



IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCHES "SMC", PUNE

BEFORE DR.MANISH BORAD, ACCOUNTANT MEMBER
AND SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.1497/PUN/2025
Assessment Year : 2009-10

Ellora Ispat, W-210, Indrayani Nagar, Pune 411026, Maharashtra PAN : AAAFE3629F	Vs.	ITO, Ward-6(4), Pune
Appellant		Respondent

आयकर अपील सं. / ITA No.1988/PUN/2025
Assessment Year : 2009-10

ITO, Ward-6(3), Pune	Vs.	Ellora Ispat, W-210, Indrayani Nagar, Pune 411026, Maharashtra PAN : AAAFE3629F
Appellant		Respondent

Assessee by	:	Shri S.D. Pathak
Revenue by	:	Shri Manish Sinha (Virtual)
Date of hearing	:	22.12.2025
Date of pronouncement	:	08.01.2026

आदेश / ORDER

PER DR. MANISH BOARD, ACCOUNTANT MEMBER :

The captioned appeals at the instance of assessee as well as Revenue pertaining to A.Y. 2009-10 are directed against the order dated 02.06.2025 framed by National Faceless Appeal Centre, Delhi emanating out of Assessment Order dated 22.11.2019 passed u/s.143 r.w.s.254 of the Income Tax Act, 1961.



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2. The issues raised in the cross appeals revolves around the addition for bogus purchases at ₹31,45,803 made by the Assessing Officer for the purchases made from M/s. Rashmi Enterprises. Ld.CIT(A) has given part relief estimating the addition @12.5% of the alleged bogus purchases against which the Revenue is in appeal and the assessee has challenged the finding of ld.CIT(A) estimating the profit @12.5% of the alleged bogus purchases.

3. Brief facts of the case are that the assessee is a partnership firm engaged in the business of dealing in MS plates and profile cutting. Return of income for the A.Y. 2009-10 furnished on 21.10.2009 declaring income of ₹1,64,790. Return processed u/s.143(1) of the Act. Subsequently, the reassessment proceedings were carried out u/s.147 and vide order dated 25.03.2015 assessed income at ₹33,10,590 by the Assessing Officer after making addition for alleged bogus purchases at ₹31,45,803 from M/s. Rashmi Enterprises.

4. Against the addition made by Assessing Officer, assessee preferred appeal before ld.CIT(A) and vide order dated 27.07.2017 the addition was confirmed. Thereafter, assessee preferred appeal before this Tribunal and vide order dated 12.04.2018 this Tribunal restored the matter back to the file of ld. Jurisdictional Assessing Officer with a direction to verify the documentary evidences available with the assessee in respect of goods purchased from M/s. Rashmi Enterprises. In compliance to the direction given by this Tribunal, ld. Assessing Officer carried out the set aside proceedings and issued notice u/s.142(1) of the Act on 22.10.2019. Assessee furnished various details including the ledger account, copy of



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purchase bills along with lorry receipts, corresponding sales details and the proof of payments. However, ld. Assessing Officer did not consider these details and again confirmed the addition for bogus purchases of ₹31,45,803.

5. Dissatisfied with the order of the Assessing Officer, assessee preferred appeal before ld.CIT(A) and vide order dated 02.06.2025 ld. CIT(A) granted part relief to the assessee and made the addition for suppressed profits only to the extent of 12.5% of the alleged purchases.

6. Aggrieved with the finding of ld.CIT(A) both the assessee as well as the Revenue are in appeal before this Tribunal.

7. Ld. Counsel for the assessee vehemently argued referring to the written submissions filed before ld.CIT(A) and further gave reference to the ledger account of the subsequent period in which the payments have been made to M/s. Rashmi Enterprises through Account Payee cheque. He also submitted that sales of the assessee have not been disputed at any stage and that the books of account have not been rejected by the Assessing Officer u/s.145(3) of the Act. He however admitted that the quantitative details of the goods purchased and sold are not maintained but the gross profit of the assessee is consistent for past many years.

8. On the other hand, ld. Departmental Representative supported the order of ld. Assessing Officer and he stated that ld. Assessing Officer has treated M/s. Rashmi Enterprises as bogus dealer based on the information received from Sales Tax Department and that the assessee has not been able to file the details before the Assessing Officer to prove the genuineness of



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the purchases and therefore the addition for bogus purchases of ₹31,45,803 deserves to be sustained.

