

IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND
SHRI PRADIP KUMAR CHOUBEY, JM**

ITA Nos.1595, 1596, 1597, 1598/KOL/2025

(Assessment Years: 2015-16, 2016-17, 2017-18, 2018-19)

DCIT 110, Shantipally, Kolkata-700107, West Bengal	Vs.	Balmukund Sponge and Iron Private Limited LUV Kush Tower, Exhibition Road, Phulwari, Patna-800001, Bihar
(Appellant)		(Respondent)
PAN No. AACCM4451E		

ITA Nos. 1395, 1396, 1397, 1398/KOL/2025

(Assessment Year: 2015-16, 2017-18, 2018-19, 2023-24)

Balmukund Sponge and Iron Private Limited LUV Kush Tower, Exhibition Road, Phulwari, Patna-800001, Bihar	Vs.	DCIT 110, Shantipally, Kolkata-700107, West Bengal
(Appellant)		(Respondent)
PAN No. AACCM4451E		

ITA Nos. 1699, 1700, 1701, 1702, 1703, 1704/KOL/2025

(Assessment Year: 2015-16, 2016-17, 2017-18, 2018-19, 2020-21,
2023-24)

DCIT, CC 4(3) 110, Shantipally, Kolkata-700107, West Bengal	Vs.	Balmukund Cement & Roofings Private Limited 18 RN Mukherjee Road, Kolkata Dalhaosie-700001, West Bengal
(Appellant)		(Respondent)
PAN No. AACCB9534B		

ITA No.1399/KOL/2025

(Assessment Year: 2023-24)

Balmukund Cement & Roofings Private Limited 18 RN Mukherjee Road, Kolkata	Vs.	DCIT, CC 4(3) 110, Shantipally, Kolkata-700107, West Bengal
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Dalhaosie-700001, West Bengal

(Appellant)

(Respondent)

PAN No. AACCB9534B

ITA No. 1759/KOL/2025

(Assessment Year: 2020-21)

DCIT, CC 4(3)

110, Shantipally,

Kolkata-700107, West Bengal

Vs.

**Balmukund Lease Fin Private
Limited**

603, Shanti Kunj Apartment,
Patna-800001, Bihar

(Appellant)

(Respondent)

PAN No. AABC7266M

Assessee by : Shri Manish Rastogi, AR

Revenue by : Shri Pankaj Pandey, DR

Date of hearing: 13.10.2025

Date of pronouncement: 09.12.2025

ORDER

Per Rajesh Kumar, AM:

These are the appeals of Revenue and assessee of three different assessee's against the orders of the Commissioner of Income-tax (Appeals), Kolkata-27 (hereinafter referred to as the "Ld. CIT(A)") for the AY 2015-16 to 2018-19, 2020-21 & 2023-24.

2. At the outset, we observe from the appeal folder that there is a delay of 4 days in filing the appeal by the department in ITA No. 1759/KOL/2025 for A.Y. 2020-21 in case of Balmukund Lease Fin Private Limited and in support of this a condonation petition was filed. It was stated in the condonation petition that the delay has occurred due to obtaining the administrative approval from the competent

authorities, which took quite a long time and accordingly, the delay may be condoned. The Id. AR, on the other hand, did not oppose the condonation of delay. Considering the reasons cited before us, we are inclined to condone the delay and admit the appeal for hearing.

3. Since these appeals relate to the related companies and issues involved are mostly common, therefore these are being decided by this common order for the sake of convenience and brevity. First of all, we shall take 1395/KOL/2025 (assessee's appeal) A.Y. 2015-16 in case of Balmukund Sponge and Iron Private Limited.

**In case of
Balmukund Sponge and Iron Private Limited.**

A.Y. 2015-16

A.1395/KOL/2025 (Assessee's appeal)

4. The issue raised in ground no.1 is general in nature and therefore, needs no adjudication.
5. The issue raised in ground nos.2 and 3 is against the part confirmation of addition of ₹22,54,000/- by the Id. CIT (A) as against the total addition of ₹2,87,50,000/- made by the Id. AO u/s 69A of the Act.

5.1. The facts in brief are that the assessee filed the return of income of 22.09.2015, showing total income of ₹2,85,95,540/- under the normal provisions and ₹2,50,47,422/- as book profit u/s 115JB of the Act. The case of the assessee was reopened u/s 147 of the Act by issuing notice u/s 148 of the Act on 06.03.2020, and accordingly, the assessment was framed u/s 147/ 143(3) vide order dated 14.05.2020, accepting the returned income. A search action u/s 132 of the Act was

conducted on 30.11.2025, and on the subsequent dates on the premises of 'Kanodia Group of cases'. The assessee being a group entity is also covered under the said search. Notice u/s 148 of the Act was issued on 21.02.2024, and duly served upon the assessee. In reply, the assessee filed the return of income on 07.03.2024, declaring the same income as was declared in the original return of income. Thereafter, the statutory notices along with questionnaire were issued which were complied with and replied by the assessee by furnishing all the details/ evidences as called for. The assessee is engaged in the business of integrated TMT manufacturing steel plant. The Id. AO during the course of assessment proceedings noted from the seized materials marked as BSIPL/01, found during the course of search that there were cash transactions entered into by the assessee to the tune of ₹83,00,000/- and ₹2,04,50,000/- with Vijay Agarwal and Naresh Dalmia, respectively. It was submitted before the AO vide written submissions that the document seemed to be containing of rough jottings made by Shri Naresh Kumar Dalmia qua the funds advanced through him in the nae of various entities to a sister concerns of the assessee namely M/s Balmukund Cement & roofings Private Limited under various heads. It was also submitted that the rough jottings also mentions cash against various names. It was also submitted that the said documents mentioned it to be investments and investments could not be treated as income of the assessee. The assessee's contentions did not find favour with the AO and accordingly, he added Rs. 2,87,50,000/- to the income of the assessee as unexplained money u/s 69A of the Act.

5.2. In the appellate proceedings, the Id. CIT (A) after taken into account the submissions and contentions of the assessee treated the same as unaccounted and undeclared sales and accordingly applied the Gross Profit rate of 7.84%, thereby, partly allowing the appeal of the assessee by sustaining the addition to the tune of ₹22,54,000/- and deleting the addition to the income of ₹2,64,96,000/- by observing and holding as under:-

"M/s Balmukund Cement and Floorings Pvt. Ltd. under various heads during the FY 2014-15. The said jointings also contains details of some cash against various names. It is assertively submitted as a matter of fact that no such cash has been received by the petitioner Company. The AO is disagreed with the above contentions of the assessee. The AO had observed that examination of the said entries reveal that the said cash entries were Unaccounted cash receipts to Rs.2,87,50,000/- (1.e. 2,04,50,000/- Rs.83,00,000/-) for the subjected AY 2015-16 and those are not recorded in the books of account of the assessee for the said year.

6.2.2. However, the stand of the AO was also not accepted as when the assessee had himself admitted the fact that these purported cash entries were related to business transactions. The AO should have adopted the profitable on such cash receipts. However, without doing the same, the AO had opined that these cash receipts are the unexplained money of the assessee as per section 69A of the Act as the assessee had failed to explain the nature & sources of such receipts.

During the course of appellate proceedings, the assessee stated that it is a business transaction. The income on such business transaction the profit element is to be estimated. The relevant portion of the assessee's submission is as under:

"Without prejudice to above it is submitted that it would kindly be appreciated that a rational view would be to treat them as transactions of the business and estimate income @5% of the total amount, the net profit percentage as returned by the assessee in the normal course of business and also tax it under the normal provisions of the Act."

6.2.3. In view of the above discussion the profit element is to be estimated on the unaccounted cash transactions. The assessee has declared the GP rate for the subjected AY at 7.84%. Hence, the profit element embedded in the undisclosed cash transactions Rs.2,87,50,000/- is estimated at 7.84% which comes to Rs.22,54,000/-. Hence, the addition of Rs.22,54,000/- is upheld and Rs.2,64,96,000/- (Rs.2,87,50,000/- less Rs.22,54,000/- -Rs.2,64,96,000/-) is deleted. Therefore, these grounds raised by the assessee are partly allowed."

