

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“A” BENCH, CHANDIGARH**

**PHYSICAL HEARING**

**BEFORE HON’BLE SHRI RAJPAL YADAV, VICE PRESIDENT**  
**AND**  
**HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

1. आयकर अपील सं./ ITA No.1056/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2020-21)
- &
2. आयकर अपील सं./ ITA No.1057/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2021-22)
- &
3. आयकर अपील सं./ ITA No.1060/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2022-23)
- &
4. आयकर अपील सं./ ITA No.1058/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2023-24)

Smt. Ranjana Kumari / Kalta Kalta Niwas (Near Sharma Niwas) North Oak, Sanjauli, Shimla Himachal Pradesh - 171006	<u>बनाम/ Vs.</u>	DCIT/ACIT (Central) Shimla
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>BBNDP-5738-H</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

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5. आयकर अपील सं. / ITA No.1046/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2021-22)
- &
6. आयकर अपील सं. / ITA No.1047/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2022-23)
- &
7. आयकर अपील सं. / ITA No.1048/CHANDI/2025

**(निर्धारण वर्ष / Assessment Year: 2023-24)**

<b>Shri Inder Kalta</b> Kalta Niwas (Near Sharma Niwas) North Oak, Sanjauli, Shimla Himachal Pradesh - 171006	<b>बनाम/ Vs.</b>	<b>DCIT/ACIT (Central)</b> Shimla
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>BKVPK-2496-L</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

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**8. आयकर अपील सं. / ITA No.1049/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2021-22)**

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**9. आयकर अपील सं. / ITA No.1050/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2022-23)**

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**10. आयकर अपील सं. / ITA No.1051/CHANDI/2025  
(निर्धारण वर्ष / Assessment Year: 2023-24)**

<b>M/s Kalta Liquors</b> Kalta Niwas (Near Sharma Niwas) North Oak, Sanjauli, Shimla Himachal Pradesh - 171006	<b>बनाम/ Vs.</b>	<b>DCIT/ACIT (Central)</b> Shimla
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. <b>AATFK-4668-D</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकी ओरसे/ <b>Appellant by</b>	:	Sh. Ajay Jain (CA) – Ld. AR
प्रत्यर्थीकी ओरसे/ <b>Respondent by</b>	:	Sh. Manav Bansal (CIT) - Ld. DR

सुनवाईकी तारीख/ <b>Date of Hearing</b>	:	23-03-2026
घोषणाकी तारीख / <b>Date of Pronouncement</b>	:	08-04-2026

**आदेश / O R D E R****Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeals by three different assesseees have, more or less, similar facts as well as issues. The appeals arise out of separate orders of learned first appellate authority. First, we take up appeal of Smt. Ranjana Kalta for Assessment Year (AY) 2020-21 which arises

out of an order of learned Commissioner of Income Tax (Appeals)-3, Gurgaon [CIT(A)] dated 31-07-2025 in the matter of an assessment framed by Ld. AO u/s 143(3) r.w.s. 147 of the Act on 24-03-2025. The grounds of appeal are as under: -

1. The issuance of the Section 148 notice by the Jurisdictional AO is contrary to the mandate laid down in the Notification no.18/2022/F. No. 370142/16/2022-TPL (Part 1), dated 29.03.2022.
2. That the assessment order is null and void as no mandatory approval under section 148B has been taken before completion of assessment u/s 143(3) rws 147 of the Income Tax Act.
3. The centralization of the cases is bad as there was not pending scrutiny as on the date on issuance of notices therefore, the transfer of jurisdiction u/s 127 of the Income Tax Act, 1961 is bad in the eyes of law, therefore the assessment order needs to be quashed.
4. That the Ld. PCIT has given sanction for issuance of notice u/s 143(2) in mechanical manner and from the approval it is clear that it has been given without recording any satisfaction and only on the basis of search warrants only.
5. The Ld. AO has taken approval in mechanical manner as the quantum escaped mentioned in approval is "0" and on the basis of copy of warrants only.
6. That the CIT(A) has wrongly confirmed the addition of Rs.27,00,000/- on account of cash purchase out of the books under section 69A/69C. Further, addition has been made on the basis of dumb documents found from their party premises and without rejecting the audited books of accounts without any incriminating found from premises of assessee.
7. That the CIT(A) has wrongly confirmed that addition of Rs.90,00,000/- on account of on money paid in cash for purchase of property in Omaxe the Lake Chandigarh under Section 69A/69 & even AO has not made any enquiry from seller despite of repeated requests during the course of assessment proceedings.
8. On the facts and circumstances of the case, the AO erred in passing order without DIN wrongly applying Para 3(i) of Circular circular-19 of 2019 dated 14<sup>th</sup> August, 2019 that mentions that In exceptional circumstances such as, -(i) when there are technical difficulties in generating/allotting/quoting the DIN and issuance of communication electronically; whereas there are no exceptional circumstances and when the same AO issued notices u/s 143(2)/141(1) dated 15.05.2024, 28.10.2024, 11.01.2025, 28.01.2025, 19.02.2025 and hence assessment order and demand notice are bad in law.
9. Ld. AO erred in initiating penalty proceedings under Section 271AAC.
10. The Appellant craves leave to add to, amend, alter, delete, modify or substitute any of the above grounds.

