

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'E', NEW DELHI**  
**Before Sh. Satbeer Singh Godara, Judicial Member**  
**&**  
**Sh. Amitabh Shukla, Accountant Member**

**ITA No. 5719/Del/2024 : Asstt. Year: 2018-19**

M/s T. C. Agro Food Industries, Karnal Kaithal Road, Nissing, Karnal, Haryana-132024 (APPELLANT)	Vs	Income Tax Officer, Ward-1, Karnal, Haryana-132024 (RESPONDENT)
<b>PAN No. AAJFT1315N</b>		

**Assessee by : Sh. Somil Agarwal, Adv. &  
Ms. Shilpa Gupta, Adv.**

**Revenue by : Ms. Amish S. Gupta, CIT-DR**

**ITA No. 3341/Del/2025 : Asstt. Year: 2018-19**

M/s T. C. Agro Food Industries, Karnal Kaithal Road, Nissing, Karnal, Haryana-132024 (APPELLANT)	Vs	Income Tax Officer, Ward-1, Karnal, Haryana-132024 (RESPONDENT)
<b>PAN No. AAJFT1315N</b>		

**Assessee by : Sh. Vikrant Kackria, Adv.**

**Revenue by : Ms. Amish S. Gupta, CIT-DR**

<b>Date of Hearing: 06.01.2026</b>	<b>Date of Pronouncement: 09.01.2026</b>
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**ORDER**

**Per Satbeer Singh Godara, Judicial Member:**

These assessee's twin appeals ITA No. 5719/Del/2024 and ITA No. 3341/Del/2025 for Assessment Year 2018-19, arise against the CIT(A)/NFAC, Delhi's DIN & order No. ITBA/NFAC/S/250/2024-25/1070305418(1) dated 13.11.2024 and the PCIT, Rohtak's DIN & order No. ITBA/REV/F/REV5/2024-25/10747883996(1) dated 20.03.2025, in proceedings u/s 147

& 263 of the Income Tax Act, 1961 (in short "the Act"), respectively.

2. Heard both the parties at length. Case files perused.

3. It transpires during the course of hearing that both these assessee's appeals involve identical set of facts. This is for the precise reason that the learned assessing authority had framed section 147 r.w.s. 144B assessment in it's case on 29.03.2023 *inter alia* treating it's alleged sale and purchase transactions; involving varying sums, involving M/s Kalki Trading Co., M/s Mahavir Parshad Suresh Kumar, S. A. Agro International, M/s Swastik Traders and M/s Madan Lal Madho Parshad etc., as bogus ones thereby treating the corresponding credits/sales as unexplained u/s 68 r.w.s. 115BBE of the Act and disallowed purchases of Rs.27,37,068/- as unexplained expenditure u/s 69C r.w.s 115BBE of the Act, respectively.

4. The assessee preferred it's appeal before the learned lower appellate authority who has upheld the Assessing Officer's preceding action in entirety vide it's order under challenge dated 13.11.2024. The assessee has admittedly filed it's former appeal ITA No. 5719/Del/2024 against the said lower appellate

order. It's latter appeal ITA No. 3341/Del/2025 in turn is stated to have been arisen against the learned PCIT's section 263 revision directions holding that the Assessing Officer ought to have disallowed the entire alleged bogus purchases of Rs.2,18,96,550/- than restricting the same to that @ 12.5% coming to Rs.27,37,068/-; and, therefore, his assessment dated 29.03.2023 is an erroneous causing prejudice to interest of the Revenue.

It is in this factual backdrop that we now propose to decide both these assessee's regular assessment as well as section 263 revision appeals.

5. Both the parties vehemently reiterate their respective stand against and in support of the lower authorities' action *inter alia* treating the assessee's sales with the foregoing entities as fictitious ones and purchases as bogus in nature. Learned CIT-DR further takes us to the Assessing Officer's detailed discussion that the impugned disallowances/additions are based on one Sh. Ashok Kumar Gupta's section 131(1) statement admitting him to be an entry provider all along. And that this assessee has been found as a beneficiary of his very well organized accommodation entries network; and, therefore,

we ought to uphold these fictitious sales as well as bogus purchases/disallowance addition in very terms.

6. The assessee on the other hand has referred to his detailed paper book to buttress the point that it had all along filed the corresponding ledgers, sales invoices, details of transport vehicle, name of transporter and freight amount and the builties concerned etc. to satisfy it's onus to prove genuineness of both these sales as well as purchases which have been wrongly disallowed in the lower proceedings.

7. We find no merit to accept either party's stand in entirety. This is for the precise reason that although the assessee has filed the foregoing documentary evidence all along, the department is very well in possession the corresponding section 131(1) statement that it has been a beneficiary of accommodation entry network which has not been specifically controverted in both the lower proceedings. Coming to the Revenue's case as well, we are of the considered view that if the assessee is held to be an accommodation entry provider; then, rejecting it's business turnover in entirety, only a profit element of all these alleged fictitious sales and purchases could be held as liable to be added in such an instance.

8. Faced with this situation and in the larger interest of justice, we are of the considered view that given the fact that the assessee has filed its specific evidence all along, a lump sum GP addition @8% of all of its impugned credit entries will be just and proper with a rider that the same shall not be treated as a precedent. We make it clear in other words that the impugned cash credits shall be treated as part of the assessee's regular business turnover and book entry(ies) to the extent of the estimation herein @8% shall stand rejected in very terms. Necessary computation shall follow as per law.

9. So far as disallowance of the impugned bogus purchases @12.5% (supra) is concerned, we deem it not to interfere with the same as both the learned lower authorities appear to have rightly arrived at the impugned estimation. The assessee fails in its corresponding substantive ground therefore. Its former appeal ITA No. 5719/Del/2024 is partly allowed.

10. We next advert to the assessee's latter appeal ITA No. 3341/Del/2025 directed against the learned PCIT's section 263 revision direction terming the foregoing assessment dated 29.03.2023 as an erroneous one causing prejudice to the interest of the revenue. Learned CIT-DR could hardly dispute

that the CIT(A)'s preceding lower appellate discussion dated 13.11.2024 had already upheld the Assessing Officer's action disallowing the assessee's purchases @12.5% (supra) as against the impugned section 263 proceedings set into motion on 04.03.2025. We are of the considered view in this factual backdrop that the assessee's case is very well covered u/s 263 Explanation-1 Clause (c) of the Act since the learned PCIT has exercised his revision jurisdiction on the issue of bogus purchases which already stood "considered and decided" in the CIT(A)'s order (supra). We thus reverse the impugned revision directions in very terms therefore. The assessee succeeds in its latter appeal ITA No. 3341/Del/2025.

11. We make it clear before parting the assessee's GP estimation @8% shall be treated as part of regular business income and the foregoing bogus purchases disallowance shall be held as that made u/s 37 of the Act. Necessary computation to follow.

12. No other ground or argument has been pressed before us.

13. This assessee's appeal ITA No. 5719/Del/2024 is partly allowed and its latter appeal ITA No. 3341/Del/2025 is allowed in above terms. A copy of this common order be placed in the respective case files.

Order Pronounced in the Open Court on 09/01/2026.

Sd/-  
**(Amitabh Shukla)**  
**Accountant Member**  
**Dated: 09/01/2026**

\*Subodh Kumar, Sr. PS\*

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-  
**(Satbeer Singh Godara)**  
**Judicial Member**

**ASSISTANT REGISTRAR**