5.3. After hearing the rival contentions and perusing the materials available on record, we find that the Id. CIT(A) has treated the cash transactions in the name of Shri Vijay Aggarwal Rs. 83,00,000/- and Shri Naresh Dalmia Cash A/C Rs. 2,04,00,000/- as undisclosed sales of the assessee. The Id. CIT(A) has treated the said transactions as suppressed sales and accordingly applied GP rate to estimate the income thereon. Thus, Id. CIT(A) partly sustained the addition of Rs. 22,54,000/- by deleting the addition to the extent of ₹2,64,16,000/-. We have examined the document seized BSIPL/01 and observe that the aggregate of all the entries was stated to be investments. Thus, we find merit in the appellant contention that the amount was stated to be investments made by Naresh Dalmia and Vijay Aggarwal and therefore cannot be treated as undisclosed sales and consequently income of the assessee. The seized document has to be read and accepted as a whole and it is not permissible to pick and choose or make further estimates therefrom unless and until there are cogent evidences /materials in support the same. The case of the assessee finds support from the decision of Hon'ble Gujrat High Court in Navjivan Oil Mills Vs CIT (2002)124Taxman392(Guj). The coordinate bench in the case of Premji Bhuralal Gala Vs NFAC (2024) taxmann.com 570(Mum Tri) has held that cash loans cannot be treated as income of the assessee. Therefore, we are not in agreement with the Id. CIT(A) on this issue and consequently set aside the order on this issue and direct the AO to delete the addition. The ground no. 2 and 3 of the appeal of the assessee are allowed.

6. In the result, the appeal of the assessee in ITA No.1395/KOL/2025 is allowed.

A.Y. 2017-18

B. 1396/KOL/2025 (Assessee's appeal)

6.1. The issue raised in ground no.1 & 5 are general in nature and therefore, needs no adjudication.

6.2. The issue raised in ground nos. 2 to 4, by the assessee is against the part confirmation of addition by the Id. CIT (A) to the tune of ₹3,79,260/- as against the addition of ₹63,00,000/- made by the Id. AO u/s 69A of the Act on account of alleged WhatsApp chats which is illegal, wrong and unjustified.

6.3. The facts of the case have been discussed hereinabove in the other appeals as decided (supra). The Id. AO noted that during the course of search mobile handset of the directors and the employees were examined and data retrieved wherein several chats showing cash transactions were found. The mobile handset of Shri Shri Abhishek Kanodia and Shri Parshuram Tiwari, were examined. The Id. AO found that the unaccounted cash transactions in the mobile of Shri Abhishek Kanodia were aggregating to ₹63 lacs comprising ₹20 lacs, 34 lacs, 1 lacs and 8 lacs. Accordingly, the same was added to the income of the assessee as unexplained money u/s 69A of the Act.

6.4. In the appellate proceedings, the Id. CIT (A) partly allowed the appeal of the assessee by treating the amount found in the Whatsapp Chats of ₹63 lacs as suppressed turnover/ unaccounted transaction and

by applying profit rate of 6.02% calculated the income at ₹3,79,260/- and the remaining addition of ₹59,20,740/- was deleted.

6.5. After hearing the rival contentions and perusing the materials available on record, we find that the addition was made only on the basis of Whatsapp Chats between the director of Shri Abhishek Kanodia and employee of the company. We note that apart from the Whatsapp Chat there is no evidence on record nor any substantive evidences have been brought by the Id. AO or Id. CIT (A) on records. The Id. AO added the entire money as unexplained money u/S 69A of the Act, whereas as a matter of fact, there was no money which could be added u/s 69A of the act and therefore the Provisions of Section 69A are not applicable. The Id. CIT (A) has gone a step further by applying GP on the said WhatsApp Chats amount. Under these circumstances, we are of the view that unless there is a corroborative material found to support the transactions mentioned in the the WhatsApp Chats, no addition could be made in the hands of the assessee, even on account of profits as done by the Id. CIT (A). The assessee has also made without prejudice submission that Provisions of Section 292C of the Act, the presumption is to be drawn in respect of WhatsApp transactions in the hands of the person from whose possession or control the books of accounts/ documents, etc. are found. Even the presumption u/s 292C of the Act is rebuttable when the assessee proved that he has not done any such transactions even in respect of such transaction as were contained in the loose paper which were found during the course of search. This was held by the Hon'ble Delhi High Court in case of PCIT Vs. Delco India (P.) Ltd. reported in (2016)

67 taxmann.com 357 (Delhi). We note that in the present case the chats of Shri Pradeep Sahewal, who is one of the directors of the group companies and as such any adverse view should be taken in his hand and not in the hands of the assessee specially on the ground that there is nothing on record to substantiate the transactions belonged to the assessee. We also found that it is not mentioned in the WhatsApp Chat whether the amounts involved are receipt or payments. Accordingly, we are inclined to set aside the order of Id. CIT (A) and direct the Id. AO to delete the addition as sustained by the Id. CIT (A). The grounds no. 2 to 4 are allowed.

7. In the result, the appeal of assessee in ITA No. 1396/KOL/2025 is allowed.

A.Y. 2018-18

C. 1397/KOL/2025 (assessee's appeal)

8. The issue raised in ground no.1 & 5 are general in nature and therefore, needs no adjudication.
9. The issue raised in ground nos.2 to 4 of this appeal are similar to ground no.2 to 4 of assessee's appeal for A.Y. 2017-18 in ITA No. 1396/KOL/2025 as decided by us in above paras. Accordingly, our decision would, mutatis mutandis, apply to ground no.2 to 4 of ITA no. 1397/KOL/2025. Hence, ground nos. 2 to 4 are allowed.
10. In the result, the appeal of the assessee in ITA no. 1397/KOL/2025 is allowed.

A.Y. 2023-24**D. 1398/KOL/2025 (assessee's appeal)**

11. The issue raised in ground nos.1, 2 and 5 are general in nature
12. The issue raised in ground no.3 & 4 is against the restriction of addition to ₹1,47,000/- by the Id. CIT (A) as made by the Id. AO on the basis of WhatsApp chats.
 - 12.1. The issue raised in this appeal is similar to ground no.2 to 4 in ITA No. 1396/KOL/2025 for A.Y. 2017-18 as decided by us (supra). Accordingly, our decision would, mutatis mutandis, apply to this appeal of assessee. Hence, the ground nos.3 & 4 are allowed.
13. In the result, the appeal of the assessee in ITA No.1398/KOL/2025 is allowed.

A.Y. 2015-16**E. 1595/KOL/2025 (Revenue's appeal)**

14. The issue raised by the Revenue in ground no.1 is against the restriction of addition to the tune of ₹22,54,000/- by the Id. CIT (A) as against the addition made by the Id. AO of ₹2,87,50,000/- on account of unexplained money u/s 69A of the Act.
 - 14.1. Since, we have already decided the issue in ground no. 2 & 3 in ITA No. 1395/KOL/2025 for A.Y. 2015-16 in assessee's appeal, wherein assessee has challenged the part sustaining of addition of ₹22,54,000/- by the Id. CIT (A) out of ₹2,87,50,000/- by AO u/s 69A of the Act by directing the AO to delete the addition by holding that the documents seized did not mention anything about assessee's income and in fact

contained the details of investments. We have held that cash loans/investments cannot be treated as income of the assessee besides holding that documents seized were to be read as a whole and pick and choose or to make further estimates therefrom was not permissible. Therefore, our decision would, mutatis mutandis, apply to this appeal as well. Consequently, ground no.1 of Revenue's appeal is dismissed.