2. During the course of hearing before us, Ld. AR argued only on the merits of quantum additions and stated that the assessee is not

pressing its respective legal grounds in all the appeals. Therefore, the respective legal grounds, as urged in all the appeals, stand dismissed as *not pressed*. The Ld. AR advanced arguments on merits and referred to various documents in support of the same. Reference has been made to various case laws, the copies of which have been placed on record. The Ld. CIT-DR also advanced arguments supporting the orders of lower authorities. Having heard rival submissions and upon perusal of case records, our adjudication would be as under. As is evident two issues arise in this appeal viz. (i) Addition of alleged cash payment for property purchase u/s 69 / 69A for Rs.90 Lacs; (ii) Addition of cash purchase u/s 69A / 69C for Rs.27 Lacs.

### **3. Proceedings before lower authorities**

3.1 The impugned assessment has been framed on the assessee pursuant to search action u/s 132(1) on assessee group on 04-11-2022. The assessee being resident individual carried out business in her proprietorship concern namely *M/s Kalta Spirits*. The case of the assessee belongs to '*M/s Himgiri Beverages and Others*' Group of Cases. Post-search, notice u/s 148 was issued by Ld. AO to the Assessee on 29-12-2023 and the assessee furnished return of income declaring income of Rs.31.13 Lacs. The case was subjected to scrutiny wherein various notices were issued by Ld. AO from time-to-time u/s 142(1) which were duly been responded to by the Assessee.

3.2 The first issue that was identified by Ld. AO was alleged unexplained investment in certain property situated in *Omaxe project*.

The allegation stem from information as received from Deputy Director (Unit -2), Chandigarh that a search and seizure operation was carried out in the case of *Omaxe Group* wherein as per Annexure A35 / A27, a hard disk was found and seized during those search proceedings. These Annexures allegedly contained details of unaccounted cash transactions by *Omaxe group*. As per this Annexure, the assessee paid amount of Rs.90 Lacs in cash other than the registry value for purchase of Flat No. 1202, 12<sup>th</sup> Floor, Isabella Tower, Omaxe, New Chandigarh. After analyzing the data as found during search on that group, it was alleged that the amounts in the excel files were suppressed by a factor of "100". By decoding these sheets, it was alleged that the group received on-money on sale of properties to various buyers. From that data, it was gathered that the assessee paid cash component of Rs.50 Lacs & Rs.40 Lacs on purchase of the property. However, the assessee stated that it only purchased a flat at *The Lake Omaxe, New Chandigarh, SAS Nagar, Mohali* jointly with Shri Inder Kalta for Rs.127.33 Lacs vide agreement dated 13-01-2020. The assessee also furnished source of acquisition of the said property.

3.3 The Ld. AR then referred to certain documents found from the premises of *Shri Hempal Kalta* which were stated to be belonging to Shri Inder Kalta. The Page No.14 of these documents revealed that the price of property in '*Isabella*' was mentioned as '2,33,52,805'. Also, at multiple pages, the value of the property was quoted as above Rs.2 Crores. The same was confronted to Shri Inder Kalta and

summons were issued to him u/s 131(1A) who stated that the contents of pages so found were just the prices quoted by *Omaxe* for different properties at different locations. However, Ld. AO held an opinion that the actual value of the property was Rs.2,33,52,805/- whereas the same was purchased at Rs.1,27,33,074/- and the balance amount of Rs.1,06,19,731/- was paid in cash. Accordingly, Ld. AO show-caused the present assessee (in whose name the property was actually purchased) and sought her explanation.

