares as a mode to provide fictitious long term capital gains ("**LTTCG**") to its Preferential Allottees and Promoter related entities so as to convert their unaccounted income into accounted one; its Promoters/Directors Exit Providers, Preferential Allottees and the Promoter related entities artificially increased the volume and price of the scrip and misused securities market system for making

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*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

Page 1 of 10

illegal gains and to convert ill-gotten gains into genuine one to avail LTCG.

3. As the aforesaid activities of Mishka and its Promoters, Directors and suspected entities were *prima facie* in violation of SEBI Act, 1992 (“SEBI Act”) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“PFUTP Regulations”) SEBI passed an *Ad interim ex-parte* order dated April 17, 2015 (“*interim order*”) and restrained the following 129 entities including Mishka and its Promoters and Directors from accessing the securities market and further prohibited them from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions.

Table: 1

S N	Name	PAN
1	Mishka Finance And Trading Limited	AAACP2548R
2	Wave Inter Trades Pvt Ltd	AAACW0576A
3	Embassy Finance & Consultants P Ltd	AAACE1313P
4	Tohee Trading & Agencies Pvt Ltd	AAACT1354P
5	Sulabh Impex Ltd	AAICS7362Q
6	Pearl Arcade Trading Private Limited	AAFPC6925M
7	Vijay Kumar Jain	AAAPJ3197K
8	Ankit Garodia	ARRPG4567A
9	Jugalkishore Pralhadrai Sharma	ABLPS6840A
10	Amit Kumar Vasishtha	AKNPV5025B
11	Rameshwar Manohar Wagh	ABLPW8901G
12	Anil Satyanarayan Roongta	ABBPR3992G
13	Riteshkumar Amitkumar Chatterjee	ACRPC4740L
14	Atul Moreshawar Save	ACHPS7762G
15	Parul Rupesh Poddar	AKKPP3508Q
16	Sunil Kumar Jain & Sons Huf	AAOHS4973C
17	Ravi Khanna Huf	AAGHR7451A
18	Gajanand Agarwal	AAGPA3508D
19	Pankaj Agarwal	AACPA9922H
20	Bharat Gandotra	AANPG3179K
21	Aadist Khanna	AJVPK5048G
22	Bhavya Khanna	ARIPK3181H
23	Jyoti Khanna	AAIPK5106B
24	Ravi Khanna	AFMPK8726N
25	Lalit Agarwal	ACNPA1462H
26	Rupesh Kumar Poddar	AELPP0183N
27	Dindayal Malchand Agarwal Huf	AAEHD5856M

Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)

S N	Name	PAN
28	Krishan Agarwal	AACPA5733E
29	Seema Jain	ACRPJ3552D
30	Jay N Shah	BHKPS8506F
31	Sunil Kumar Jain	ABYPJ9937E
32	Navinchandra K Shah	AAGPS9497R
33	Malti Navinchandra Shah	AAGPS9498A
34	Rohini Vijaysingh Patwardhan	AGLPP3159L
35	Pranit Agarwal	BEIPA7823N
36	A K Roongta Huf	AABHA9528A
37	Brij Bhushan Singal	AEFPS6298M
38	Gokuldharm Enterprises Llp	AALFG1236F
39	Nitin Kumar Didwania	AACPD7055J
40	Prakash Mangilal Surya	AAGPS6393C
41	Shrenik Nalin Zaveri	AAAPZ1721B
42	Mahesh Kumar Khatry	AADPK9309F
43	Prakash Chand Khatry	AADPK1946Q
44	Tarun Kumar Chandak	ADGPC1107P
45	Kalawati Sharma	ACAPS1025K
46	Prakash Chand Sharma	AGMPS2776H
47	Chirag Maheshkumar Vyas	ABYPV5751G
48	Sheetal Sanjay Udeshi	AAAPU2596F
49	Naresh Jalan	ACUPJ1252F
50	Naresh Jalan	AABHN4403P
51	Mahabir Prasad Jalan	ACFPJ2428J
52	Mahabir Prasad Jalan	AACHM0965N
53	Harleen Kaur	AECPC7959J
54	Savita Bansal	AEJPB6903J
55	Smt Rashmi Jain	ABTPS0026N
56	Jignesh M. Amin	AAJPA2349H
57	Vimal Jain	AADPJ5579L
58	Sarad Kumar B Jain	AJGPS8091J
59	Ashok Kumar Chowatia	AADPC6863A
60	Tarachand L Shah	ABQPL6153L
61	Madanlal Babulal Chowatia	AADPC6859J
62	Shankar Batra	ACSPB5838R
63	Sadhna Rani	ABHPA9244J
64	Ranidevi Agarwal	AGEPA7936K
65	Ravinder Kumar Gupta (Huf)	AADHR3405B
66	Brij Bhushan Singhal (Huf)	AAAHB6923R
67	Manharlal Narottamdas Shah	AAKPS3276J
68	Esha Securities Ltd	AAACE2862P
69	Amrit Sales Promotion Pvt Limited	AACCA3220D
70	Symphony Merchant Pvt Ltd	AADCS5411K

