

IN THE INCOME-TAX APPELLATE TRIBUNAL "A" BENCH,
MUMBAI

BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER
&
SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA No.6661/MUM/2025
(A.Y. 2016-17)

Income Tax Officer – 17(1)(1), 233, Kautilya Bhavan, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra	v/s. बनाम	Anantam 76, Bombay Mutual Fund, Sir PM Road, Fort, Mumbai – 400 001, Maharashtra
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AAJFA7749R		
Appellant/अपीलार्थी	..	Respondent/प्रतिवादी

Assessee by :	Shri D.C. Jain, AR
Revenue by :	Shri Surendra Mohan (Sr. DR)

Date of Hearing	18.12.2025
Date of Pronouncement	10.02.2026

आदेश / ORDER

PER PRABHASH SHANKAR [A.M.] :-

The present appeal arising from the appellate order dated 29.08.2025 is filed by the Revenue against the order passed by the Learned Commissioner of Income-tax (Appeals)/National Faceless Appeal Centre, Delhi [hereinafter referred to as "CIT(A)"] pertaining to assessment order passed u/s. 147 r.w.s. 144 of the Income-tax Act, 1961 [hereinafter referred to as "Act"] dated 23.05.2023 for the Assessment Year [A.Y.] 2016-17.



2. The grounds of appeal are as under:

- 1) *Whether, on the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition of bogus purchase of Rs. 1,69,96,367/- u/s 69C of the Act under the provision of section 115BBE of the IT Act as the assessee failed to establish the genuineness of the purchases made.*
- 2) *Whether on the facts and in the circumstances of the case and in law, the Ld.CIT(A) has failed to appreciate the findings of the AO that no documentary evidences such as transport details, delivery challan etc, submitted by the assessee to prove the genuineness of the said transaction made with M/s R.K.Impex (Prop: Manish Kapadia HUF) and M/s R.M. Textiles (Prop: Manish Kapadia)?*
- 3) *Whether on the facts and in the circumstances of the case and in law, the Ld.CIT(A) was not justified in deleting the addition made by the Assessing Officer ignoring the fact that the assessee has made bogus purchases from M/s R.Kimpex (Prop: Manish Kapadia HUF) and M/s R.M. Textiles (Prop: Manish Kapadia) which were engaged in providing accommodation entries?*
- 4) *Whether on the facts and in the circumstances of the case and in law, the Ld.CIT(A) was not justified in deleting the addition made by the Assessing Officer in the light of the recent decision of the Hon'ble Bombay High Court in Drisha Impex Pvt. Ltd. in ITA No. 1240 of 2018 with TA No 2087 of 2018 dated 07.04 2025 and Kanak Impex (India) Ltd in ITA No 791 of 2021 dated 03.03 2025.*

3. Brief facts of the case are that the assessee Firm filed return for the year declaring the total income for the year at Rs.9,91,933/-. Later, as per the information received by the AO, the assessee had taken bills for bogus purchases totalling to Rs. 1,67,57,247/- i.e. bogus purchase amounting to Rs.75,34,005/- from M/s R.K. Impex and Rs.92,23,242/- from M/s. R.M. Textiles. According to the order, search and survey action was carried out in the case of One World Group entities on 06.11.2019. Shri Urvil Jani and Shri Manoj Khushalani were



the key persons who managed and controlled the affairs of the One World Group Entities. During the course of search proceedings, based on the evidences gathered and statements recorded it was established that One World Group entities are involved in bogus purchase and bogus sales transactions wherein no actual goods were supplied/transferred. Shri Urvil Jani in his statement admitted that One World Group Entities were involved in bogus purchase and sales transactions. One World group entities had shown purchases from M/s R.K.Traders (Prop:Manish Kapadia), M/s R.K.Impex (Prop: Manish Kapadia HUF) and M/s R.M.Textiles (Prop: RekhaKapadia). All the three concerns are said to be operating from Shri Manish Kapadia's residential address. In his statement, he stated that he was not involved in actual business transactions with any of the One World group entities. Further, no books of accounts of above three concerns were found at the said premise during the course of search action. Only few sample purchase and sales bills were found at the premise. Further, he was asked to produce transport details, delivery challans and other supporting documentary evidences in support of the sales made to One World group entities. However, Shri Manish Kapadia could not produce any of the supporting documentary evidences in support of the sales made to One World group entities. From the statement of Shri Manish Kapadia, it was clear that



these concerns were not involved in any genuine business activities. The assessee firm was one of the entities which have made purchases from them. In view of the above facts, the amount of the transaction in question i.e. Rs.1,69,96,367/-, was considered unexplained and was added to the total income under section 69C of the Act.

