

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH, 'C': NEW DELHI**

**BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER &
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER**

**ITA Nos.1440, 1441, 1442 AND 1443/Del/2025
[Assessment Years: 2020-21, 2018-19, 2019-20 and 2021-22]**

V K Ready Mix Concrete Pvt. Ltd. Khasra No.434, Village Sabhapur, Rati Ram Marg, Delhi-110094	Vs	Deputy Commissioner of Income Tax, Central Circle-30, 2 nd Floor, ARA Centre, Jhandewalan, Delhi-110055
PAN AAECV6568K		
Appellant		Respondent

**ITA Nos.2952, 2953 AND 2954/Del/2025
[Assessment Years: 2018-19, 2019-20 and 2020-21]**

Assistant Commissioner of Income Tax, Central Circle-30, Room No.320, 3 rd Floor, ARA Centre, 2 nd Floor, ARA Centre, Jhandewalan Extension, Delhi-110055	Vs	V K Ready MiX Concrete Pvt. Ltd. Khasra No.434, Village Sabhapur, Rati Ram Marg, Delhi-110094
		PAN AAECV6568K
Appellant		Respondent

Assessee by	None
Revenue by	Shri Mukesh Kumar Jha, CIT(DR)

Date of Hearing	17.12.2025
Date of Pronouncement	19.12.2025

ORDER

PER BENCH

This bunch of seven appeals as per following details have been preferred by the assessee and by the Revenue respectively against the separate

orders of Id. Commissioner of Income Tax (Appeals)-30, New Delhi (hereinafter referred to as 'Id. CIT(A)'). The word 'Act' herein this order would mean Income Tax Act, 1961.

S. No.	Appeal Nos.	AYs	Appellant	CIT(A) Order Details	Respondent
1	ITA No.1440/Del/2025	2020-21	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Appeal No.30/10778/2019-20 dated 30.01.2025	Deputy Commissioner of Income Tax, Central Circle-30,
2	ITA No.1441/Del/2025	2018-19	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Appeal No.30/10372/2017-18 dated 30.01.2025	Deputy Commissioner of Income Tax, Central Circle-30,
3	ITA No.1442/Del/2025	2019-20	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Appeal No.30/10609/2018-19 dated 30.01.2025	Deputy Commissioner of Income Tax, Central Circle-30,
4	ITA No.1443/Del/2025	2021-22	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Appeal No.30/10119/2020-21 dated 24.12.2024	Deputy Commissioner of Income Tax, Central Circle-30,
5	ITA No.2952/Del/2025	2018-19	Assistant Commissioner of Income Tax, Central Circle-30,	Appeal No.30/10372/2017-18 dated 30.01.2025	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K
6.	ITA No.2953/Del/2025	2019-20	Assistant Commissioner of Income Tax, Central Circle-30,	Appeal No.30/10609/2018-19 dated 30.01.2025	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K

7.	ITA No.2953/Del/2025	2020- 21	Assistant Commissioner of Income Tax, Central Circle- 30,	Appeal No.30/10778/2019- 20 dated 30.01.2025	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K
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ITA No.1400 to 1443/Del/2025 (Assessee's appeal)

2. The assessee has contested the order of the ld. CIT(A) for Assessment Years 2018-19, 2019-20-, 2020-21 and 2021-22 through the above four appeals. The Registry had noted that the grounds of appeal uploaded by the assessee were not signed by the assessee. Accordingly, the mistake was communicated for rectification through communication dated 11.03.2025 of the Registry. On 27.08.2025, the ld. AR of the assessee namely Shri Jatin Gupta was present who filed signed grounds of appeal. Hon'ble Bench noted that the grounds of appeal signed by the assessee were actually photocopies of signed copies. Accordingly, the Hon'ble Bench directed the appellant assessee to file copies of grounds of appeal signed in original. At the request of the ld. AR the case was adjourned for 27.10.2025. On the said date none appeared on behalf of the appellant assessee. The Bench observed and issued directions for defect removal and posted the matter for 17/12/2025. Once again there has been no response from assessee.