*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

S N	Name	PAN
71	Bazigar Trading Private Limited	AABCB3052B
72	Rangan Vincom Private Limited	AAGCR1715E
73	Ladios Trading Private Limited	AACCL3868N
74	Topwell Properties Private Limited	AADCT8403C
75	Signet Vinimay Private Limited	AAMCS1712Q
76	Sanklap Vincom P Ltd	AAMCS1711P
77	Runicha Merchants Private Limited	AAECR0580M
78	Winall Vinimay Private Limited Ltd	AAACW8004B
79	Spice Merchants Private Limited	AAPCS7492G
80	Apex Commotrade Private Limited Ltd	AAJCA4459K
81	Skm Travels Private Limited	AAICS0688K
82	Scope Vyapar Private Limited	AAICS6023N
83	Vibgyor Financial Servicepvt Ltd	AAACV8378B
84	Helpful Investment Advisory Private Limited	AACCH4303G
85	Function Financial Consultants Private Limited	AABCF5486H
86	Kapeeshwar Vintrade Private Limited	AAECK7329P
87	Sinjan Overseas Pvt Ltd	AAMCS8721P
88	Wonder Procon Private Limited Wppl	AABCW0317N
89	Helot Properties Pvt Ltd	AACCH8885R
90	Cheroot Vanijya Pvt Ltd	AAECC9285A
91	Sidhiman Vyapaar Private Limited	AATCS3687H
92	Vishnudham Marketing Private Limited	AAECV4988P
93	Triala Dealers Private Limited	AAECT5548F
94	Mobixa Distributors Private Limited	AAICM4750C
95	Antaryami Traders Private Limited	AALCA7880J
96	Gajgamini Merchandise Private Limited	AAFCEG2554B
97	Muchmore Vincom Private Limited	AAICM6982C
98	Dreamlight Exim Private Limited	AAECD5782B
99	Goldensight Traders Private Limited	AAFCEG4773J
100	Dynamic Portfolio Management & Services Ltd	AAACD9125E
101	Ritesh Commercial Holdings Limited	AABCR1974J
102	Ritesh Projects Private Ltd.	AADCR6224M
103	Stardox Vinimoy Private Limited	AAECS0352C
104	Raina Vyapaar Private Ltd	AABCR3482R
105	R C Suppliers Private Lim Ited	AABCR2904A
106	Hari Om Suppliers Pvt. Ltd.	AABCH2251E
107	Kalakar Commercial Private Limited	AADCK9346B
108	Blue Horizon Commosales Private Limited	AAFCEB0211J
109	Rochak Vinimay Private Limited	AAGCR8142P
110	Rochi Dealcom Private Limited	AAGCR7017M
111	Duari Marketing Private Limited	AAECD9323N
112	S N Srinivasan	ACIPS8803M
113	Amit Singh	BABPS7447D

*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

S N	Name	PAN
114	Indrawati Nirman Pvt Ltd	AADCI5139E
115	Reachsmart Construction Pvt Ltd	AAGCR4662J
116	Overload Financial Advisory Pvt Ltd	AABCO6950F
117	Sebika Commodities Private Limited	AARCS9144H
118	Samridhipurn Services Private Limited	AATCS4365E
119	Reachsmart Dealtrade Private Limited	AAFRCR9881C
120	Swarnprakash Traders Private Limited	AATCS6718D
121	Dhyaneshwar Dealers Pvt Ltd	AAECD8010E
122	Dhlriti Traders Pvt Ltd	AAECD8235D
123	Ramya Mercantile Pvt Ltd	AAGCR6009M
124	Badamisati Apartments Private Limited	AAFCA4546A
125	Arunavo Mukherjee	ATIPM7500N
126	Shyam Kanheyalal Vyas	ACTPV2787Q
127	Bharat Bagri (Huf)	AADHB8488A
128	Jayesh Narendra Kesharia (Huf)	AAEHJ1610D
129	Manjulaben Sukhdev Pandya	ALVPP7764J