3.4 The assessee refuted the allegation of Ld. AO and stated that she did not make any such payment in cash. The purchase price of Rs.1,27,33,074/- was paid through banking channel which was reflected in her bank statement. The assessee also demanded copy of the relevant document and opposed any such addition by relying on various case laws. The same stood rejected by Ld. AO on the ground that the statement recorded u/s 132(4) would have evidentiary value and the presumption of Sec. 132(4A) and Sec.292C would apply. As per Annexure A-27 as found during search on *Omaxe group*, the assessee paid Rs.90 Lacs in cash over and above the amount paid through banking channel. As per Page 14 of A-5 as seized in the search proceedings of *M/s Himgiri Beverages*, total purchase price for *Isabella* was mentioned for Rs.2,33,52,805/-. As per Page-13, the assessee received discount of 7%. After allowing the same, net cost comes to Rs.2,18,18,109/-. After reducing cash component of Rs.90 Lacs, the net amount comes to Rs.1,27,18,109/- which is very close the amount of Rs.1,27,33,074/- as declared by the assessee. Finally,

the amount of Rs.90 Lacs was added in the hands of assessee as unexplained money u/s 69A.

3.5 The second issue as identified by Ld. AO was alleged unaccounted cash purchases from Shri Kapil Gupta. This addition was made on the basis of Annexure A-1, A-2 & A-3 as found and seized from the residential premises of Shri Kapil Gupta of M/s Himgiri Group during search action on 04-11-2022. The search findings on that group revealed that M/s Himgiri Beverages was not maintaining any regular books of account. The business transactions were noted in three diaries as maintained by Shri Kapil Gupta for Calendar Years 2020, 2021 & 2022. These diaries contained date-wise details of accounted and unaccounted purchase and sale transactions by the said group. In these diaries, few entries were mentioned as '*Kalta*'. The statement of Shri Kapil Gupta was recorded u/s 132(4) and corroboration of these entries was sought to be done on the basis of excise records and evidence as seized from the premises of Shri Inder Kalta and on the basis of his books of accounts. It was concluded that the entries recorded as "802" pertain to unaccounted sale of liquor and made without a valid excise permit. The digital data as found in the case of assessee was analyzed and it was observed that there was no ledger account in the name of M/s Himgiri Beverages in the books of accounts of M/s Kalta Liquors and M/s Kalta Wines. However, a ledger in the name of M/s Himgiri Beverages was found in the books of M/s Kalta Spirits (this is proprietorship concern of present assessee). These were accounted entries which matched with the

entries made in Annexure A-1 to A-3 of Shri Kapil Gupta. The analysis of digital devices as found from the premises of Shri Inder Kalta revealed that certain images consist of handwritten entries recorded under the title 'Kapil Himgiri' which was matching with the entries found from Shri Kapil Gupta except for slight variations in dates. Shri Inder Kalta admitted and confirmed that the contents of these diaries were correct. He admitted to have made several payments during calendar years 2020, 2021 & 2022 in cash to Shri Kapil Gupta and stated that these purchases were not accounted for in the books of various concerns of Kalta Group. However, he did not specify the name of entity / concern to whom these purchases pertained. The Ld. AO opined that Shri Inder Kalta controlled and managed day-to-day activities of business concerns of Kalta group and his statement was to taken into account. During assessment proceedings, this issue was confronted to the assessee.

3.6 The assessee opposed any such addition merely on the basis of loose sheets as found from the premises of Shri Kapil Gupta. It was stated that the presumption of Sec.292C would not apply to assessee on the facts of the case. The assessee denied having carried out any such unaccounted transactions with Shri Kapil Gupta. It was also contended that the word 'Ranjana' was nowhere found mentioned in the seized Annexures. The said argument stood rejected by Ld. AO on the ground that a ledger in the name of M/s Himgiri Beverages was found in the books of M/s Kalta Spirits. All the entries pertaining to Kalta Group was recorded by Shri Kapil Gupta in the name of *Kalta*.



Shri Inder Kalta admitted to have made purchases from Shri Kapil Gupta. Therefore, it was to be concluded that these transactions should be assessed in the hands of the present assessee. Accordingly, unaccounted purchases for Rs.27 Lacs were added to assessee's income on substantive basis as unexplained expenditure u/s 69C. Similar additions were made for AYs 2021-22 to 2023-24. These additions were made on protective basis in the hands of Shri Inder Kalta proprietor of M/s Kalta Wines.

3.7 Though the assessee preferred further appeal, the same did not find favor with Ld.CIT(A) who endorsed the action of Ld. AO in making twin additions in the hands of the assessee. Aggrieved, the assessee is in further appeal before us.