3. Section 253(6) of the Act clearly postulate that an appeal before the tribunal shall be filed in the prescribed form and verified in the prescribed manner. Grounds of appeal filed by an appellant constitute integral document

in an appeal memorandum. It is necessary for the litigant to place his signatures on the grounds of appeal to pursue his matter before the Tribunal for adjudication. In the present case, the appellant has been given as many as three opportunities, including two by an Hon'ble Co-ordinate Bench of this Tribunal to rectify the defect of unsigned grounds of appeal. The appellant has chosen not to comply with the request of the Registry and directions of the Bench. As the appeal of the assessee is defective, the same cannot be adjudicated. Accordingly, appeals of the assessee in ITA Nos.1440 to 1443/Del/2025 for Assessment Years 2018-19, 2019-20-, 2020-21 and 2021-22 are dismissed.

ITA Nos.2952 to 2954/Del/2025 (Revenue's Appeal)

4. We would like to take up the appeals of the Revenue. The ld. DR submitted that the facts of all the appeals are identical and hence all the above appeals were heard together and are being adjudicated by this common order. Further, for the purposes of this order, we have taken facts and figures for AY 2020-21. As facts for all the remaining years are identical, decision taken for AY 2020-21 would apply mutatis mutandis to AY 2018-19 and 2019-20. The Revenue has raised following grounds of appeal for Assessment Year 2020-21:-

1. *Whether on the facts and in the circumstances of the case and in the provisions of the law, the Ld. CIT(A) is correct in allowing the appeal of the assessee without appreciating the facts of the case.*

2. *Whether on the facts and in the circumstances of the case and in the provisions of the law, the Ld. CIT(A) is correct in applying the GP ratio @20% on the bogus purchases on the basis of which the addition to the tune of Rs. 62,91,528/- has been sustained.*
3. *Whether on the facts and in the circumstances of the case and in the provisions of the law, the Ld. CIT(A) is correct in allowing the 80% of the bogus purchase ignoring the facts that the addition of Rs. 2,51,66,112/- was made on the basis of the statements of the entry provider Sh. Sanjay Jain.*
4. *Whether on the facts and in the circumstances of the case and in the provisions of the law, the Ld. CIT(A) is correct in not considering the fact that the assessee took the purchase entry to escalate its purchase expenses over and above its actual purchase expenses to evade taxes.*
5. *Whether on the facts and in the circumstances, the CIT(A) is correct in not considering the facts that the assessee has shown the revenue from operation generated from the sale of actual purchase only. No sale has been shown by the assessee for the bogus purchase entry taken by the assessee. Hence, consideration of profit element embedded in the bogus purchases is not correct.*

5. As per brief factual matrix of the case, Return declaring income under section 115JB of Rs.41,45,469/- was filed by the assessee. As per para-2 of the order, a search action u/s 132 was conducted on 26.10.2020 in the case of one Sanjay Jain and Mehta Group of cases. The AO had initiated action under section 153C in case of the assessee. The AO enquired into transactions under taken with Shri Sanjay Jain and his entities. Accordingly, he proceeded to conclude that the transactions were not genuine and manipulated by the assessee so as to increase his purchases and adduce profits. On the issue of impugned bogus purchases, the ld AO made following observations in paras- 4 to 9 of his order.

“.....4. The AR of the assessee has made the compliance of the above notices. Submission made by the AR of the assessee considered and not found tenable with regard to the purchase of Rs. 4,02,65,776/- from the entities controlled by Sh. Sanjay Jain for the following's reasons: -

On analysis of the tally data, found with Sanjay Jain that under the head of sundry debtors, there are ledgers of various intermediaries which includes the list of intermediaries between the beneficiaries and Sanjay Jain. For each intermediary, Sanjay Jain maintains a ledger in which details of the transaction are entered into tally. Entry of RTGS received from the beneficiary and Cash sent to the beneficiary through the intermediary are entered into the ledger.

Sanjay Jain had given list of top 50 beneficiaries as well as extracted from tally data as annexure A-31, who have benefitted from his entry operation business, the name of your company/firm is found in the list of the beneficiary.

