

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "B" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)
AND
SHRI SANDEEP SINGH KARHAIL (JUDICIAL MEMBER)**

**ITA No. 576/MUM/2019
Assessment Year: 2012-13**

DCIT-CC3(2), Central Range-3,
Room No. 1913, Air India
Building, Nariman Point,
Mumbai-400021.

Appellant

Vs. Mangalkalash Trading P. Ltd.,
F-702, Nandanvan CHS Link
Road, Kandivali (W),
Mumbai-400067.
PAN NO. AAFCM 8158 F
Respondent

Assessee by : None
Revenue by : Mr. Pankaj Kumar, CIT-DR

Date of Hearing : 04/12/2025
Date of pronouncement : 02/02/2026

ORDER

PER OM PRAKASH KANT, AM

This appeal by the Revenue is directed against order dated 30.11.2018 passed by the Ld. Commissioner of Income-tax (Appeals) – 51, Mumbai [in short 'the Ld. CIT(A)'] for assessment year 2012-13, raising following grounds:

- 1. On the facts and circumstances of the case and in law, the Ld CIT(A) erred in deleting the protective addition of*



Rs 5,90,00,000/ - on account of unaccounted investment and of Rs 14,75,000/ - on account of unaccounted commission u/s 69C without considering the fact that the said entry is merely an accommodation entry and the assessee was a conduit for introducing unaccounted funds which has been proved beyond doubt.

2. *On the facts and circumstances of the case and in law, the Ld CIT(A) erred in deleting the protective addition of Rs 5,90,00,000/ - on account of unaccounted investment by observing that the investment reflected in the balance sheet is out of corresponding liabilities as the assessee company is not carrying any business actually and the said entry is unexplained*
3. *On the facts and circumstances of the case and in law, the Ld CIT(A) erred in deleting the protective addition of Rs 5,90,00,000/ - on account of unaccounted investment and of Rs 14,75,000/- on account of unaccounted commission u/s 69C without considering the fact that the addition made on substantive basis has not reached its finality*

2. Briefly stated, facts of the case are the assessee filed its return of income for Assessment Year 2012-13 on 26.09.2012 declaring a total income of ₹3,05,380/-, which was processed under section 143(1) of the Income-tax Act, 1961 (“the Act”).

2.1 Subsequently, a search and seizure operation under section 132 of the Act was conducted on 11.08.2014 in the case of the *First Winner Group*, which included the assessee. During the course of search, statements of Shri Rinku Indrakumar Patodia, the key person of the First Winner Group, were recorded on oath under section 132(4) on 11.08.2014 and 12.08.2014. In his statements, he admitted that during the relevant year, several group entities, namely M/s First Winner Industries Pvt. Ltd., M/s Bhagwat Textiles Pvt. Ltd., M/s Starwood Exports Pvt. Ltd., M/s Rikosh Fashions



Pvt. Ltd. and M/s Solitaire Texfab & Traders Textiles Pvt. Ltd., had obtained accommodation entries aggregating to ₹5,90,00,000/-, which were routed through the present assessee. It was stated that the assessee was not engaged in any genuine business activity and was used merely as a conduit to introduce unaccounted funds, sourced from entities controlled by Shri Pravin Kumar Jain, an alleged entry operator.

2.2 Consequent thereto, notice under section 153A of the Act was issued on 06.05.2015. The assessment was completed under section 143(3) read with section 153A on 29.12.2016, wherein the Assessing Officer made a protective addition of ₹5,90,00,000/- under section 68 on account of alleged unexplained investments, and a further protective addition of ₹14,75,000/- under section 69C, being estimated commission at 2.5% for arranging the accommodation entries.

3 Aggrieved, the assessee preferred an appeal before the 1d CIT(A) raising grounds challenging the legality of the protective additions under sections 68 and 69C of the Act.