### **Our findings and Adjudication**

4. So far as the addition of alleged on-money for Rs.90 Lacs is concerned, it could be seen that this addition stem from material found in separate search action in the case of *Omaxe Group* on 14-03-2022 wherein a hard disk was found and seized. An excel sheet was analyzed as per which the assessee allegedly paid on-money of Rs.90 Lacs in cash other than the registry value for purchase of Flat No. 1202, 12<sup>th</sup> Floor, Isabella Tower, Omaxe, New Chandigarh. It was alleged the amounts in the excel files were suppressed by a factor of "100". By decoding these sheets, it was alleged that the group received on-money on sale of properties to various buyers. It was also concluded that the assessee paid cash component of Rs.90 Lacs in the deal. However, it is undisputed fact that the assessee has

purchased only one flat which is situated at *The Lake Omaxe, New Chandigarh, SAS Nagar, Mohali* jointly with Shri Inder Kalta for Rs.127.33 Lacs vide agreement dated 13-01-2020. The assessee also furnished source of acquisition of the said property. The property has been purchased for Rs.127.33 Lacs which have been paid through banking channels only. The assessee has refuted the allegation of on-money. The Ld. AO has referred to certain documents which have been found from the premises of *Shri Hempal Kalta*. These documents were stated to be belonging to Shri Inder Kalta. The Page No.14 of these documents revealed that the price of property in *Isabella* was mentioned as '2,33,52,805'. Also, at multiple pages, the value of the property was quoted as above Rs.2 Crores. The same was confronted to Shri Inder Kalta and summons were issued to him u/s 131(1A) and he stated that the contents of pages so found were just the prices quoted by Omaxe for different properties at different locations. Therefore, there is no admission of any on-money even by Shri Inder Kalta or by the assessee. Firstly, the project as mentioned in the seized documents does not match with the property as acquired by the assessee. Secondly, different prices have been mentioned on multiple pages on the basis of which it could not be concluded that the price as mentioned therein was the actual purchase price. It was stated by Shri Inder Kalta that these were the prices quoted by Omaxe for different properties at different locations. It could be seen that the whole basis of this addition is third-party document which do not have any corroboration. We find that similar issue of on-money on the basis

of search action on Omaxe group has been adjudicated in assessee's favor by SMC bench in the case of **M/s Amarjot Singh Sohi-HUF (ITA No.1065/Chandi/2025)** as under: -

3. From the facts, it clearly emerges that the assessee has, all along, denied having made any cash payment in the transaction. The whole case of Ld. AO stem from search action on the seller group coupled with statement of officers recorded therein. Apparently, one excel sheet has been found which allegedly contain details of cash payment on sale transaction. In the excel sheet, the assessee is shown to have made payment of Rs.8 Lacs on the impugned transaction. However, the assessee has denied the same and contended that all the payments were made pursuant to written agreement and the payments were through banking channels only. The details of such payment have duly been furnished to Ld. AO. No opportunity of cross-examination has ever been provided to the assessee which is in violation of principle of natural justice. In my considered opinion, the onus was on Ld. AO to prove with cogent evidence that cash was exchanged in the transaction. The assessee has furnished all the documentary evidences as available with him to support the contention that all the payments were made through banking channels only. The confirmation of payment has duly been furnished by the assessee from M/s Omaxe Ltd. which is kept on Page No.30 of the paper book. The payments are duly supported by bank statements and the same are reflecting in Form No.26AS of the assessee. The assessee has filed affidavit to the effect that no cash has even been paid to M/s Omaxe Ltd. The assessee could not be asked to prove the negative. In my opinion, the assessee has duly discharged its onus whereas the allegations of Ld. AO remain unsubstantiated. It is trite law that no addition could be made on mere presumptions and assumptions. Considering the facts and circumstances of the case, the impugned addition is not sustainable. I order so. The Ld. AO is directed to re-compute the income of the assessee.

On identical facts, it has been held that the allegation of Ld. AO remained unsubstantiated and no addition could be made on mere presumptions and assumptions. Taking the same view and considering the facts and circumstances of the case, this addition could not be sustained for want of corroboration. We order so. The assessee succeeds in its corresponding grounds of appeal.