4. The directions issued against Jayesh Narendra Kesharia HUF was revoked vide Order dated November 10, 2015. Further, the directions issued against Bharat Bagri HUF and Manjulaben Sukhdev Pandya were revoked vide Order dated August 26, 2016.
5. The directions against the remaining 126 entities were confirmed vide five separate orders dated October 12, 2015, October 21, 2015, April 13, 2016, July 05, 2016 and August 26, 2016.
6. Pursuant to the interim order, SEBI conducted a detailed investigation of the entire scheme employed in the instant matter, connection amongst the debarred entities, funds used for the price manipulation of the scrip of Mishka, etc., so as to ascertain the violation of securities laws.
7. Upon completion of investigation by SEBI, it is noted that there are no adverse findings against the 104 entities mentioned at S. No. 1-104 in Table No. 2 with respect to their role in the price manipulation /prima facie violations for which Interim Order dated April 17, 2015 was passed and subsequently confirmed in the scrip of Mishka, warranting continuation of action under Sections 11B and 11(4) of the SEBI Act for the violation of

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*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

provisions of SEBI Act and PFUTP Regulations, etc. Further with regard to 9 entities at S. No. 105 to 113 in Table No. 2, no adverse material was found in the Investigation Report with respect to *prima facie* violations found against them in Interim Order dated April 17, 2015 (which was subsequently confirmed) but the Investigation Report has brought out violation relating to disclosure under SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 2011 warranting Adjudication Proceedings. The list of entities is as under-

Table: 2

S N	Name	PAN
1	Sunil Kumar Jain & Sons Huf	AAOHS4973C
2	Ravi Khanna Huf	AAGHR7451A
3	Gajanand Agarwal	AAGPA3508D
4	Pankaj Agarwal	AACPA9922H
5	Bharat Gandotra	AANPG3179K
6	Aadist Khanna	AJVPK5048G
7	Bhavya Khanna	ARIPK3181H
8	Jyoti Khanna	AAIPK5106B
9	Ravi Khanna	AFMPK8726N
10	Lalit Agarwal	ACNPA1462H
11	Dindayal Malchand Agarwal Huf	AAEHD5856M
12	Krishan Agarwal	AACPA5733E
13	Seema Jain	ACRPJ3552D
14	Jay N Shah	BHKPS8506F
15	Sunil Kumar Jain	ABYPJ9937E
16	Navinchandra K Shah	AAGPS9497R
17	Malti Navinchandra Shah	AAGPS9498A
18	Rohini Vijaysingh Patwardhan	AGLPP3159L
19	Pranit Agarwal	BEIPA7823N
20	Gokuldharm Enterprises Llp	AALFG1236F
21	Nitin Kumar Didwania	AACPD7055J
22	Prakash Mangilal Surya	AAGPS6393C
23	Shrenik Nalin Zaveri	AAAPZ1721B
24	Mahesh Kumar Khatry	AADPK9309F
25	Prakash Chand Khatry	AADPK1946Q
26	Tarun Kumar Chandak	ADGPC1107P
27	Kalawati Sharma	ACAPS1025K
28	Prakash Chand Sharma	AGMPS2776H
29	Chirag Maheshkumar Vyas	ABYPV5751G
30	Sheetal Sanjay Udeshi	AAAPU2596F
31	Naresh Jalan	ACUPJ1252F

Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)