15. The issue raised in ground no.2 is against the deletion of addition of ₹2,97,52,993/- by the Id. CIT (A) as made by the Id. AO on estimation basis by applying the rate of 4% on non-genuineness purchases of ₹74,06,66,925/- made by the assessee.

15.1. The facts in brief are that the Id. AO on the basis of information gathered during the course of search and survey operation and Insight portal of ITBA in the case of the assessee noted that the assessee has grossly manipulated his purchases by obtaining fake bogus bills and accommodation entries. The AO has accepted that the assessee had undertaken trading in miscellaneous items which has nothing to do with the manufacturing activity of the assessee breakup whereof is given at para no.4.9.1 of page no.109 of the assessment order. The Id. AO noted that during the year, the assessee has made purchases of aggregating to ₹74,06,66,925/- from three parties namely M/s Tanishi Commotrade Pvt. Ltd. of ₹22,89,55,514/-, M/s Ranisati Coke Trading co. of ₹40,38,23,767/- and M/s Steel Centre of ₹10,78,87,644/-. The Id. AO discussed in detail the facts qua these parties and entry operators involved in providing accommodation entries. The Id. AO also noted that the entire purchases and sales were done through same commission agents and these were accommodation entries and these

were only done in order to inflate the sales of the assessee. The Id. AO made adhoc estimation of income of 4% of the purchases made from these parties thereby making an addition of ₹2,97,52,993/- to the income of the assessee.

15.2. In the appellate proceedings, the Id. CIT (A) deleted the addition made by the Id. AO by observing and holding as under:-

"7.2.1. I have perused the assessment record as well as the submission of the assessee. On examining the same, it is found that the assessee is engaged in the business of manufacturing of TMT (Steel) bars. Apart from the manufacturing activity it is seen that the assessee has done trading of Misc. items which is distinct from their core business of manufacturing of TMT (Steel) bars. The assessee had filed its original return of income u/s 139(1) of the Act on 22.09.2015 declaring a total income at Rs.2,85,95,540/-. Later, a search and seizure operation u/s 132 of the Act was conducted on 30.11.2022 on the assessee as a part of 'Kanodia Group of cases'. Later, the AO had passed the order u/s 147/143(3) of the Act on 31.03.2024 determining the total income of the assessee at Rs.9,20,98,533/-, On perusal of the assessment order, it is observed that the AO had made addition on i.e. (a) Disallowance of Rs.2,97,52,993/- being 4% of the alleged bogus purchase. To support the disallowance made by the AO, he had relied upon the decision of Jurisdictional ITAT in the case of DCIT, Central Circle-1(4), Kolkata v. Hindusthan Engineering & Industries Ltd in ITA No. 952 & 1059/Kol/2018 order pronounced on 28.07.2020 wherein addition of "4% of such doubtful purchases" has been confirmed by the Hon'ble ITAT, 'A' bench, Kolkata and overruling disallowance of whole purchases [Para-18]. Similar decision is taken by the Hon'ble ITAT, 'B' Bench, Kolkata in the case of M/s Om Forging & Engineering Pvt. Ltd. v. PCIT-1, Kolkata in ITA No. 509 & 510/Kol/2017 order dated 13.12.2017. Identical view is taken by the Hon'ble ITAT, 'C' Bench, Kolkata in the case of DCIT, Circle-26(1), Kolkata v. M/s Chein Hsing Tannery in ITA No. 1629/Kol/2017 order dated 15.05.2019 wherein estimation of profit on bogus purchase has been confirmed by the Ld. CIT(A) and the ITAT [Para-3].

7.2.2. Aggrieved by the assessment order, the assessee contested that the AO made estimation on bogus purchases at the rate of 4% on the alleged purchases made from alleged entry providers of Darsh Coke group. Trading account in this regard has been produced by the assessee which is placed on page no. 74 of the submission of the assessee. Further, it can be observed from the assessment order that corresponding sale entin providers which was also recorded by the AO at running page no. 6 to 10 of the assessment order. Further, it is observed that in case the purchases are excluded from the trading account, the corresponding sales would also have to be excluded. Hence, this exercise would reduce the income returned by the assessee. Therefore, it can be inferred that percentage disallowance of the purchases would amount to double

taxation as the assessee has already offered for taxation income from the fictitious circular trading done by them. It had been submitted by the assessee that all the case laws relied upon by the AO is distinguishable in the case of the assessee as the facts of all the case laws are entirely different from the facts of the assessee.

7.2.3. The assessee distinguished the Hon'ble ITAT Kolkata decisions relied by the AO as under.

"It is in this regard respectfully submitted that none of the case laws relied upon by the assessing officer is applicable in the facts and circumstances of the case as in these cases percentage disallowance of the bogus purchases has been made on the ground that the purchases made from the grey market was accounted for deriving more income, case law wise analysis is as under;

i. DCIT vs Hindustan Engineering & Industries Ltd, in ITA No. 952 & 1059/Kol/2018, -

Briefly stated facts of the case is that the assessing officer during the course of scrutiny proceedings that the assessee had fraudulently availed CENVAT Credit on the basis if the fake Central excise Invoices issued by three fictitious registered dealers

Before the assessing officer it was submitted that it is bome on record that the assessee was manufacturing excisable goods namely Railway parts Railway Parts & Articles of fron and Steel and in such manufacturing M.S Waste & Scrap are used as raw materials. It was further submitted that the necessary details in form of day-to-day stock register and other statutory documents were maintained Apart from above all the payments were made by banking channels. The purchases price paid to the alleged three fictitious dealers was the same as paid to other dealers

With regard to the disallowances/additions of CENVAT Credit of Rs.4,56,78,181/, it was submitted by the assessee that since the CENVAT Credit has already been credited in the books of accounts, the question of any addition or disallowance did not arise. Moreover, the entire amount of Excise Dusty paid having been realized from the Railways and credited in P&L A/c, question of any disallowance or addition on this account did not arise as no amount can be said to have claimed as expenditure. Moreover, the excess credit for CENVAT Credit, if any, will be refundable to the Excise Department and it has nothing to do with the Income Tax Department and hence the question of any addition or disallowance of the aforesaid amount did not arise. Moreover, the whole of such amount does not relate to this year.

However, the Assessing officer rejected the submissions of the assessee and held that mere completing the paper formality will not make a transaction genuine while the surrounding circumstances suggest otherwise. The assessing officer was of the view that assessee had made accommodation adjustments in respect of some of the parties. In view of the above findings, it was held by assessing officer that the purchases made during the financial year 2010-11 from these three parties amounting to Rs. 8,62,86,046/- is bogus therefore he made addition to the lume of Rs.862.86.046

The additions made by the assessing officer was confirmed in the first appeal Being aggrieved with the decision of the Commissioner (Appeals), the assessee filed appeal before the Hon'ble ITAT It was appreciated by the Hon'ble Tribunal that the proper documents were maintained by the assessee and the assessing officer merely relied upon the enquiry made by the excise department while making the addition which was also confirmed by the Commissioner (Appeals) It was held by the Hon'ble Tribunal that the sales cannot be made without purchases and the assessee purchases, manufactures and sells the finished goods. In view of the facts stated above Hon'ble Tribunal restricted the disallowance to 4% of the bogus purchases appreciating on the ground that profit element on the said fictitious purchases would be subjected to tax. Relevant portion of the order of the Hon'ble Tribunal in verbatim is reproduced as under