5. So far as the addition of unaccounted purchases from Shri Kapil Gupta is concerned, it could be seen that the same is based on search action at residential and business premises of Shri Kapil Gupta

of M/s Himgiri Beverages. During search, three diaries marked as Annexure A-1, A-2 and A-3 were found and seized. The same contained day-wise details of accounted and unaccounted sale & purchase transactions of M/s Himgiri Beverages as well as other unaccounted transactions. Few entries are stated to be pertaining to '*Kalta*' which have been said to be pertaining to the present assessee on the ground that the assessee's proprietorship concern M/s Kalta Spirits carried out regular accounted purchase transaction with M/s Himgiri Beverages. It was de-coded that the transactions as mentioned as '802' were unaccounted sale of liquor made without a valid excise permit by Shri Kapil Gupta. The forensic analysis of digital data from premises of Shri Inder Kalta (M/s Kalta Wines, M/s Kalta Spirits, M/s Kalta Liquors) revealed that certain images consist of handwritten entries recorded under the title 'Kapil Himgiri' which was matching with the entries found from Shri Kapil Gupta except for slight variations in dates. Shri Inder Kalta admitted and confirmed that the contents of these diaries were correct. He admitted to have made several payments during calendar years 2020, 2021 & 2022 in cash to Shri Kapil Gupta and stated that these purchases were not accounted for in the books of various concerns of Kalta Group. However, he did not specify the name of entity / concern which made such out-of-books purchases. The assessee vehemently opposed any such addition merely on the basis of loose sheets as found from the premises of Shri Kapil Gupta. The presumption of Sec.292C would not apply to assessee in such a case since the diaries have been found

from the premises of Shri Kapil Gupta. The assessee denied having any such transactions with Shri Kapil Gupta. It was also contended that the word 'Ranjana' was nowhere been found mentioned in the seized Annexures. The said argument stood rejected by Ld. AO on the ground that a ledger in the name of M/s Himgiri Beverages was found in the books of M/s Kalta Spirits and therefore, the unaccounted transactions must also be belonging to the assessee. However, there is no concrete evidence brought on record by Ld. AO to co-relate the fact that entries found mentioned as '*Kalta*' by Shri Kapil Gupta actually pertained to assessee's concern. It is trite law that no addition could be made on mere presumption, assumption and surmises. Unless it was established with concrete evidence that these entries pertained to the present assessee only, no such presumption could be raised against the assessee. The presumption u/s 132(4A) & 292C is applicable only for the person which is subjected to the search and not in the case of the assessee since incriminating material has been found during third-party search. These facts certainly weaken the stand of Ld. AO.

6. As per the submissions made by Ld. AR, M/s Kalta Spirit has been engaged in the business of Wholesale country liquor (L-13) having its godown at *Jawahar Colony, Bhatakufar, Shimla*. This concern purchased country liquor mainly from manufacturer M/s Himgiri Beverages (Prop. Shri Kapil Gupta) and sold liquor to retail liquor vendors. It has further been submitted that all the purchases have been made by the assessee through excise permits and the

payments are through banking channels only. Similarly, sales have been made through excise permits and the payments are received through banking channels only. The manufacturer collects TCS on purchases & the assessee collects TCS on sale to liquor vends. Under extant State Excise law, there is complete prohibition to sell liquor in open market by wholesaler except to retail liquor vends having valid quota. The Excise laws have designed in a manner that the manufacturer sell liquor to wholesaler who, in turn, sells liquor to retail vends. Practically, the manufacturer sells liquor to retailer directly after taking order from retailer. However, billing by manufacturers has to be done through wholesaler as per extant Excise laws. In nutshell, the wholesaler is completely prohibited to make any out-of-books purchases and therefore, the allegation of cash purchases by M/s Kalta Spirit has no basis. The transaction between M/s Kalta Spirit and manufacturer M/s Himgiri Beverages are regular accounted transaction through banking channels only which are duly recorded in regular books of accounts and subjected to TCS. It has further been stated that there is no statement of Shri Kapil Gupta about any out-of-books sales to the assessee or M/s Kalta Spirits. There is also no such admission by Shri Inder Kalta. Therefore, the impugned addition is without any incriminating material against the assessee and without any admission in this regard.

7. On the facts of the present case, we concur that the presumption of Sec.292C would apply only for a person in whose possession the material was found and not against any other person. The

presumption u/s 132(4A) in respect of any document or books of accounts found is restricted to the person from whose possession books of accounts or other document were found and not against any other person. Further, presumption u/s 132(4A) is a rebuttable presumption and not a conclusive one. On the given facts of the case, it could be seen that the seized material has been found from the possession of Shri Kapil Gupta and therefore, the presumption of Sec.292C would not apply to the present assessee. Secondly, there is no correlation between the entries as found mentioned in the seized dairies with that of assessee's proprietorship concern. It is also to be accepted that M/s Kalta Spirits was engaged as a wholesaler only and it was completely prohibited from making any unaccounted purchases or sales. It could only transact with manufacturers and liquor vendors as per extant excise laws. Pertinently, no trace of any unaccounted sales has been found for the present assessee. It is quite logical that unaccounted purchases would be followed by unaccounted sales. However, no such evidence has been unearthed during search on the assessee. The unaccounted purchase of stock could not happen in vacuum. Therefore, considering the facts of the case, the addition as made by Ld. AO cannot be sustained for all the years. We order so. The assessee succeeds in its corresponding grounds of appeal for AYs 2020-21 to 2023-24.