S N	Name	PAN
32	Naresh Jalan	AABHN4403P
33	Mahabir Prasad Jalan	ACFPJ2428J
34	Mahabir Prasad Jalan	AACHM0965N
35	Harleen Kaur	AECPC7959J
36	Savita Bansal	AEJPB6903J
37	Smt Rashmi Jain	ABTPS0026N
38	Jignesh M. Amin	AAJPA2349H
39	Vimal Jain	AADPJ5579L
40	Sarad Kumar B Jain	AJGPS8091J
41	Ashok Kumar Chowatia	AADPC6863A
42	Tarachand L Shah	ABQPL6153L
43	Madanlal Babulal Chowatia	AADPC6859J
44	Shankar Batra	ACSPB5838R
45	Sadhna Rani	ABHPA9244J
46	Ranidevi Agarwal	AGEPA7936K
47	Ravinder Kumar Gupta (Huf)	AADHR3405B
48	Esha Securities Ltd	AAACE2862P
49	Amrit Sales Promotion Pvt Limited	AACCA3220D
50	Symphony Merchant Pvt Ltd	AADCS5411K
51	Bazigar Trading Private Limited	AABCB3052B
52	Rangan Vincom Private Limited	AAGCR1715E
53	Ladios Trading Private Limited	AACCL3868N
54	Topwell Properties Private Limited	AADCT8403C
55	Signet Vinimay Private Limited	AAMCS1712Q
56	Sanklap Vincom P Ltd	AAMCS1711P
57	Runicha Merchants Private Limited	AAECR0580M
58	Winall Vinimay Private Limited Ltd	AAACW8004B
59	Spice Merchants Private Limited	AAPCS7492G
60	Apex Commotrade Private Limited Ltd	AAJCA4459K
61	Skm Travels Private Limited	AAICS0688K
62	Scope Vyapar Private Limited	AAICS6023N
63	Vibgyor Financial Servicepvt Ltd	AAACV8378B
64	Helpful Investment Advisory Pvt Ltd	AACCH4303G
65	Function Financial Consultants Pvt Ltd	AABCF5486H
66	Kapeeshwar Vintrade Private Limited	AAECK7329P
67	Sinjan Overseas Pvt Ltd	AAMCS8721P
68	Wonder Procon Private Limited Wppl	AABCW0317N
69	Helot Properties Pvt Ltd	AACCH8885R
70	Cheroot Vanijya Pvt Ltd	AAECC9285A
71	Sidhiman Vyapaar Private Limited	AATCS3687H
72	Vishnudham Marketing Private Limited	AAECV4988P
73	Triala Dealers Private Limited	AAECT5548F
74	Mobixa Distributors Private Limited	AAICM4750C

*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

S N	Name	PAN
75	Antaryami Traders Private Limited	AALCA7880J
76	Gajgamani Merchandise Pvt Ltd	AAFCEG2554B
77	Muchmore Vincom Private Limited	AAICM6982C
78	Dreamlight Exim Private Limited	AAECD5782B
79	Goldensight Traders Private Limited	AAFCEG4773J
80	Dynamic Portfolio Management & Services Ltd	AAACD9125E
81	Ritesh Commercial Holdings Limited	AABCR1974J
82	Ritesh Projects Private Ltd.	AADCR6224M
83	Stardox Vinimoy Private Limited	AAECS0352C
84	Raina Vyapaar Private Ltd	AABCR3482R
85	R C Suppliers Private Lim Ited	AABCR2904A
86	Hari Om Suppliers Pvt. Ltd.	AABCH2251E
87	Kalakar Commercial Private Limited	AADCK9346B
88	Blue Horizon Commosales Pvt Ltd	AAFCEB0211J
89	Rochak Vinimay Private Limited	AAGCR8142P
90	Rochi Dealcom Private Limited	AAGCR7017M
91	Duari Marketing Private Limited	AAECD9323N
92	S N Srinivasan	ACIPS8803M
93	Amit Singh	BABPS7447D
94	Indrawati Nirman Pvt Ltd	AADCI5139E
95	Reachsmart Construction Pvt Ltd	AAGCR4662J
96	Overload Financial Advisory Pvt Ltd	AABCO6950F
97	Sebika Commodities Private Limited	AARCS9144H
98	Samridhipurn Services Private Limited	AATCS4365E
99	Reachsmart Dealtrade Private Limited	AAFCE9881C
100	Swarnprakash Traders Private Limited	AATCS6718D
101	Dhyaneswar Dealers Pvt Ltd	AAECD8010E
102	Badamisati Apartments Private Limited	AAFCEB4546A
103	Arunavo Mukherjee	ATIPM7500N
104	Shyam Kanheyalal Vyas	ACTPV2787Q
105	Wave Inter Trades Pvt Ltd	AAACW0576A
106	Embassy Finance & Consultants P Ltd	AAACE1313P
107	Tohee Trading & Agencies Pvt Ltd	AAACT1354P
108	Sulabh Impex Ltd	AAICS7362Q
109	Pearl Arcade Trading Private Limited	AAFCEP6925M
110	Dhlriti Traders Pvt Ltd	AAECD8235D
111	Ramya Mercantile Pvt Ltd	AAGCR6009M
112	Brij Bhushan Singal	AEFPS6298M
113	Brij Bhushan Singal HUF	AAAHB6923R