3.1 The CIT(A) examined the issue in the light of appellate orders passed in the cases of the beneficiary companies, wherein substantive additions under sections 68 and 69C had been made and confirmed. The CIT(A) held that since the investments were recorded in the books of account of the assessee, and corresponding



substantive additions had already been confirmed in the hands of the beneficiary entities, the protective additions in the hands of the assessee could not be sustained in principle. Reliance was placed on the decision of the Hon'ble Orissa High Court in *Aurobindo Sanitary Stores* (276 ITR 549), holding that section 69 can be invoked only where investments are not recorded in the books. However, the CIT(A) directed the Assessing Officer to verify the correct quantum of investments reflected in the assessee's books, particularly in respect of M/s First Winner Textiles Pvt. Ltd. and M/s Bhagwat Textiles Pvt. Ltd., and to adopt the correct figures, if necessary. Accordingly, the CIT(A) partly allowed the assessee's appeal. The relevant finding of the Ld. CIT(A) is reproduced as under:

"5.1.4 During the relevant year, the assessee has been used as a conduit for layering / routing the introduction of unaccounted funds in M/s First Winner Textiles P Ltd (Rs 2,90,00,000/-), M/s Bhagwat Textiles P Ltd (Rs 75,00,000/-) M/s Starwood Exports Pvt Ltd (Rs 75,00,000/-), M/s Rikosh Fashions P Ltd (Rs 75,00,000/-) and M/s Solitaire Texfab & Trader Textiles P Ltd (Rs 75,00,000/-) totally aggregating to Rs 5,90,00,000/- from concerns of Pravin Kumar Jain. The AO has made the substantive additions u/s 68 in the hands of M/s First Winner Textiles P Ltd., M/s Bhagwat Textiles P Ltd., M/s Starwood Exports P Ltd., M/s Rikosh Fashions P Ltd and M/s Solitaire Texfab & Traders Textiles P Ltd on account of unexplained share application money and has made protective addition in the hands of the our assessee. Moreover, the AO has also made substantive addition u/s 69C in the hands of M/s First Winner Textiles P Ltd, M/s Bhagwat Textiles P Ltd., M/s Starwood Exports P Ltd., M/s Rikosh Fashions P Ltd and M/s Solitaire Texfab & Traders Textiles P Ltd being the unaccounted estimated commission @ 2.5% for obtaining the said accommodation entries and on protective basis in the hands of our assessee.



5.1.5 In course of appellate proceedings, the assessee has submitted that the action of the AO of making the said additions on protective basis is incorrect since the source of the investments made by it in M/s First Winner Textiles (India) P Ltd., M/s. Bhagwat Textiles P. Ltd. M/s. Starwood Exports P. Ltd., M/s Rikosh Fashions P Ltd and M/s Solitaire Texfab Traders & Textiles P Ltd is explained considering that the same is duly reflected in its Balance Sheet for the relevant year. It was further submitted that the AO did not give any opportunity before making the said additions on protective basis. Moreover, in course of the appellate proceedings, the assessee brought to the notice that in the case of M/s First Winner Textiles P Ltd., though substantive addition of Rs 90,00,000/- has been made, the corresponding protective addition in the hands of the assessee is of Rs 2,90,00,000/-. It was further explained that as per the Annual accounts of the assessee, the investment made by the assessee in M/s First Winne Textiles P Ltd is of only Rs 60,00,000/-. Thus, the assessee submitted that as against the actual substantive and protective additions of Rs 60,00,000/-, the AC has made substantive addition of Rs 90,00,000/- and protective addition of R 2,90,00,000/-. Similarly, in course of the appellate proceedings, the assessee also brought to the notice that in the case of M/s Bhagwat Textiles P Ltd substantive and protective addition of Rs 75,00,000/- has been made. However as per the Annual accounts of the assessee, the investment made by the assessee in M/s Bhagwat Textiles P Ltd is of only Rs Nil. Thus, the assessee submitted that as against the substantive and protective additions of F 75,00,000/-, the AO should have made Nil additions.

5.3 The contentions of the assessee have been duly considered. The AO has made substantive addition in M/s First Winner Textiles P Ltd, M/s Bhagwat Textiles P Ltd, M/s Starwood Exports Pvt Ltd, M/s Rikosh Fashions P Ltd and M/s Solitaire Texfab & Trader Textiles P Ltd on account of the accommodation entries received from concerns of Pravin Kumar Jain after routing/layering through the assessee and has made protective addition in the hands of the our assessee.

5.3.1 As regards the substantive addition of Rs. 75,00,000/- in M/s Starwood Exports Pvt Ltd., the same has been adjudicated vide my order in appeal No CIT(A)-51/IT-343/16-17 dated 03.11.2017. The operative part of the said order is from Para 6.3.1 to 6.3.26 at pages 13 to 24. In the said appellate order, the substantive additions u/s 68 made of Rs 7,00,00,000/-



have been confirmed which includes the addition related to our assessee of Rs 75,00,000/-.