5. The assessee vide his reply explained the working of their firm and claimed that the material purchased by them is only for the works related with the Government allotted work orders and the material is directly received at the premise of the site. The reply of the assessee is not complete in respect of enclosing any documentary evidences, any invoice copies mentioning e-way bills, challans, bilty, etc. to prove that material is supplied physically through these companies, controlled by the Sanjay Jain is received by them.

Even if the reply of the assessee is accepted they have worked for Govt. Departments, it is proven facts that purchases have been inflated through bogus billing issued by firm / company of the Sanjay Jain. However, one another issue also there that no stock found from the business premises of Sanjay Jain and intermediaries at the time of search.

There was no evidence/seized material of Kachchi Parchi from where assessee actually purchase the goods, which could prove that the bogus billing have been covered with material purchase in cash from open market.

Hence, it is proved that this is nothing but inflated purchase in the form of bogus purchases to claim expenses in books of accounts.

5.1 There are reasons why Expenses are bogus:

- (i) To verify the genuineness of these transactions undertaken by the assessee, Notice u/s 133(6) were issued but the entity did not

responded to the notice and no reply has been received from them.

- (ii) Furthermore, ITR of these firms/companies were verified from ITBA and it was observed that most of the Firms/Companies have no creditworthiness from where purchases have been made by the assessee.*
- (iii) Many firms/Companies have also not filed GST return except GSTR-I (Analysis made by the Investigation wing).*
- iv. Several opportunities have been given to the assessee. However, no corroborative evidence has been submitted to explain the genuineness of Purchases/ Expenses.*
- (v) The assessee has not submitted any evidence for the actual movement of the material like e-way bills/bilty as mode of transport details.*
- vi. To ascertain further, many of the transport vehicle numbers were verified on the e-VAAHAN portal of Govt. Of India and it was found that no data is available on portal.*
- (vii) The statements recorded u/s 132(4) of the entry operators and intermediaries and employees of the assessee company, substantiate the facts that bogus purchases/expenses has been regularly made by the company to show low profits.*
- (viii) Further, The beneficiaries like M/s. Girdharilal Construction Pvt. Ltd., has accepted the purchases as bogus which were doing same business and has made purchases mostly from the same dealers.*
- (ix) GST has been deposited by the assessee after search which substantiate that the assessee has made bogus purchases.*

6. The assessee has no explanation in respect of the evidence seized during the search operation and the details submitted by them is irrelevant and only to derail the assessment proceedings, when there are ample evidences are available on records in respect of the modus operandi of these transactions done by these entities, bogus billing for accommodation entries, commission and cash transaction against Bank/RTGS transfer of money, non-availability of records with the assessee, therefore, the transactions under question remain unexplained in the hands of the assessee for the amount shown as hereunder.

The facts and circumstances of the case as well as the written submissions made by the assessee in the course of the proceeding under section 153A of the Act have been carefully examined. In this regard, on such examination of the records available and merits of the case, and reply of the assessee has been considered and not found tenable as the assessee has not substantiate the entries found as no supporting

document in this respect is produced to substantiate these transactions, the amount of Rs. 4,02,65,776/- remained unexplained in regard to genuineness of these purchases done. However, the assessee has booked the GST Input of Rs. 88,08,138/- pertaining to transaction held in A.Y 2020-21. Detailed analysis of transactions are done in following paragraphs.

7. It is established that the assessee company has made bogus purchases of Rs. 4,02,65,776/- from the entities controlled by Sanjay Jain which is clear from the statement of Sh. Sanjay Jain and seized tally data as discussed in above paras. Assessee has taken the bogus purchases from the various entity controlled by Sanjay Jain entry provider. Further, on perusal of the relevant details of purchase made with the above entity by the assessee, it is found that The assessee has made payment of Rs. 4,02,65,776/- against bogus purchase in its books

It is observed that the assessee has taken benefit of Rs. 3,14,57,638/- under head purchase (profit and loss account) in its books of accounts and Benefit of Rs. 88,08, 138/- (as assets in balance sheet) is taken under as GST Input. As under Income Tax Act, the assessee has reduced its profit through booking bogus purchase in its Profit and Loss account by Rs. 3,14,57,638/- during the relevant year and paid less GST tax to government department by Rs. 88,08,138/-. As far as GST amount is concerned, department has already passed the information to concerned authority. Hence, it is clearly evident that the assessee has booked purchases of Rs. 3,14,57,638/- on account of purchases and claimed under profit and loss accounts.