"18 in sum and substance, we would like to state that complete documentary evidences were furnished before the assessing officer in the bill for purchases, the receipt of material, the payments by cheque, the entry made in the stock register & production register and vis-a-vis all such documents, no adverse finding has been made by the assessing officer When the sales figures shown by the assessee has been accepted in totality, the entire purchases made by the assessee cannot be held it to be bogus since it is common knowledge that sales of goods cannot taken place without purchase of goods in the first place, So, therefore, in the light of the evidences adduced to prove the genuineness of the transactions and when the fact remains that the sales has been accepted by the Assessing Officer in totality, the action of the Assessing Officer to disallow the entire purchases is not justifiable. We note that the assessee did purchases, manufactures the goods and sell the finished goods. In that view of the matter, as natural corollary, not the entire amount covered under such purchase, but the profit element embedded therein would be subject to tax. Considering the facts narrated above and to cover the small misgivings we restrict the addition 4% of purchases, that is Rs. 34,51,441/- (4% of Rs 8,62,86,046) and balance amount of Rs. 8,28,34,605 (Rs 8,62,86,046-Rs. 34,51,441) is directed to be deleted

It would kindly be appreciated in this case the fictitious purchases were adjusted against the manufacturing items sold by the assessee. It would kindly be appreciated that the facts of the case in hand is that both the purchases and the sale are fictitious, as such, it would gratuitously be appreciated that the decision of the Hon'ble Tribunal; relied upon by the assessing officer while disallowing the purchases is not applicable in the case at hand.

ii. Om Forging & Engineering Pvt Ltd vs PCIT, in ITA No. 509&510/Kol/2017 - Briefly stated facts of the case is that the assessing officer received information from the Investigation Wing Mumbai that the Sales Tax department had forwarded information that bogus purchase bills were issued by some of the dealers and the assessee was one of the beneficiaries.

The assessing officer on the said information-initiated reassessment proceedings on the said information. During the course of reassessment proceedings, the assessee

submitted confirmation of accounts, purchase bills and the payments details being made by the banking channel in respect of the purchases made from the said bogus billers. The assessing officer after taking cognisance of all the details filed by the assessee made disallowance of 3% of the bogus purchases on the ground that these purchases were to cover the purchases made from the grey market which were purchased at a much lesser price than the purchases made from the open market.

The CIT in exercise of his revisionary powers under section 263 of the Act held that the order of the assessing officer was erroneous and prejudicial to the interest of the revenue, in as much as the AO had not examined the addition to be made in the light of the provision of section 69C of the Act.

Being aggrieved with the order of the CIT passed under section 263 of the Act the assessee preferred an appeal before the Hon'ble Tribunal. The order passed by the CIT under section 263 was quashed by the Hon'ble Tribunal

While quashing the order of the CIT, Hon'ble Tribunal went into the merits of the case as what was the enquiry made by the AO while completing the assessments which were reopened based on the information received from DGIT (Mumbai) about the assessee having obtained bogus receipts from parties in Mumbai evidencing purchases. It was noted that the AO called upon the assessee to give quantitative details of purchases and sales as well as the details of the opening and closing stock. Further during the course of assessment proceedings, the assessee filed various submissions and account statements including copy of bills, confirmation of accounts, etc showing purchases from the said parties. The statement showing the source of funds and the mode of payment for the purchases

Hon'ble Tribunal appreciated the findings of the AO that that the sales genuine as they were made to Government and reputed parties, therefore, once the sales are genuine corresponding purchases also cannot be denied. As such, the only possibility in the given circumstances was to proceed on the theory that the purchases were made by the assessee in the grey market at a lesser price and the bogus bills were obtained to show higher purchase price and reduce the profit margin as per the books of accounts.

In light of the foregoing, it was held by the Hon'ble Tribunal that the AO view taken by the AC was the possible view, relevant portion of the decision in verbatim is reproduced as under,

22. in the light of the information received from DGIT (Investigation), Mumbai, and the evidence filed by the assessee claiming that purchases from the aforesaid four parties were genuine, the AO concluded that the purchases from the four parties were not genuine. This conclusion was based only on the information received by the AO from the DGIT (Investigation), Mumbai. After drawing the above conclusion, the issue before the AO was as to whether the entire value of purchases should be added to the total income. Towards this objective the AO examined the sales and found that the quantity of purchases and corresponding sales matched. The Stock Register for A.,

Y.2010-11 and 2011-12 filed by the assessee before the AO are at pages 33 to 39 and 36 to 40 of the paper books filed by the assessee for A.Y.2010-11 and 2011-12 respectively.

23. On examination of the details the AO found that the sales were made to Government and reputed parties and therefore the sales as claimed by the assessee were genuine. Once the sales are genuine corresponding purchases also cannot be denied. The only possibility in the given circumstances was to proceed on the theory that the purchases were made by the assessee in the grey market at a lesser price and the bogus bills were obtained to show higher purchase price and reduce the profit margin as per the books of accounts. The AO adopted this course and estimated the possible suppression of Revenue. The course adopted by the AQ was therefore a possible view in law.

27. For the reasons given above, we hold that the orders of the AO were not erroneous and prejudicial to the interest of the revenue for failure to make enquiry on the applicability of Sec. 69C of the Act. We, therefore, quash the orders u/s 263 of the Act and allow the appeals of the assessee.

It would kindly be appreciated that this decision of the Hon'ble Tribunal is also not applicable in the facts and circumstances of the case as the in this case the sales were genuine and which were matched with the purchase and it was held that by these bogus purchases the assessee was covering the purchases made from the grey market which were purchased at lesser price. It would kindly be appreciated that the facts of the case in hand is that both the purchases and the sale are fictitious, as such, it would gratuitously be appreciated that the decision of the Hon'ble Tribunal relied upon by the assessing officer while disallowing the purchases is not applicable in the case at hand.

iii. DCIT vs Chein Hsing Tannery, in ITA No. 1629/Kol/2017 - Briefly stated facts of the case is that the assessing officer noticed that the assessee had indulged into obtaining fake bills of the raw materials from four unregistered parties with the sales tax. The assessing officer observed that all the parties hom whom the sad purchases have been made were run by professional hawala operators as the notices issued to them under section 133(6) and 131 of the Act was returned unserved. The assessing officer, therefore, proceeded to add the entire purchases made by them under section 68 of the Act

In the firat appellate stage the assessee submitted ledger account copy, confirmation of accounts and also furnished their Sales Tax registration number The Commissioner (Appeals) held that these transactions were trading transactions and not financial transactions, as such, cannot be added under section 68 of the Act

Before the Commissioner (Appeals) it as submitted by the assessee that raw hides were purchased from the four parties under consideration on the understanding that after the hides were processed and the finished leather was produced the same would

be resold to same parties in substance therefore the transaction was more in the nature of barter. The details furnished in the course of assessment thus established that the raw hides were sourced from the said four parties remained in its stock on 31st March 2012. Out of the hides supplied by the parties in the month of February 2012 finished leather was processed and thereafter sold to the same four parties in the succeeding assessment year. The assessee further submitted that it effectually functioned as processor of the hides for the four parties.

Accordingly, it was held by the Commissioner (Appeals) that the said purchases had no impact on the income of the assessment year under consideration as the same was carried over to next year in closing stock and the addition made by the assessing officer amounts to double addition of the same amount

The Commissioner (Appeals), thus reduced the addition to 5.83% of the alleged bogus purchases by applying the GP ratio of the subsequent assessment year on the ground that the purchases shown from parties which are bogus/hot verifiable, the explanation given by the assessee that the hide supplied by these parties have been processed after more than 9 months from the date of purchase looks to be specious as hide can hardly be kept unused for a period of 9 months and in the A. Y. 2013-14 many discrepancies were found during survey proceedings OME TAX DEPP

Being aggrieved with the decision of the Commissioner (Appeals), the department preferred an appeal before the Hon'ble Tribunal which was dismissed, relevant portion of the order of the Hon'ble Tribunal is reproduced as under