5.3.2 Similarly, the substantive addition of Rs. 75,00,000/- in M/s Rikosh Fashions Ltd., the same has been adjudicated vide my order in appeal No CIT(A)-51/IT-345/16-17 dated 20.11.2018. The operative part of the said order is from Para 6.3.1 to 6.3.26 at pages 13 to 25. In the said appellate order, the substantive additions u/s 68 made of Rs 6,40,00,000/- have been confirmed which includes the addition related to our assessee of Rs 75,00,000/-.

5.3.3 Also, the substantive addition of Rs. 75,00,000/- in M/s Solitaire Texfab Traders & Textiles P Ltd., the same has been adjudicated vide my order in appeal No CIT(A)-51/IT-344/16-17 dated 20.11.2018. The operative part of the said order is from Para 6.3.1 to 6.3.26 at pages 13 to 25. In the said appellate order, the substantive additions u/s 68 made of Rs 6,40,00,000/- have been confirmed which includes the addition related to our assessee of Rs 75,00,000/-.

5.3.4 As regards M/s First Winner Textiles P Ltd, the AO has made the substantive addition u/s 68 of only Rs 90,00,000/- and the same has been adjudicated vide my, order in appeal No CIT(A)-51/IT-341/16-17 dated 03.11.2017. The operative part of the said order is from Para 6.3.1 to 6.3.26 at pages 13 to 25. In the said appellate order, the substantive additions u/s 68 made of Rs 13,15,00,000/- have been confirmed which includes the addition related to our assessee of Rs 90,00,000/-. However, the AO has made protective addition u/s 68 of Rs 2,90,00,000/- in the hands of the assessee. As noted earlier, the assessee has also pointed out that as per the Annual accounts of the assessee, the investment made by the assessee in M/s First Winner Textiles P Ltd is of only Rs 60,00,000/- and therefore, it has been contended that the said substantive and protective additions should have been made of Rs 60,00,000/- only. The AO is directed to verify this claim of the assessee and adopt the correct figure in respect of the protective addition in respect of M/s First Winner Textiles P Ltd and also take appropriate action if required in the hands of M/s First Winner Textiles P Ltd.

5.3.5 As regards M/s Bhagwat Textiles P Ltd the AO has made the substantive u/s 68 of Rs 75,00,000/- and the same has been adjudicated vide my order in appeal No CIT(A)-51/IT-312/16-17 dated 03.11.2017. The operative part of the said order is from Para 6.3.1 to 6.3.26 at pages 13 to 25. In the said



appellate order, the substantive additions u/s 68 made of Rs 5,40,00,000/- have been confirmed which includes the addition related to our assessee of Rs 75,00,000/-. The protective addition made in the case of the assessee is of also Rs 75,00,000/-. However, the assessee in course of the appellate proceedings, has brought to the notice that as per the Annual accounts of the assessee, the investment made by the assessee in M/s Bhagwat Textiles P Ltd is of only Rs Nil. Thus, the assessee has contended that as against the substantive and protective additions of Rs 75,00,000/-, the AO should have made Nil substantive and protective additions. The AO is also directed to verify this claim of the assessee and adopt the correct figure in respect of the protective addition in respect of M/s Bhagwat Textiles P Ltd and also take appropriate action if required in the hands of M/s Bhagwat Textiles P Ltd.