9. We have heard the rival contentions and perused the record placed before us. The issue before us revolves around the purchases of ₹31,45,803 made by the assessee from M/s. Rashmi Enterprises. In the second round of the proceedings carried out by the Assessing Officer on the directions given by this Tribunal vide order dated 12.04.2018, where were only confined to examining the documentary evidences of alleged purchases available with the assessee. As per the assessee, the details of purchases made from M/s. Rashmi Enterprises from 30.05.2008 to 24.08.2008 were filed which included five purchases bills along with lorry receipts, details of corresponding sales and proof of payments made to the supplier during F.Y. 2010-11. Copies of all these documents are also placed in the paper book running into 59 pages filed on 22.09.2025. As per these details the assessee made the purchases during F.Y. 2008-09 and part payment amounting to ₹16,31,379.78 was made during F.Y. 2010-11 and the remaining amount of ₹15,14,423.22 has been paid during F.Y. 2011-12. All these payments have been made by the assessee through Account Payee cheque issued from The Saraswat Cooperative Bank Ltd. OD Account. This fact remains uncontroverted by the Id. Departmental Representative and therefore one of the observation of the Assessing Officer for making the alleged disallowance that no payment was made to the said party is factually incorrect. Second reason for the disallowance of purchases alleged by the Assessing Officer is that no purchases were made from M/s. Rashmi Enterprises. Now in the instant case, assessee's sales have not been



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disputed, books of account have not been rejected u/s.145(3) and the gross profit rates are also consistent. Proof of purchases along with lorry receipts have also been furnished and the same have not been controverted by the Id. Departmental Representative by placing any other contrary material.

10. We also note that the books of account of the assessee are audited u/s.44AB of the Act and Audit Report stands duly filed and the turnover of the assessee during the year is ₹2,42,03,026.72 and the purchases during the year are shown at ₹2,88,89,334.89 and except the alleged purchases remaining purchases have been found to be genuine by the Assessing Officer. It has been also demonstrated before us that in case of other vendors also assessee is not making total payments during the year and they are outstanding in the year in which the goods are purchased and the payments are made in subsequent periods. Reference made to the ledger account of M/s. Royal Steel Traders and Paras Sales Corporation from which also assessee has made the purchases during the year. Against the purchase of ₹9,07,322/- during the year and the total credit balance of ₹49,77,223 in case of M/s. Royal Steel Traders, only ₹2,51,576 have been paid during the year. Similarly in case of another supplier Paras Sales Corporation total purchase made during the F.Y. 2008-09 at ₹33,58,333 remains outstanding and payments have been made subsequently. Id. Assessing Officer has not doubted the genuineness of the purchases made from M/s. Royal Steel Traders and Paras Sales Corporation. It therefore indicates that the assessee is making the purchases but gets sufficient time from the vendors for making the payments.



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11. We find that Id.CIT(A) has given part relief to the assessee by estimating the profits @12.5% of the alleged purchases. We also notice that assessee has not maintained the quantitative details since no such details are mentioned by the Auditor in the Tax Audit Report and therefore the gross profit of the assessee are on estimate basis only. Considering the facts and circumstances of the case and also taking note of the finding of Id.CIT(A) and settled judicial precedents and non maintenance of quantitative details to prove the complete genuineness of purchase and sale of goods and further on considering the gross profit rate declared by the assessee at 5.59%, we being fair to both the sides estimate the suppressed profit on the alleged purchases @6% and sustain the addition of ₹1,88,748 and delete the remaining disallowance of purchases. Our decision of estimating the suppressing the profit @6% is purely based on the facts of the instant case and case specific and it should not be taken as a binding precedent. Grounds of appeal raised by the assessee are partly allowed and those by the Revenue are dismissed.

12. In the result, the appeal filed by the assessee is partly allowed whereas the appeal filed by the Revenue is dismissed.

Order pronounced on this 08th day of January, 2026.

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 08th January, 2026.
Satish



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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "SMC" बेंच,
पुणे / DR, ITAT, "SMC" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Assistant Registrar,
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.