8. "The relevant extract of section 37 of Income Tax Act is attached herewith

(1) Any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee, laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head "Profits and gains of business or profession".

Explanation 3 For the removal of doubts, it is hereby clarified that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee, -

- (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or*
- (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or*
- (iii) to compound an offence under any law for the time being in force, in India or outside India.*

On plain reading of section, it clearly says that if an expense is incurred in any form for any purpose which is an offence under, or which is prohibited by any law for the time being in force, that is considered as violation under law, that expenses are not allowed u/s 37 of Income Tax Act.

9. Keeping in view the aforesaid position, Assessee company booked expenses from Sanjay Jain controlled firms. therefore, addition to assessee's income under Income Tax Act in respect of purchases that bills were manipulated so as to increase purchases and reduce profit in books of accounts, therefore, disallowance is justifiable to assessee's income. Hence, Rs. 3,14,57,638/- on account of purchase is being disallowed and added to the total income of the assessee under section 37 of Income Tax Act.....”

6. Aggrieved with the addition made by the Id. AO, assessee agitated before Id. CIT(A), who proceeded to sustain addition only in respect of 20% of the disputed purchases, amounting to Rs.62,91,528/-. Thus, as against addition of Rs.3,14,57,638/- made by the Id. AO, the Id. CIT(A) confirmed addition amounting to Rs.62,91,528/- only. The Revenue has assailed the impugned order with the grounds of appeals reproduced hereinabove. For the purposes of clarity, specific findings of the Id. CIT(A) are extracted herein below.

“.....8.7 In evaluating the evidence and submissions, it is clear that while the appellant has successfully addressed some of the AO's allegations, certain critical aspects remain unresolved. The verification of transport details and the submission of purchase invoices lend partial credibility to the appellant's claim. However, the absence of stock reconciliation records coupled with corroborative evidence from the statements of Sanjay Jain and Nikhil Sachar, establishes that the purchases in question were not entirely genuine.

8.8 It is also important to acknowledge that the corresponding sales and consumption of materials have not been disputed, indicating that the materials were procured through back-channel operations. In such situations, taxing the entire amount of alleged bogus purchases would be excessive and inconsistent with judicial precedents. Instead, it is more appropriate to estimate and tax the profit element embedded in these transactions, taking into account the nature of the industry and the specific 8.9 GST rate of 28%, inherently involves significant costs and margins. when routed through accommodation entry operators. Given the high GST rate of 28% on cement and the inherent costs associated with back-channel operations (such as commissions and logistics), addition of 20% on the disputed purchases is deemed reasonable. This estimation adequately reflects the profit element involved in the transactions and aligns with the principle that additions must be based on fair and reasonable estimates. Although the Gujarat High Court in CIT vs. Simit P. Sheth upheld a GP addition of 12.5%, the higher GST rate and other circumstances in this case justify a slightly higher addition of 20%.

8.10 In light of the above findings, the addition made by the AC modified. Accordingly, 20% of the disputed purchases, amounting to 262,91,528/-, is sustained as taxable income. Above grounds of appeal are partly allowed.....”

7. The assessee was called absent in the case. We have also noted that the assessee has been absenting himself from hearings on past couple of occasions as well. It is trite law that the law aids vigilant litigants only.

8. We have heard the ld. DR in the light of material available on records. The principal argument of the Revenue is that the addition of impugned bogus purchases was made by the ld. AO on the basis of findings of such proceedings and evidences collected during the course of search. The ld. DR accordingly argued that the estimation of ld. CIT(A) was therefore unfounded. It was vehemently argued while relying on the order of ld. AO, that the addition is based upon evidences found during the search and detailed enquiries and investigation conducted by the ld. AO, inter alia, considering statement of parties to the transactions.