5.3.6 It is observed that the AO has made the said additions of Rs. 5,90,00,000/- in the hands of our assessee on protective basis by holding that the said investments in M/s First Winner Textiles P Ltd. (Rs. 2,90,00,000/-), M/s Bhagwat Textiles P Ltd. (Rs. 75,00,000/-), M/s Starwood Exports P Ltd. (Rs. 75,00,000/-), M/s Rikosh Fashions P Ltd (Rs 75,00,000/-) and M/s Solitaire Texfab Traders & Textiles P Ltd. (Rs 75,00,000/-) are unexplained. It is noted that the provisions of section 69 can be invoked if (i) the said investment is not recorded in the regular books and (ii) the assessee offers no explanation about the source or the explanation offered is not satisfactory. It is relevant to note that both these conditions are to be cumulatively satisfied. The Hon'ble Orissa High Court in the case of Aurobindo Sanitary Stores (276 ITR 549) has held that the primary condition to be satisfied before invoking the provisions of section 69 is that there should be a finding of the AO that the investments are not recorded in the regular books. In the instant case, there is no dispute that the said amount of investment is duly recorded in the regular books of accounts. The source of an investment which is reflected in the Balance Sheet is out of the corresponding liabilities shown in the Balance Sheet including the ones which got squared up and therefore cannot be treated as unexplained. Also, the corresponding additions have been made in the hands of M/s First Winner Textiles P Ltd., M/s Bhagwat Textiles P Ltd., M/s Starwood Exports P Ltd., M/s Rikosh Fashions P td and M/s Solitaire Texfab Traders & Textiles P Ltd on substantive basis have been confirmed vide my orders in Appeal No CIT(A)-51/IT-341/16-17 dated 03.11.2017, Appeal No. CIT(A)-51/IT-312/16-17 dated 03.11.2017, Appeal. No.CIT(A)-51/IT-343/16-17 dated 03.11.2017, Appeal No.CIT(A)-51/IT-345/16- 17 dated



20.11.2018 and Appeal No. CIT(A)-51/IT-344/16-17 dated 20.11.2018. Therefore, in principle, the action of the AO in making the said protective addition u/s 68 cannot be sustained.

5.3.7 Similarly, the protective addition made by the AO u/s 69C of Rs 14,75,000/- being the unaccounted estimated commission @ 2.5% on the accommodation entry of the said investment of Rs 5,90,00,000/- also cannot be sustained in principle considering that the protective addition of unexplained investment itself has in principle been deleted and also because the corresponding substantive additions made u/s 69C by the AO in the hands of M/s First Winner Textiles P Ltd., M/s Bhagwat Textiles P Ltd, M/s Starwood Exports P Ltd., M/s Rikosh Fashions P Ltd and M/s Solitaire Texfab Traders & Textiles P Ltd have also been confirmed vide my orders in Appeal No CIT(A)- 51/IT-341/16-17 dated 03.11.2017, Appeal No. CIT(A)-51/IT-312/16-17 dated 03.11.2017, Appeal No.CIT(A)-51/IT-343/16-17 dated 03.11.2017, Appeal No.CIT(A)-51/IT-345/16-17 dated 20.11.2018 and Appeal No.CIT(A)-51/IT- 344/16-17 dated 20.11.2018. However, as noted earlier, the AO is directed to verify the claim of the assessee in respect of the quantum of substantive and protective additions related to M/s First Winner Textiles P Ltd & M/s Bhagwat Textiles P Ltd. and accordingly adopt the correct figure while computing the protective addition u/s 69C being the unexplained commission expenditure. Accordingly, ground Nos 1 to 3 of the appeal are partly allowed.”

4. Despite service of notice through registered post and thereafter through the Departmental Representative, none appeared on behalf of the assessee and no adjournment was sought. We, therefore, proceed to decide the appeal after hearing the learned Departmental Representative and perusing the material on record.

5. The core issue that arises for our consideration is whether the protective additions under section 68 and section 69C of the Act, made in the hands of the assessee as an accommodation entry provider, can be sustained in law.



5.1 The learned Departmental Representative relied upon the judgment of the Hon'ble Chhattisgarh High Court in *Sumit Global Pvt. Ltd. v. ITO* (TAXC No. 120 of 2024), wherein it was held that an accommodation entry provider cannot escape assessment merely on the ground that substantive additions have been made in the hands of the beneficiaries. The contention of the accommodation entry providers has been rejected by the Hon'ble High Court observing as under:

7. We have heard learned counsel for the parties and perused the documents.

8. In order to find out whether the question of law arises for consideration, we went through the orders passed by the ITAT and CIT. The original assessment order was dated 27/12/2016 wherein the income of the company was assessed at Rs.4,13,41,500/- and accordingly the demand notice of Rs.1,78,39,640/- was raised. Pursuant to the scrutiny, the assessee company was directed to furnish the details of the share holders and prove their creditworthiness, meaning thereby who has invested the amount in the share and nature of source i.e. wherefrom the Cothe investors got the money. The order was under challenge before the CIT(A). CIT(A) by its order dated 23/03/2018 deleted the addition of 2,26,41,500/- out of 4,13,41,500/- which was received by the assessee company prior to assessment year 2014 thereby addition of Rs.1,87,00,000/- was done. The company came out with a defence that Eagle Commotrade Pvt. Ltd. and M/s Krishnakali Distributors Pvt Ltd have respectively contributed to the share of Rs.1,00,00,000/-; 1,00,000/-; and 86,00,000/-, however, when the notices were issued to the said companies, which was found to be non-existent followed by the fact that the Inspector when was sent to enquire about identity & existence of the company, he too came out with a report itself that the companies do not exist. When the notice which was issued under Section 133 (6) of the Act, 1961, the requirement of Section 68 of the Act, 1961 was to be satisfied.

9. For the sake of brevity Sections 133(6) & Section 68 of the Act, 1961 are reproduced hereinbelow:-



133. Power to call for information.-

xxx xxx xxx

xxx xxx xxx

xxx xxx xxx

(6) require any person, including a banking company or any officer thereof, to furnish information in relation to such points or matters, or to furnish statements of accounts and affairs verified in the manner specified by the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the Commissioner (Appeals)], giving information in relation to such points or matters as, in the opinion of the Assessing Officer, the Deputy Commissioner (Appeals), the Joint Commissioner or the the Commissioner (Appeals)], will be useful for, or relevant to, any [inquiry or] proceeding under this Act:

Provided that the powers referred to in clause (6), may also be exercised by the [Principal Director General or Director General], the [Principal Chief Commissioner or Chief Commissioner], the [Principal Director or Director] [or the Principal Commissioner or Commissioner or the Joint Director or Deputy Director or Assistant Director]: [Provided further that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income tax authority below the rank of [Principal Director or Director] or [Principal Commissioner or Commissioner]_, other than the Joint Director or Deputy Director or Assistant Director,] without the prior approval of the Principal Director or Director or, as the case may be, the [Principal Commissioner or Commissioner]:

[Provided also that for the purposes of an agreement referred to in Section 90 or Section 90-A, an income tax authority notified under sub-section (2) of Section 131 may exercise all the powers conferred under this section, notwithstanding that no proceedings are pending before it or any other income tax authority.]

68. Cash Credits.- Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income tax as the income of the assessee of that previous year.

[Provided that] where the assessee is a company, (not being a company in which the public are substantially interested) and the



sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be deemed to be not satisfactory, unless-

(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:

[Provided further] that nothing contained in the [first proviso] shall apply if the person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23-FB) of Section 10.

10. The Supreme Court in the matter of Principal Commissioner of Income Tax (Central-1) Vs. NRA Iron and Steel Private Limited {(2019) 15 SCC 529} has laid down the parameters and the issues which arises for determination whether the respondent assessee has discharged the primary onus to establish the genuineness of the transaction required under Section 68 of the Act, 1961. It primarily laid down that the initial onus is on the assessee to establish proof of identity of the creditors; capacity of creditors to advance money; and genuineness of transaction. The Court at para 9.3 & 9.5 has reiterated the principle laid down by the Court, which are reproduced hereinbelow:-

9.3. As per settled law, the initial onus is on the assessee to establish by cogent evidence the genuineness of the transaction, and creditworthiness of the investors under Section 68 of the Act. The assessee is expected to establish to the satisfaction of the assessing officer [CIT v. Precision Finance (P) Ltd., 1993 SCC OnLine Cal 384: (1994) 208 ITR 465]:

- Proof of identity of the creditors;*
- Capacity of creditors to advance money; and*
- Genuineness of transaction*

This Court in the landmark case of Kale Khan Mohd. Hanif v. CIT [Kale Khan Mohd. Hanif v. CIT, (1963) 50 ITR 1] and, Roshan Di Hatti v. CIT [Roshan Di Hatti v. CIT, (1977) 2 SCC 378: 1977 SCC (Tax) 292: (1977) 107 ITR 938] laid down that the onus of proving the source of a sum of money found to have been received by an assessee, is on the assessee. Once the assessee has submitted the documents relating to identity, genuineness of the transaction, and



creditworthiness, then the AO must conduct an inquiry, and call for more details before invoking Section 68. If the assessee is not able to provide a satisfactory explanation of the nature and source, of the investments made, it is open to the Revenue to hold that it is the income of the assessee, and there would be no further burden on the Revenue to show that the income is from any particular source.