"3. We have given our thoughtful consideration to the rival contentions. Mr. Robin Choudhury. Addi CIT/Ad DR/the Revenue vehemently emphasizes during the course of hearing that the Assessing Officer had rightly disallowed the assessee's purchases made from 4 parties namely, M/s. A.H Traders, M/s Shree Enterprises, M/s R.K Trading and M/s JK Traders, since the same could not be traced despite various notices issued to them in the course of scrutiny The assessee on the other hand strongly supports the CIT(A)'s findings under challenge restricting the impugned addition to profit estimation 5.83% only. We find no merit in Revenue's grievance as canvased in the instant issue. The assessee is an individual engaged in manufacturing, processing, trading in leather and leather chemicals. He had placed on record the relevant documents in support of his impugned claim to have purchased the material in issue from these four parties. His corresponding actual stock/sales of the impugned purchases is not in dispute at the Revenue's behest The CIT(A) appears to have rejected the books and estimated the taxpayer's G.P@ 5.83% in these peculiar facts only. We find that assessee's G.P ratio right from Alys 2008-09 to 2012-13 read 6.73%, 10.38%, 5.42%, 3.97%, 4.58% and 5.16% respectively in succeeding Aly 2013-14, formed basis for the CIT(A) to disallow the profit element coming to 5.83% in issue. Hon'ble apex court's decision in N.K Proteins V/s DCIT (2017) 250 TAXMANN 0022, hon'ble Gujarat high court in (2015) 58 taxmann.com 44 Vijay Proteins Ltd V/s. CIT also disallowed only portion of unverifiable purchases case in similar facts and circumstances. The Revenue has quoted this tribunal's co-ordinate bench's decision in (2015) 154 ITD 849/Kol Trib Debasish

Banerjee Vs ITO disallowed the entire purchases on account of assessee's failure reconciling difference between purchases as debited in trading account and purchases as per TCS certificate) We find that the same is not applicable or the given facts and circumstances since there is no reconciliation extent involved before us. We therefore affirm the CITA's findings restricting the impugned disallowance to the extent estimated profit element in issue.

4 This Revenue's appeal is dismissed

As stated above it would kindly be appreciated that this decision of the Hon'ble Tribunal is also not applicable in the facts and circumstances of the case as the in this case the sales were not doubted and the alleged bogus purchases had no impact on the income as were carried over to the closing and the disallowance was made on the ground of the discrepancies found during the course of survey.

It would kindly be appreciated that the facts of the case in hand is totally different as no incriminating document was found during the case of search and seizure operation conducted by the department. The disallowance has been made on the basis of the information available in the insight portal and also that shared by the investigation wing which alleged that both the purchases and the sales were fictitious.

In view of the foregoing, it is humbly prayed that no heed may kindly be paid to the decisions of the Hon'ble Tribunal referred to by the assessing officer."

The assessee clearly brought out the facts of the above-mentioned Hon'ble ITAT Kolkata decisions relied on by the AO. The assessee distinguished the facts that in all these three cases, the sales are genuine and the purchases are from grey markets or without bills. The profit element in the purchases, because of its low cost compared to organised sellers, are brought to tax at 4% to 5%. However, in the present case, the purchases and sales are also bogus. The assessee has already offered a percentage of profit on the bogus sales made out of bogus purchases in its regular returns of income.

7.2.4. It is pertinent to mention that the entry operators during the course of search & seizure operation in their own case admitted that it is a circular trading provided to inflate the gross turnovers of the beneficiaries/clients. The entry operator Sri Sanjay Kumar Agarwal has stated in his sworn statement by the Investigation wing during the course of search at his premises on 13.02.2022 is reproduced as under for ready reference:

Q.13 Please explain the modus operandi of bogus billings used for M/s Balmukund Sponge & Iron Private Limited and M/s Balmukund Cement & Roofings Pvt. Ltd. By Tanishi Commotrade Pvt. Ltd.

Ans Sir, M/s Tanishi Commotrade Pvt. Ltd. provided accommodation entries of bogus billings in the form of LC discounting to M/s Balmukund Sponge & Iron Private Limited and M/s Balmukund Cement & Roofings Pvt. Ltd. Bank account of Mis Tanishi Commotrade Pvt. Ltd. were used to route the funds for LC discounting and later sending back funds to M/s Balmukund Sponge & Iron Private Limited and M/s Balmukund Cement & Roofings Pvt. Ltd. via the network of shell companies.

The entry operator clearly explained the circular trading of bogus purchases and sales through bank guarantees/LC. The entry provider is giving the purchase entry as well the sales entry also. As a result, the entire circuit of the bogus sale is started and ended at the entry operator only However, the assessee had already offered income on such alleged bogus purchases and sales.

7.2.5. Further, the assessee had relied upon the Hon'ble Delhi High court judgement in the case of PCIT vs Agson Global (P.) Ltd, reported in [2022] 286 Taxman 519 (Delhi).. This decision is squarely applicable in the case of the assessee. The facts of the case before the Hon'ble High Court were that the assessee was alleged to have been engaged in booking the fictitious/bogus purchases and sales. Both the alleged bogus sales and purchases were entered in the regular books of accounts. The sales were booked at a price higher than the purchase price, as such, profit on this account was returned in the books of accounts. The assessing officer added 25% of the bogus purchases booked by the assessee but ignored the sales booked to the fictitious parties. Hon'ble Tribunal deleted the addition made on account of bogus purchases on the ground that in case the bogus purchases are disallowed then the corresponding sales against these purchases would also have to be disallowed which would result into the lower of the profit than the returned income which is not permissible. The order passed by the Hon'ble Tribunal was accepted by the Hon'ble High Court, relevant portion of the decision in verbatim is reproduced as under,

"15.9 If the revenue chooses to disallow bogus purchases, it would necessarily have to, in our view, ignore the corresponding sales recorded against the very same parties.

107. In view of the above discussion, we are of the opinion that the learned assessing officer has incorrectly disallowed 25% of the purchases from the alleged bogus parties without finding any evidence and ignoring the sales paid by them to the assessee.....

Further, the assessee also relied on the decision of the Hon'ble Bombay High Court delivered in the case of PCIT vs Nitin Ramdeoji Lohia, reported in, [2022] 145 taxmann.com 546 (Bombay), "wherein, no disallowance of the bogus purchases can be made on the basis of the information received from sales tax department that assessee was beneficiary of accommodation entries without disputing the corresponding sales transactions.

Further, the assessee relied upon the Hon'ble ITAT Delhi Bench, in the case of DCIT vs Sharp Mint Ltd, reported in [2024] 159 taxmann.com 1381 (Delhi - Trib.), wherein, it has been held that "no ad hoc disallowance of purchases can be made so long as the

sales has been accepted. Reiterating the proposition laid down as above it is respectfully submitted that the exclusion of both the purchases and sales would result into lower the profits below the returned income.

7.2.6. In view of the above discussions and judicial pronouncements of Hon'ble Delhi High Court, Hon'ble Bombay High Court and Hon'ble Delhi ITAT, when the purchases and sales are fictitious and the profit on such fictitious turnover is already offered by the assessee then there is no logic to disallow any percentage on such alleged fictitious purchases Therefore, the addition of Rs 2.97.52.9931- made by the AD is deleted. Hence, these grounds of appeal raised by the assessee are allowed."

15.3. After hearing the rival contentions and perusing the materials available on record, we find that both the authorities below have admitted that the purchases and sales were made through the same commission agents who were only arranging the bills in order to inflate the gross sales / turnover of the assessee and in fact these purchases had not gone into manufacturing process. We also note that the assessee in fact had not generated any income or profit from these circular transactions. The Id. CIT (A) noted in Para no.7.2.4 that the entry operators during the course of search on them admitted that these were circular transactions intended to inflate the gross turnover of beneficiaries/ clients. Therefore, there is no dispute as to the fact that both the purchase and sale entries were arranged by the same operators and were meant to inflate the turnover. Therefore, we find merit in the contention of the Id. AR, who relied heavily on the order of the Id. CIT(A) that since there was no profit realized from these transactions over and above, what has been shown in the books account. We note that the Id. CIT (A) while passing the order has relied on series of decisions as extracted above. Therefore, we do not find any infirmity in the order of the Id. CIT (A) and accordingly, uphold the order of the Id. CIT (A) on this issue by dismissing the ground No. 2 raised by the Revenue.