9. We have examined the order of Ld. Assessing Officer and are of the considered view that the order passed by the Ld. CIT(A) 30.01.2025 which has been assailed by the Revenue, has not been passed after carefully considering the facts of the case and correct interpretation of law. Before us the assessee has not advanced any evidence to defend its case. We therefore totally agree and uphold the findings of the learned Assessing Officer. In this regard we rely upon the order of Hon'ble Delhi High court in the case of Global Vantage Pvt Ltd dated 14.03.2013 considering ITA No.1828- 1829 / Del / 2010 and ITA No.1254 / Del / 2011 holding as under:-

“....The learned counsel for the revenue contended that it was incumbent upon the Tribunal to have recorded its own findings rather than merely confirming the findings of the CIT (Appeals). However, the learned counsel for the respondent/ assessee drew our attention to the Supreme Court decision in the case of CIT v. K.V. Pilliah and Sons : (1966) 63 ITR 411 (SC), wherein, on a similar point having been raised, the Supreme Court observed as under: -

“The Income-tax Appellate Tribunal is the final fact-finding authority and normally it should record its conclusion on every disputed question raised before it, setting out its reasons in support of its conclusion. But, in failing to record reasons, when the Appellate Tribunal fully agrees with the view expressed by the Appellate Assistant Commissioner and has no other ground to record in support of its conclusion, it does not act illegally or irregularly, merely because it does not repeat the grounds of the Appellate Assistant Commissioner on which the decision was given against the assessee or the department. The criticism made by the High Court that the Tribunal had “failed to perform its duty in merely affirming the conclusion of the Appellate Assistant Commissioner” is apparently unmerited.”

10. Accordingly, we are of the considered view that the order passed by the Ld. Assessing Officer therefore does not require any intervention at this stage. We therefore totally rely upon the order of the ld. AO. The principal enunciated by Hon’ble Apex Court in its above cited decision would hold equally to in the case of orders passed by Assessing Officer also. The order of the Ld. CIT(A) qua issues contested through grounds of appeal by the appellant Revenue is therefore set-aside. All the grounds of appeal raised by the appellant Revenue are therefore allowed.

11. As sated earlier, the facts of AY 2018-19 and 2019-20 also contested by the Revenue are identical to those in AY 2020-21. Accordingly, the decision in AY 2020-21 would apply mutatis mutandis to Revenue’s appeal for AY 2018-19 and 2019-20. Accordingly, the order of the Ld. CIT(A) for AY 2018-19 and 2019-20 qua issues contested through grounds of appeal by the appellant Revenue is also set-aside. All the grounds of appeal raised by the appellant Revenue for the two assessment years are also allowed.

S. No.	Appeal Nos.	AYs	Appellant	Result
1	ITA No.1440/Del/2025	2020-21	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Dismissed
2	ITA No.1441/Del/2025	2018-19	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Dismissed
3	ITA No.1442/Del/2025	2019-20	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Dismissed
4	ITA No.1443/Del/2025	2021-22	V K Ready Mix Concrete Pvt. Ltd. PAN AAECV6568K	Dismissed
5	ITA No.2952/Del/2025	2018-19	Assistant Commissioner of Income Tax, Central Circle-30,	Allowed
6.	ITA No.2953/Del/2025	2019-20	Assistant Commissioner of Income Tax, Central Circle-30,	Allowed
7.	ITA No.2953/Del/2025	2020-21	Assistant Commissioner of Income Tax, Central Circle-30,	Allowed

Order pronounced in the open court on 19th December, 2025.

Sd/-
[ANUBHAV SHARMA]
JUDICIAL MEMBER

Dated: 19.12.2025

Shekhar

Copy forwarded to:

1. Appellant
2. Respondent
3. PCIT
4. CIT(A)
5. DR

Sd/-
[AMITABH SHUKLA]
ACCOUNTANT MEMBER

Asst. Registrar,
ITAT, New Delhi