4. Aggrieved, the assessee filed appeal before the Id.CIT(A) and claimed that the impugned transactions were genuine as it had purchased fabrics from M/s R.K. Impex and M/s R.M. Textiles by paying purchase amount through account payee cheque to the suppliers in regular course of business activities. The goods so purchased were also sold to the buyers in usual course of business activities. It is claimed to have been fully explained that no bogus purchases was made from the aforementioned two entities by furnishing the relevant documentary evidences like purchase invoices, sales invoices, banking transaction reflecting payment to the suppliers and receipt from the buyers of the goods so purchased establishing genuine purchase from the above two entities during the assessment proceedings. The AO had not pointed out any defect in the audited books of account where the said purchase was duly accounted. Only dispute is purchase from the aforementioned two entities. No question was raised on the sales of the same goods. The assessee alleged that the AO had neither provided opportunity to it to



cross examine the above suppliers nor found out any independent evidences from his individual enquiry establishing the fact that the appellant is indulged in bogus purchase. The Id.CIT(A) observed that the claim of the assessee was not only substantiated by the Purchase Invoices and Sales Invoices but also the banking transaction endorsed its claim that the impugned purchase was genuine and made in course of normal business activities. The statements of bank account maintained with Indian Overseas Bank in the name of the appellant also reflected that the payment to the above two suppliers and receipts from the buyers was transacted through banking channel. Pursuant to the Audited statements of accounts, the name of impugned suppliers was duly accounted under the head of Sundry Creditors. The due payment to the suppliers was transferred in subsequent years. It is further observed by him that although the proprietor of the said suppliers, in his statement, confirmed that they had not engaged in actual business activities with any of the One World Group entities and failed to furnish sales bills made to One World Group entities, he had not told anything about the assessee regarding bogus sales made to it. It is well settled principle by various appellate authority and Hon'ble court that where the assessee maintains quantitative reconciliation between purchases and sales and substantiates purchase and sales with invoices, bank



statements, and ledger entries, no need to treat the same as bogus purchase. Even where purchases involved accommodation entries, if payments were through banking channels, the AO cannot treat full bogus purchases as income. The other hand, the AO failed to establish the impugned purchase as bogus through any independent enquiry and proper verification. The AO totally relied upon the information received from the Investigation Wing. Even, he had not conducted any cross examination to verify the veracity of the information. Accordingly, the entire addition of Rs.1,69,96,367/- as bogus purchase was deleted.

5. Before us, the Id.DR that the addition was justified as the impugned transactions were bogus purchases as revealed in the search and seizure operations. The assessee failed to produce the delivery challans. The Id.CIT(A) completely overlooked the findings of the Investigation report which showed that the transactions were merely accommodation entries.

6. The Id.AR contested the arguments. He submitted a Paper book containing 719 pages containing partywise purchase and sale/purchase bills/sales invoices/ledger account of R.K.Impex and copy of bank statement showing payments. Submissions were stated to have been made on various dates before the AO. He reiterated the same



contentions as made before the lower authorities, claiming that all required documents to establish the genuineness of the purchases had been produced and filed during the assessment proceedings as well as before appellant authority. Further the assessee had earlier explained has purchased goods on “landed in warehouse” terms wherein LRs as per the trade practice goes are not received by them from the supplier. The respondent sells on “ex- warehouse” terms wherein the customer arranges for loading and pick up.

7. We have carefully perused the records and heard the rival arguments. We find that the assessee before the AO made detailed submissions filing necessary details and replies as is evident from the Paper book submitted by the Id.AR before us which contained entire relevant details and evidences. However, the AO failed to point out any infirmity therein as also the book results. He merely placed reliance on the Investigation wing report without making any independent inquiry or investigation into the matter at all. Therefore, he failed to bring on record any corroborative evidence to buttress the findings of the Investigation wing information passed on to him. It is not discernible from the records that the assessee was allowed the copy of the statements of the alleged entry provider or for the matter any opportunity of cross examination was granted to the assessee to rebut



the same. Therefore, we do not find any merit in the grounds of appeal of the Revenue alleging that impugned transactions were bogus or its case was covered by the jurisdictional High Case cited above. Accordingly, we do not find any infirmity in the conclusions drawn by the Id.CIT(A) which is therefore, upheld. Thus, the grounds of appeal being devoid of any merit are dismissed.

8. In the result, **the appeal of the Revenue is dismissed.**

Order pronounced in the open court on 10/02/2026.

Sd/-

SANDEEP GOSAIN

(न्यायिक सदस्य / JUDICIAL MEMBER)

Sd/-

PRABHASH SHANKAR

(लेखाकार सदस्य/ACCOUNTANT MEMBER)

Place: मुंबई/Mumbai

दिनांक /Date 10.02.2026

Lubhna Shaikh / Steno

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT,
Mumbai
5. गार्ड फाईल / Guard file.



सत्यापित प्रति //True Copy//
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण/ ITAT, Bench,
Mumbai.