8. The appeal for AY 2020-21 stands partly allowed. The only grievance of the assessee in AY 2021-22 is addition of alleged unaccounted purchases from Shri Kapil Gupta for Rs.323.20 Lacs

which has already been adjudicated. The appeal for AY 2021-22 stands partly allowed.

**Smt. Ranjana Kalta : Assessment Year 2022-23**

9. The first grievance of the assessee is confirmation of addition of alleged unaccounted purchases from Shri Kapil Gupta which has already been adjudicated by us in preceding paragraphs. The corresponding grounds of appeal stand allowed.

10. The second grievance of the assessee is protective addition of Rs.230 Lacs which is with respect to *Murray field* property at *Navbhar*. The same is based on the statement of Shri Inder Kalta u/s 132(4) wherein he stated to have owned one residential house at Navbhar in the name of Smt. Ranjana Kalta. The property was stated to be purchased in the year 2021 for Rs.2 Crores. The amount of Rs.1 Crores was stated to be paid through bank account with Punjab & Sind Bank and the balance amount was stated to be paid through bank loan from Punjab & Sind Bank. No cash payment was stated to be involved in the transaction. This issue was confronted to the present assessee during the course of assessment proceedings. The assessee submitted ledgers highlighting the transactions. However, no supporting bank statements as well as sources of such transactions were submitted. The ledger extract revealed that the present assessee sourced the payment out of gifts of Rs.88 Lacs as received from Shri Inder Kalta. The amount of Rs.1 Crores was taken as housing loan, the amount of Rs.12 Lacs was transferred by M/s Kalta Spirits through banking channels and the amount of Rs.13 Lacs



was transferred from bank account of Mrs. Ranjana Kalta as margin money. The Ld. AO then referred to soft data as extracted from digital evidence found and seized which include extraction of data from mobile phone of Shri Inder Kalta. The Ld. AO referred to a chat between Inder Kalta and Shri Dipen Gupta which was in the shape of Agreement to sell dated 18-10-2021 as shared by Shri Inder Kalta with Shri Dipen Gupta. The same was soft copy of agreement between Shri Ravinder Singh Sabharwal and Shri Inder Kalta. The agreement mentioned the consideration of Rs.430 Lacs out of which payment of Rs.105 Lacs had already been made to the seller. However, as per assessee's submissions, the property was registered for Rs.200 Lacs as against Rs.430 Lacs as mentioned in the Agreement to Sell. The Ld. AO also referred to certain *whatsapp chat* on 21-11-2021 (three days before registration of the said property) between Shri Inder Kalta and Shri Dipen Gupta with respect to this property. Shri Inder Kalta shared 5 images of agreement to sell wherein the consideration was shown to be Rs.200 Lacs. He also shared with him one picture of one of the signed pages of agreement to sell wherein consideration was shown for Rs.430 Lacs. The Ld. AO alleged that the amount of Rs.230 Lacs was paid in cash. The Ld. AO also referred to valuation report drafted by Sharma Associates which was unsigned copy shared on 23-03-2022. The signed copy was found from Kalta Niwas which was found and seized as Annexure A-1. The valuer valued the property at Rs.445.26 Lacs which was commensurate with the value of Rs.430 Lacs as shown in the first agreement to sell. However, it was another

fact that during search another valuation report was also found which was prepared by Shri Manuj Doger which valued the property for Rs.203.58 Lacs. The said document was also seized as part of Annexure A-1. On these facts, Ld. AO concluded that actual value of the property was Rs.430 Lacs against registered value of Rs.200 Lacs and the differential of Rs.230 Lacs was paid in cash by Shri Inder Kalta.

11. The assessee, in her reply, stated that no property has been purchased by Shri Inder Kalta. The agreement to sell between Shri Inder Kalta and Shri Rajinder Sabharwal had no relevance to the property as purchased by the assessee. The agreement was unregistered and unsigned agreement without stamp paper which had no validity. This agreement was not signed by any of the party and no payment was made for such purchases. No addition could be made on the basis of such invalid document. The property was purchased through sale deed only and the payment was made through banking channels only. The assessee also sought enquiry from the seller. It was argued that there was no corroborative material that the assessee had paid such money in cash. There was no reference of any cash payment. The whatsapp chat as referred to by Ld. AO had no relevance and no relation was established with the transaction as carried out by the assessee. To support the same, reference was made to various case laws. However, raising presumption of Sec. 132(4A) and Sec.292C, Ld. AO made protective addition of Rs.230 Lacs as unexplained money u/s 69A in the hands of the assessee