*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

8. Considering the fact that there are no adverse findings against the 104 entities mentioned at S. No. 1-104 in Table No. 2 with respect to their role in the price manipulation /*prima facie* violations for which Interim Order dated April 17, 2015 was passed and subsequently confirmed in the scrip of Mishka warranting continuation of action under Sections 11B and 11(4) of the SEBI Act, I am of the considered view that the directions issued against them vide interim order dated April 17, 2015 which were confirmed vide Orders dated October 12, 2015, October 21, 2015, April 13, 2016, July 05, 2016 and August 26, 2016, are liable to be revoked. Further with regard to 9 entities at S. No. 105 to 113 in in Table No.2, no adverse material was found in the Investigation Report with respect to prima facie violations found against them in Interim Order dated April 17, 2015 (which was subsequently confirmed) but the Investigation Report has brought out violation relating to disclosure under SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 2011 warranting Adjudication Proceedings. Therefore directions issued against them vide interim order dated April 17, 2015 which were subsequently confirmed are also liable to be revoked.
9. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11, 11(4) and 11B of the SEBI Act, hereby revoke the Confirmatory Orders dated October 12, 2015, October 21, 2015, April 13, 2016, July 05, 2016 and August 26, 2016 *qua* aforesaid 113 entities (paragraph 7 above) with immediate effect.
10. The revocation of the directions issued vide this order is only in respect of the entities mentioned at paragraph 7 of this order in the matter of Mishka pertaining to the period from February 14, 2013 to December 31, 2014 in respect of the prima facie violations for which the Confirmatory Order dated October 12, 2015, October 21, 2015, April 13, 2016, July 05, 2016 and August 26, 2016 were passed by SEBI. As regards remaining 13 entities in the scrip of Mishka, violations under SEBI Act and/or SCRA and/or PFUTP Regulations and other securities laws were observed and SEBI shall continue its proceedings against them. Hence, the directions issued vide Order dated April 17, 2015 against remaining 13 entities shall continue.

*Order in the matter of Mishka Finance and Trading limited (formerly known as Pyramid Trading and Finance Limited)*

Page 9 of 10

11. This order is without prejudice to any other action that may be initiated as per law.
12. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

DATE: October 05, 2017  
PLACE: MUMBAI

MADHABI PURI BUCH  
WHOLE TIME MEMBER  
SECURITIES AND EXCHANGE BOARD OF INDIA

33. Since in the instant case the assessee has retracted from the statement on the very next day after the statement was recorded u/s 131 of the Act during the course of survey at the premises of Laxmivilas Buildcon Ltd., Nashik in which the

assessee is a Director and since the name of the assessee does not appear in the statements recorded by the Investigation Wing, Kolkata from various persons and since SEBI has revoked the directions given earlier, therefore, in view of the above discussion and relying on various decisions cited (supra), we hold that the order of the Ld. CIT(A) upholding the action of the Assessing Officer denying the claim of exemption u/s 10(38) of the Act is not justified. We, therefore, set aside the order of the Ld. CIT(A) and direct the Assessing Officer to allow the claim of exemption u/s 10(38) of the Act.

**ITA No.814/PUN/2018**

34. After hearing both sides we find the grounds raised by the assessee are identical to the grounds raised in ITA No.813/PUN/2018. We have already discussed the issue and the grounds raised by the assessee have been allowed. Following similar reasonings, we allow the grounds raised by the assessee.

35. In the result, both the appeals filed by the assessee are partly allowed.

Order pronounced in the open Court on 28<sup>th</sup> November, 2025.

**Sd/-**  
(ASTHA CHANDRA)  
JUDICIAL MEMBER  
पुणे Pune; दिनांक Dated : 28<sup>th</sup> November, 2025  
GCVSR

**Sd/-**  
(R. K. PANDA)  
VICE PRESIDENT

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order is forwarded to:**

1. अपीलार्थी / The Appellant;
2. प्रत्यर्थी / The Respondent
3. The concerned Pr.CIT, Pune
4. DR, ITAT, 'A' Bench, Pune
5. गार्ड फाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

**// True Copy //**

Senior Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे  
/ ITAT, Pune

S.No.	Details	Date	Initials	Designation
1	Draft dictated on	19.11.2025		Sr. PS/PS
2	Draft placed before author	20.11.2025		Sr. PS/PS
3	Draft proposed & placed before the Second Member			JM/AM
4	Draft discussed/approved by Second Member			AM/AM
5	Approved Draft comes to the Sr. PS/PS			Sr. PS/PS
6	Kept for pronouncement on			Sr. PS/PS
7	Date of uploading of Order			Sr. PS/PS
8	File sent to Bench Clerk			Sr. PS/PS
9	Date on which the file goes to the Head Clerk			
10	Date on which file goes to the A.R.			
11	Date of Dispatch of order			