16. The issue raised in ground no.3 is against the deletion of addition of ₹50.00 lacs received by the assessee from M/s Sandesh Vanijya Pvt. Ltd. by Id. CIT (A) as made by the Id. AO u/s 68 of the Act in respect of unsecured loans.

16.1. The facts in brief are that the Id. AO during the course of assessment proceedings noted that the assessee company has taken unsecured loans of ₹50 lacs during the current assessment year from Sandesh Vanijya Pvt. Ltd. on which interest of ₹15,534/- was made in A.Y. 2016-17. The Id. AO noted that the said loan creditor was also struck off in ROC records. The assessee explained before the Id. AO by producing the evidences such as confirmation of accounts, acknowledgment of ITR, bank statement as well as sources of funds that the loan was genuine and is not covered u/s 68 of the Act. However, the Id. AO treated the loan received by the assessee as unexplained cash credit and added to the income of the assessee u/s 68 of the Act.

16.2. In the appellate proceedings, the Id. CIT (A) deleted the addition by observing and holding as under:-

"8.2.13. In view of the various judicial pronouncements cited by assessee together with various evidential documents submitted by the assessee, it can be inferred that since the assessee had taken loan in case of normal business and repaid the said loan through banking channel in the subsequent FY, the assessee cannot be said to be beneficial owner of the money without any cogent evidence brought by the AO on record and addition under section 68 by the AO cannot be sustained. Hence, the addition of Rs.50,00,000/- made by the AO u/s 68 of the Act is liable to be deleted. Therefore, these grounds raised by the assessee are allowed."

16.3. We have heard the rival contentions and perused the materials as placed before us. We note that the assessee has filed all the

evidences before the AO and Id. CIT(A) and established that the repayment of loans made in the subsequent financial year. Therefore, no addition can be made u/s.68 of the Act on the ground that the assessee has failed to meet the ingredients of Section 68 of the Act. The case of assessee is squarely covered by the decisions of the Hon'ble Calcutta High court in number of cases namely PCIT-2, Kolkata Vs. Rahul Premier India Agency Private Limited in ITAT/133/2025, IA No.GA/2/2025 vide order dated 05.08.2025, PCIT Vs. M/s Narayan Tradecom Pvt. Ltd. in ITAT/76/2025, IA No. GA/1/2025 dated 10.06.2025, PCIT Vs. Alom Extrusions Ltd. ITAT/268/2024, IA no. GA/1/2024, GA/2/2024 dated 17.12.2024, PCIT Vs. M/s Edmond Finvest Pvt. Ltd., in ITAT/28/2024, GA/2/2024 dated 26.02.2024, PCIT Vs. Parwati Lakh Udyong, ITAT/2/2024, IA No.GA/1/2024 dated 19.02.2024. In all the above decisions the Hon'ble court has held that where the assessee has filed all the evidences qua the loan creditors before the Id. AO and loans are also repaid then the same cannot be added us/ 68 of the Act. Similarly, the case of assessee is squarely covered by the decision of the Hon'ble Gujarat High Court in the case of Ambe Tradecorp (P.) Ltd., reported in [2022] 145 taxmann.com 27 (Gujarat), wherein it has been held as under :-

"3. The issue in this case arose in respect of the assessment year 2012-2013. It appears that the two loan transactions of Rs. 8,50,00,000/- and Rs. 23,70,00,000/- received by respondent assessee from one M/s. J.A Infracon Private Limited and M/s. Satya Retail Private Limited were treated by assessing officer to be sham in the sense that the creditworthiness etc. of the giver of the loan were not established. Accordingly, the assessing officer made addition under section 68 of the Act.

3.1 While the assessing officer dealt with unexplained cash credit from the M/s. Satya Retail Private Limited and from M/s. J.A Infracon Private Limited in his order in paras 5.1 and 5.2 respectively, the Commissioner of Income-tax in the appeal preferred by assessee found on facts and the material before it that the said two cash creditors had

been holding there identity, creditworthiness and genuineness in respect of the loan transactions.

3.2 The appellate authority observed that, "In this regard, it has been noticed that ledger accounts and confirmations of the aforesaid two parties have been provided by the appellant to the AO in the assessment proceedings. Thereafter, the AO also carried out the independent inquiries u/s. 133(6) of the I.T. Act and in compliance thereto both the companies have submitted the requisite information."

3.3 The information supplied by assessee was duly noticed by appellate authority and facts in that regard were recorded also to arrive at a finding that the unsecured loans to the aforesaid parties have been paid by account payee cheques from the bank account of the assessee which was not in dispute, muchless in doubt. The accounts were finally settled with the repayment of the loan to the lender companies.

3.4 When the revenue preferred appeal before the Appellate Tribunal, the Tribunal confirmed the findings recorded by the Appellate Authority. The Tribunal referred to the decision of Durga Prasad More (82) ITR 540 and also in Sumati Dayal (214) ITR 801, to further record on the basis of the facts that the assessee had furnished the details such as copy of ledger account, bank statements, income tax returns, balance sheet etc. It was also recorded that notice under Section 133(6) of the Act was issued to the said parties which were duly responded by them. The identity of the parties could not be, therefore disputed, recorded the tribunal. The aspect was also noticed that the assessee was not beneficiary of the loan received by it and the loan was repaid by the assessee in the subsequent year. It led to unacceptable conclusion that the impugned transaction was a business transaction between the assessee and the loan parties and that they could not be doubted for their genuineness.

3.5 While the revenue has tried to put up a case that the transactions were in the nature of accommodation entries, this case has only presumptive and assumptive value not supported by any factual data. On the contrary, on the basis of the material before the authorities, the transactions were found to be genuine.

4. Learned advocate for the appellant attempted to emphasize that for the purpose of application of Section 68 of the Act, three ingredients were necessary. Firstly identity of the parties to the transaction of loan, second is the creditworthiness of such parties and thirdly the genuineness of the transaction. It was submitted in vain that neither of the ingredients were satisfied.

5. As discussed above, since the requisite material was furnished by assessee showing the identity and since the assessee was not beneficiary when the loan was repaid in the subsequent year, even the ingredients of creditworthiness and genuineness of transaction were well satisfied.

6. The Tribunal rightly recorded in para 29 of the judgment,

"Once repayment of the loan has been established based on the documentary evidence, the credit entries cannot be looked into isolation after ignoring the debit entries despite the debit entries were carried out in the later years. Thus, in the given facts and circumstances, were hold that there is no infirmity in the order of the Ld.CIT-A. "

7. For the reasons recorded above, no question of law muchless substantial questions arises in this appeal. It stands meritless and accordingly dismissed.

16.4. Considering the facts of the case before us in the light of the above decisions , we are inclined to uphold the appellate order on this issue by dismissing ground no. 3 of the revenue appeal.

17. In the result, the appeal of the Revenue in ITA No. 1595/KOL/2025 is dismissed.

A.Y. 2016-17

F. 1596/KOL/2025 (Revenue's appeal)

18. Issue raised in ground nos.1, is against the deletion of ₹1,79,51,667/- by the learned CIT(A) as made by the learned AO in respect of bogus purchases.

18.1. The issue raised in this ground is similar to one as decided by us (supra) in groundno.2 in ITA No. 1595/KOL/2025 of Revenue's appeal. Accordingly, our decision would, mutatis mutandis, apply to this ground. Hence, groundno.1 of Revenue's appeal is dismissed.

19. Issue in Ground no. 2, is against the deletion of addition of Rs.11,00,000/- by the learned CIT(A) as made by the learned AO u/s 68 of the Act in respect of unsecured loans being unexplained cash credit.