xxx xxx xxx

xxx xxx xxx

xxx xxx xxx

9.5. The Delhi High Court in CIT v. Oasis Hospitalities (P) Ltd. [CIT v. Oasis Hospitalities (P) Ltd., 2011 SCC OnLine Del 506: (2011) 333 ITR 119], held that: (SCC OnLine Del para 43) "43.... the initial onus is upon the assessee to establish three things necessary to obviate the mischief of Section 68 of the Act. These are: (i) identity of the investors; (ii) their creditworthiness/investments; and (iii) genuineness of the transaction. Only when these three ingredients are established prima facie, the department is required to undertake further exercise...."

11. The submission of the appellant that since the original beneficiary was held to be Rashi Steel, the present appellant cannot be assessed for the said tax liability do not impress us. If the notices were issued to Eagle Commotrade Pvt. Ltd. and M/s Krishnakali Distributors Pvt Ltd, they were found to be fake/non-existent, the appellant company could not fall back to say that Rashi Steels was the original beneficiary as has 281 been held that the practice of conversion of unaccounted money through the cloak of share capital/premium must be subjected to careful scrutiny.

12. The initial enquiry which came to fore revealed that on close scrutiny the investment which was made by the said two companies their proof of identity of creditors and the capacity of creditors to advance money and genuineness of transaction fell apart when the company was found to be non-existent. Consequently, in our view the Supreme Court in the above judgment has held thus in para 16:-

16. The practice of conversion of unaccounted money through the cloak of share capital/premium must be subjected to careful scrutiny. This would be particularly so in the case of private placement of shares, where a higher onus is required to be placed on the assessee since the information is within the personal knowledge of the assessee. The assessee is under a legal obligation



to prove the receipt of share capital/premium to the satisfaction of the AO, failure of which, would justify addition of the said amount to the income of the assessee.

13. It is the first barrier, therefore, the onus of Section 68 of the Act, 1961 is to be discharged by the assessee and having failed to do so. Accordingly, no question of law appears to be arises for consideration.”

5.2 The DR further submitted that the onus under section 68 squarely lies upon the assessee to establish identity, creditworthiness and genuineness of the transactions, and failure to discharge this onus justifies addition in its hands, irrespective of additions in the hands of the beneficiaries.

6. We have carefully considered the rival contentions and perused the record. It is a settled position of law that the burden under section 68 rests upon the assessee in whose books the credit appears, to satisfactorily explain the nature and source thereof.

6.1 The Hon'ble Supreme Court in *PCIT v. NRA Iron & Steel Pvt. Ltd.* [(2019) 15 SCC 529] has unequivocally held that the assessee must establish (i) identity of the creditor, (ii) creditworthiness of the creditor, and (iii) genuineness of the transaction.

6.2 In the present case, the assessee has been found, on the basis of search material and sworn statements, to be a conduit entity used for routing accommodation entries. Mere reflection of



transactions in the books does not, by itself, discharge the statutory onus under section 68.

6.3 The reasoning adopted by the CIT(A), that protective additions cannot survive merely because substantive additions have been confirmed in the hands of beneficiaries, does not accord in view of the decision of Hon'ble High Court in the case of *Sumit Global Pvt. Ltd. v. ITO* (supra). The liability under section 68 is independent and attaches to the assessee in whose books the unexplained credits are found.

6.5 In view of the foregoing discussion and the binding judicial precedents, we are of the considered opinion that the order of the CIT(A) on the issue in dispute cannot be sustained.

6.6 Accordingly, the order of the CIT(A) is set aside, and the additions made by the Assessing Officer under section 68 of the Act are restored and sustained. Consequentially, the addition under section 69C is also upheld.

6.7 The grounds raised by the Revenue are **allowed**.

7. In the result, the appeal of the Revenue is allowed.

Order pronounced in the open Court on 02/02/2026.

Sd/-
(SANDEEP SINGH KARHAIL)
JUDICIAL MEMBER

Sd/-
(OM PRAKASH KANT)
ACCOUNTANT MEMBER



Mumbai;
Dated: 02/02/2026
Rahul Sharma, Sr. P.S.

Copy of the Order forwarded to :

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

//True Copy//

BY ORDER,
(Assistant Registrar)
ITAT, Mumbai