whereas corresponding substantive addition was made in the hands of Shri Inder Kalta. Upon further appeal, Ld. CIT(A) deleted the protective addition since the addition of alleged on-money for Rs.230 Lacs and gift of Rs.88 Lacs and transfer of Rs.13 Lacs to Smt. Ranjana Kalta stood confirmed during first appeal in the case of Shri Inder Kalta. In such a case, there was no logic in continuing this disallowance. The right income should be taxed in right hands. However, if subsequently the stand is taken by the assessee that unaccounted cash pertain to the assessee, the addition would be considered to be sustained in the hands of the assessee. Therefore, the protective addition, in assessee's hands, was deleted. Aggrieved by aforesaid directions, the assessee is in further appeal before us.

12. Upon careful consideration of relevant facts, it could be seen that the whole case of Ld. AO is based on an unsigned and unregistered agreement to sell which is found in *Whatsapp chat* between Shri Inder Kalta and Shri Dipen Gupta. The said document is an unenforceable document and the same is not between actual buyer (Smt. Ranjana Kalta) of the property. The agreement does not mention about any cash component in the deal. In such a case, no reliance could be placed on such a bald document. Pertinently, no enquiry is shown to have been made by Ld. AO from the seller Shri Rajinder Sabharwal and the allegation of Ld. AO does not have any corroboration. The two separate valuation reports as found and seized are substantially contradictory in nature and the same are merely an opinion of the valuer. No cognizance of the same, therefore, could be taken into

account while making addition of alleged payment of cash component. The unsigned and unregistered agreement to sell between Shri Inder Kalta and Shri Rajinder Sabharwal has no relevance to the property as purchased by the assessee. This agreement does not hold any evidentiary value. This agreement is not signed by any of the party and the same even do not mention about any cash component in the deal. In our considered opinion, no addition could be made on the basis of such invalid document. Therefore, this addition has no legs to stand. The Ld. CIT(A) has deleted this addition with a rider which cannot be sustained. Accordingly, we modify the findings of Ld. CIT(A) and held that such a protective addition is not, at all, sustainable in the hands of the assessee. The corresponding grounds of appeal stand allowed. The appeal stands partly allowed.

**Smt. Ranjana Kalta : Assessment Year: 2023-24**

13. The first grievance of the assessee is confirmation of addition of alleged unaccounted purchases from Shri Kapil Gupta for Rs.310 Lacs which has already been adjudicated by us in assessee's favor in preceding paragraphs. The corresponding grounds of appeal stand allowed.

14. The final grievance of the assessee is confirmation of Gross profit addition of Rs.13,930/-. The same stem from difference in stock. The actual physical stock for M/s Kalta Spirit was valued at Rs.39.16 Lacs as against book stock of Rs.43.10 Lacs. Thus, the book stock was more by Rs.3.93 Lacs. *Shri Diwan Chand (Manager)*, in statement u/s 132(4), stated that some bills might not have been

entered in the tally which could result in the stock difference. He could not reconcile the difference. Shri Inder Kalta, in statement u/s 131(1A), stated that stock difference was only because of pending bills and reconciliation. However, the shortfall of Rs.3.93 Lacs was considered to be out of book sales on which Ld. AO estimated Gross Profit (GP) of 3.54% which resulted into impugned addition of Rs.13,930/- in the hands of the assessee as business income u/s 28. The Ld. CIT(A) confirmed the same against which the assessee is in further appeal before us.

15. The undisputed position that emerges is that the physical stock has been found to be short by Rs.3.93 Lacs. Though the assessee has maintained that some bills were not entered in Tally Data which resulted into such difference, the details thereof has nowhere been provided at any stage of proceedings. This being so, the impugned addition is quite reasonable and logical one. Therefore, we confirm the same. The appeal stands partly allowed.