- 19.1. The issue raised in this appeal is similar to one as decided by us in ground no.3 of Revenue's appeal in ITA No. 1595/KOL/2025 for A.Y. 2015-16. Accordingly, our decision would, mutatis mutandis, apply to this ground of Revenue's appeal. Hence, ground no.3 is dismissed.
20. Issue in ground no. 3 is qua deletion of interest on unsecured loans of Rs.15,534/- by the CIT(A) as made by the AO on account of interest on bogus unsecured loans.
- 20.1. This issue is consequential to ground no. 2 of this appeal, hence dismissed.
21. Ground nos. 4 to 10 are general in nature.
22. In the Result, the appeal of the Revenue in ITA No. 1596/KOL/2025 is dismissed.

A.Y. 2017-18

G.1597/KOL/2025 (Revenue's appeal)

23. Issue raised in ground no.1 to 3 is general in nature and hence, require no adjudication.
24. The issue raised in ground no.4 of this appeal of Revenue is similar to one as decided by us in ground no.2 of ITA No. 1595/KOL/2025 for A.Y. 2015-16 (supra). Accordingly, our decision would, mutatis mutandis, apply to ground no.4 of this appeal as well. Hence, ground no.4 is dismissed.
25. The issue raised in ground no.5 of this appeal of Revenue is similar to one as decided by us in ground no.3 of ITA No. 1595/KOL/2025 for A.Y.

2015-16 (supra). Accordingly, our decision would, mutatis mutandis, apply to ground no.5 of this appeal. Hence, ground no.5 is dismissed.

26. Issue raised in ground no.6 against the order of Id. CIT(A) restricting the addition to Rs. 3,79,260/- as made by the AO on the basis of WhatsApp Chats of Rs. 63,00,000/-. We have allowed the assessee's appeal on this issue in ground no. 2 to 4 in ITA 1396/KOL/2025 A.Y. 2017-18, wherein the part sustaining of addition by CIT(A) has been assailed. Therefore, in view of our decision in assessee's appeal the ground no. 6 raised by the revenue is dismissed.

27. In the result, the appeal of Revenue in ITA No. 1597/KOL/2025 is dismissed.

A.Y. 2018-19

H.1598/KOL/2025 (Revenue's appeal)

28. Issue raised in ground no. 1 is against the deletion of addition of Rs. 37,59,130/- by CIT(A) as made by the AO in respect of bogus Purchases.

28.1. The issue raised in ground no.1 of this appeal of Revenue is similar to one as decided by us in ground no. 2 of ITA No. 1595/KOL/2025 for A.Y. 2015-16 (supra). Accordingly, our decision would, mutatis mutandis, apply to ground no.1 of this appeal. Hence, ground no.1 is dismissed.

29. Ground no. 2 is against the deletion of addition of Rs.2,30,00,000/- by the Id. CIT (A) as made by the Id. AO as unexplained cash credit u/s 68 of the Act in respect of unsecured loans.

29.1. The issue raised in ground no.2 of this appeal of Revenue is similar to one as decided by us in ground no. 3 of ITA No. 1595/KOL/2025 for A.Y. 2015-16 (supra). Accordingly, our decision would, mutatis mutandis, apply to ground no.2 of this appeal. Hence, ground no.2 is dismissed.

30. The issue raised in ground no.3 is against the order of CIT (A) restricting the addition of Rs.4,39,482/- as against the addition made by the AO of Rs.50,63,154/- made on the basis of WhatsApp chats.

30.1. We have allowed the assessee's appeal on this issue in ground no. 2 to 4 in ITA 1396/KOL/2025 A.Y. 2017-18, wherein the part sustaining of addition by CIT(A) has been assailed. Therefore, in view of our decision in assessee's appeal the ground no. 3 raised by the revenue is dismissed.

31. The issue raised in ground no 4 to 10 are general in nature and are not require any specific adjudication.

32. In the result, the appeal of the Revenue is dismissed.

**In case of
Balmukund Cement & Roofings Private Limited**

A.Y. 2015-16

A. 1699/KOL/2025 (Revenue's appeal)

33. The issue raised in ground no.1 by the revenue is against the deletion of addition of ₹95,00,000/- as made by the AO u/s 68 as unexplained cash credit.

33.1. The above addition has been made on account of unsecured loans received from two parties namely M/S Cheers Consultancy Pvt Ltd. Rs. 65,00,000/- and M/S Almost Commodities Pvt Ltd. Rs. 30,00,000/-. We note that the assessee which has been repaid these unsecured loans even before the date of search. The said issue is similar to one as decided by us in ground no. 2 in ITA No. 1595/Kol/2025 A.Y. 2015-16 dismissing the ground raised by the revenue on the ground that section 68 of the Act is not applicable to a case where unsecured loan raised has been repaid. Therefore our decision in ground no. 2 in ITA No. 1595/Kol/2025 A.Y. 2015-16 would mutatis mutandis apply to this appeal as well. The appeal of the revenue is dismissed.

34. In the result, the appeal of the Revenue is dismissed.

A.Y. 2016-17

B. 1700/KOL/2025 (Revenue's appeal)

35. The issue raised in ground no.1 & 2 is against the order of Id. CIT(A) deleting the addition of Rs. 1,82,51,519/- as made by the AO on account of bogus purchases.

35.1. The issue raised in this appeal is similar to one as decided by us in ground no.2 in ITA No. 1595/KOL/2025 for A.Y. 2015-16, wherein we have dismissed the appeal of the revenue by upholding the order of Id. CIT(A). Therefore, our decision in ITA No. 1595/KOL/2025 for A.Y. 2015-16 would mutatis mutandis apply to ground no. 1 & 2 of the revenue appeal as well. Consequently, the grounds no. 1 & 2 are dismissed.

36. The issue raised in ground nos. 3 to 7 by the revenue is against the deletion of addition of Rs. 50,00,000/- as made by the AO u/s 68 as unexplained cash credit.

36.1. The above addition has been made on account of unsecured loans received from M/S Almost Commodities Pvt Ltd. Rs. 50,00,000/-. We note that the assessee which has been repaid the unsecured loan even before the date of search. The said issue is similar to one as decided by us in ITA No. 1699/Kol/2025 A.Y. 2015-16 dismissing the appeal by the revenue on the ground that section 68 of the Act is not applicable to a case where unsecured loan has been repaid. Therefore, our decision in ground in ITA No. 1699Kol/2025 A.Y. 2015-16 would mutatis mutandis apply to this appeal as well. The ground no. 3 to 7 of the appeal of the revenue are dismissed.

37. In the result, the appeal of the Revenue is dismissed.

A.Y. 2017-18

C. 1701/KOL/2025 (Revenue's appeal)

38. The issue raised in ground nos.1 to 3 in this appeal is general in nature.

38.1. The issue raised in ground nos.4 & 5 is against the order of Id. CIT(A) deleting the addition of Rs. 28,25,277/- as made by the AO on account of bogus purchases.

39. The issue raised in ground nos. 4 & 5 is similar to one as decided by us in ground no. 1 & 2 in ITA No. 1700/KOL/2025 A.Y. 2016-17, wherein we have dismissed the ground no. 1 & 2 of appeal of the revenue by upholding the order of Id. CIT(A). Therefore, our decision in ITA No.

1700/KOL/2025 A.Y. 2016-17 would, mutatis mutandis, apply to these ground nos. 4 & 5 of the revenue appeal as well. Consequently, the ground nos. 4 & 5 are dismissed.

40. The issue raised in ground nos. 6 to 8 by the revenue is against the deletion of addition of Rs. 40,00,000/- as made by the AO u/s 68 as unexplained cash credit.

40.1. The above addition has been made on account of unsecured loan received from M/S Cheers Consultancy Pvt Ltd. of Rs. 40,00,000/-. We note that the assessee which has been repaid the unsecured loan even before the date of search. The said issue is similar to one as decided by us in ITA No. 1699/Kol/2025 A.Y. 2015-16 dismissing the appeal by the revenue on the ground that section 68 of the Act is not applicable to a case where unsecured loan has been repaid. Therefore, our decision in ground no.1 in ITA No. 1699Kol/2025 A.Y. 2015-16 would mutatis mutandis apply to these ground nos. 6 to 8 of this appeal as well. The ground nos. 6 to 8 of the appeal of the revenue are dismissed.

41. In the result, the appeal of the Revenue is dismissed.

A.Y. 2018-19

D. 1702/KOL/2025 (Revenue's appeal)

42. The issue raised in ground nos.1, 2 & 3 of this appeal is against the order of Id. CIT(A) deleting the addition of ₹37,24,182/- as made by the AO on account of bogus purchases.

- 42.1. The issue raised is similar to one as decided by us in ground no. 1 & 2 in ITA No. 1700/KOL/2025 A.Y. 2016-17, wherein we have dismissed the ground no. 1 & 2 of appeal of the revenue by upholding the order of Id. CIT(A). Therefore, our decision in ground no.1 & 2 in No. 1700/KOL/2025 A.Y. 2016-17 would mutatis mutandis apply to these ground nos. 1,2 & 3 of the Revenue's appeal as well. Consequently, the ground nos. 1,2 &3 are dismissed.
43. The issue raised in ground no.4, 5 & 6 are not pressed, hence, dismissed.
44. In the result, the appeal of the Revenue is dismissed.

A.Y. 2020-21

E. 1703/KOL/2025(Revenue's appeal)

45. At the outset, it is seen, that the tax effect on the disputed additions before us is less than Rs. 60 lacs as the prescribed in the CBDT Instruction bearing No. 9 of 2024 issued on 17th September, 2024.
46. we have gone through the grounds raised by the Revenue. It is pertinent to note that the tax effect by virtue of relief given by the first appellate authority is less than Rs.60,00,000/-. As per CBDT Instruction bearing No. 9 of 2024 issued on 17th September, 2024, CBDT has directed its subordinate authorities not to challenge the order of Id. CIT(Appeals) before Tribunal if tax effect by virtue of relief given by the Id. CIT(Appeals) is less than Rs.60,00,000/-. Such order could only be challenged if it comes within exceptions provided in the Instruction. Therefore, these cases do not fall in any of the exceptions and, these appeals are not maintainable. On due consideration of the

above facts and circumstances, we dismiss the appeal of the Revenue for want of tax effect.

47. In the result, the appeal of the Revenue dismissed.

A.Y. 2023-24

F. 1704/KOL/2025 (Revenue's appeal)

48. The only issue raised in various grounds of appeal is against the restricting the addition to Rs.46,44,110/- by CIT(A) as against the total addition of Rs.2,75,12,500/- made by the learned AO by applying gross profit rate of 16.88% based on the WhatsApp Chats.

48.1. We have allowed the assessee's sister concern case of M/s Balmukund Sponge and Iron Pvt. Ltd., on this issue in ground no. 2 to 4 in ITA 1396/KOL/2025 for A.Y. 2017-18, wherein the part sustaining of addition by CIT(A) has been assailed under similar facts. Therefore, in view of our decision in that appeal, the issue raised in various grounds of Revenue's appeal is dismissed.

49. In the result, the appeal of the Revenue is dismissed.

A.Y. 2023-24

G. 1399/KOL/2025 (Assessee's appeal)

50. The issue raised in ground nos. 1, 2 and 7 are general in nature.

51. The issue raised in ground nos.3, 5 & 6 are against the order of CIT(A) restricting the addition of ₹506400/- and ₹11,83,288/- respectively, by applying the gross profit rate shown by the assessee as against the total addition of Rs.30,00,000/- and ₹70,10,000/- respectively made by the learned AO u/s 69A of the Act on the basis of WhatsApp Chats.

51.1. We have allowed the assessee's appeal on this issue in ground no. 2 to 4 in ITA 1396/KOL/2025 for A.Y. 2017-18, wherein the part sustaining of addition by CIT(A) has been assailed. Therefore, in view of our decision in assessee's appeal in ITA No.1396/KOL/2025 would, mutatis mutandis, apply to ground no.3 of this appeal of assessee. Hence, ground no.3, 5 & 6 are allowed.

52. The issue raised in ground no.4 is against the restriction of addition of Rs.29,54,422/- by the learned CIT(A) by applying GP rate shown by the assessee as against the addition of Rs.1,75,02,500/- made by the learned AO on the basis of ledger account of one Suraj Transfer.

52.1. The facts in brief are that the assessee has made internal transfer of money of ₹1,75,07,120/- as receipt and payment of ₹1,75,02,500/-, which was internal movement of cash in the chest account and these transactions were duly recorded in the books of account. However, the reply of the assessee rejected by the Id. AO and the same was added to the income of the assessee as unexplained.

52.2. In the appellate proceedings, the Id. CIT (A) partly allowed the appeal of the assessee by restricting the addition to ₹29,54,422/- by applying a gross profit rate on the amount recorded in the seized documents.

52.3. After hearing the rival contentions and perusing the materials available on record, we find that the business of the assessee is scattered into three states i.e. Bihar, Jharkhand and West Bengal and the entire business of operation are conducted by the staff. The surplus cash is transferred to chest at Patna and Kolkata and therefore, these

are the entries of intercompany transactions. We note that these transactions were duly recorded in the books of account which are examined by us and is duly recorded in the books of account. Considering these facts and circumstances, we are inclined to modify the order of Id. CIT (A) and direct the Id. AO to delete the addition.

53. In the result, the appeal of the assessee is allowed.

**In case of
Balmukund Lease Fin Private Limited**

A.Y. 2020-21

A. 1759/KOL/2025 (Revenue's appeal)

54. The issue raised in ground no.1 of this appeal by the Revenue is against the deletion of addition of Rs. 4,51,00,000/- as made by the AO u/s 68 as unexplained cash credit in respect of unsecured loans besides raising the issue of deletion of interest of Rs.19,25,497/- by the learned CIT(A) as made by the learned AO in respect of interest paid on bogus unsecured loan.

55. The above addition has been made on account of unsecured loans received from the following parties :

A.Y.	Name of Loan Creditor	Amount added u/s 68 of the Act	Interest disallowed u/s 36(1) being bogus expenses
2020-21	Sunbright Trexim Pvt Ltd	Rs.1,05,00,000/-	Rs.5,03,372/-
	Shristi Investment Pvt Ltd	Rs.80,00,000/-	Rs.3,80,213/-
	Shrey Finance & Investment Pvt Ltd	Rs.90,00,000/-	Rs.4,19,607/-
	Ginvani Merchants Pvt Ltd	Rs.20,00,000/-	Rs.92,951/-
	Assam Hire Purchase Co Pvt Ltd	Rs.1,46,00,000/-	Rs.5,29,354/-
	Vishesh Marketing Pvt Ltd	Rs.10,00,000/-	-
	TOTAL	Rs.4,51,00,000/-	Rs.19,25,497/-

55.1. We note that the assessee which has been repaid the unsecured loan even before the date of search. The said issue is similar to one as decided by us in ITA No. 1699/Kol/2025 A.Y. 2015-16 dismissing the appeal by the revenue on the ground that section 68 of the Act is not applicable to a case where unsecured loan has been repaid. Therefore our decision in ground in ITA No. 1699Kol/2025 A.Y. 2015-16 would mutatis mutandis apply to this appeal as well. The appeal of the revenue is dismissed.

56. The issue raised in ground no.4 is against the order of Id. CIT (A), deleting the addition of ₹19,25,497/- on account of deletion of interest, which is a consequential issue and is accordingly dismissed by upholding the order of learned CIT(A) on this issue.

57. In the Result, the appeal of the Revenue is dismissed.

58. To sum up, the appeals of the assessee are allowed and the appeals of the Revenue are dismissed.

Order pronounced in the open court on 09.12.2025.

Sd/-
(PRADIP KUMAR CHOUBEY)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 09.12.2025

Sudip Sarkar, Sr.PS



Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Kolkata