16. All the four appeals of Smt. Ranjana Kalta stand partly allowed.

**Shri Inder Kalta : AY 2021-22**

17. This appeal arises out of an order of Ld. CIT(A) dated 31-07-2025. Shri Inder Kalta was running his business in the name of M/s Kalta Wines which act as wholesaler of English Liquor. Post search action, notice u/s 148 was issued to this assessee on 29-12-2023 and the assessee declared total income of Rs.86.31 Lacs. The issues that fall for our consideration during AYs 2021-22 to 2023-24 could be tabulated as under: -

	Amt (Rs.)		
	AY 2021-22	AY 2022-23	AY 2023-24
<b>Substantive Additions</b>			
Undisclosed Rental Income	Rs.2,88,400/-	Rs.4,73,200/-	Rs,3,31,240/-
Addition on account of purchase of property u/s 69A / 69	----	Rs.3,31,00,000/-	----
Addition of unaccounted cash sales u/s 28 for short stock	----	----	Rs.16,430/-
Addition on account of unexplained investment in Bullion u/s 69A	----	----	Rs.5,00,000/-
Addition on account of unexplained expenditure u/s 69C	----	----	Rs.14,50,000/-
<b>Protective Additions</b>			
Addition of cash expenditure u/s 69A / 69C	Rs.3,23,20,800/-	Rs.4,27,83,000/-	Rs.3,10,00,000/-
Addition of cash expenditure u/s 69A / 69C	----	Rs.1,82,00,000/-	Rs.3,56,12,000/-
Addition of unaccounted cash sales u/s 28	Rs.6,55,416/-	Rs.30,09,253/-	Rs.46,05,829/-

18. The first addition as made by Ld. AO was protective addition of Rs.323.20 Lacs which was based on entries found noted in the name of 'Kalta' in three diaries as seized during search action on Shri Kapil Gupta. These diaries were marked as Annexure A-1 to A-3. On the basis of these diaries, Ld. AO made similar allegation of unaccounted purchases by Shri Inder Kalta. This issue has been discussed by us in the case of Smt. Ranjana Kalta in preceding paras 3.5 & 3.6. The Ld. AO, making allegation of unaccounted purchases on similar facts, made protective addition of Rs.323.20 Lacs in the hands of Shri Inder Kalta whereas substantive addition was made in the hands of Smt. Ranjana Kalta. The same was on the ground that Shri Inder Kalta was responsible for managing all the businesses of Kalta Gorup. Therefore, the possibility of the unaccounted purchases by him through his proprietorship concern M/s Kalta Wines could not be ruled out. Therefore, protective addition was made in the hands of Shri

Inder Kalta for AYs 2021-22, 2022-23, 2023-24. The Ld. CIT(A) deleted the protective addition in the hands of Shri Inder Kalta on the ground that the substantive addition was confirmed in the hands of Smt. Ranjana Kalta subject to the rider that this addition would stand confirmed if a stand was taken by the assessee or higher judicial forum find that the income pertains to the assessee. Aggrieved, the assessee is in further appeal before us. Since we have deleted substantive addition in the hands of Smt. Ranjana Kalta, this issue becomes relevant for Shri Inder Kalta.

19. It could be seen that we have already deleted substantiative addition in the hands of Smt. Ranjana Kalta at preceding paras 5 to 7, inter-alia on the ground that Shri Inder Kalta did not specify the name of entity / concern which made such out-of-books purchases. The presumption of Sec.292C would not apply since the diaries were found from the premises of Shri Kapil Gupta. Similar analogy would apply in the case of present assessee. It could be seen that the entries have merely been marked as '*Kalta*' in the diaries of Shri Kapil Gupta and the word '*Inder*' has nowhere been found mentioned in the seized Annexures. Moreover, no ledger has been found in the name of M/s Himgiri Beverages in the books of M/s Kalta Wines. No concrete evidence has been brought on record by Ld. AO to co-relate the fact that entries found mentioned as '*Kalta*' by Shri Kapil Gupta actually pertained to assessee's concern. It is trite law that no addition could be made on mere presumption, assumption and surmises. Unless it was established with concrete evidence that these entries

pertained to the present assessee only, no such presumption could be raised against the assessee. The presumption u/s 132(4A) & 292C is applicable only for the person which is subjected to the search and not in the case of the assessee since incriminating material has been found during third-party search. It is another undisputed fact that M/s Kalta Wines has been engaged as a wholesaler which work in fully regulated conditions. Like M/s Kalta Spirits, this concern purchased country liquor from manufacturer and sold the same to retail liquor vendors. The sales and purchases are carried out through excise permits under regulated conditions. Under extant State Excise law, there is complete prohibition to sell liquor in open market by wholesaler except to retail liquor vends having valid quota. No trace of any unaccounted sales has been found for M/s Kalta Wines. It is quite logical that unaccounted purchases would be followed by unaccounted sales. However, no such evidence has been unearthed during search on assessee. The unaccounted purchase of stock could not happen in vacuum. Therefore, taking the same view, the protective addition as made by Ld. AO in the case of Shri Inder Kalta for AYs 2021-22 to 2023-24 stand deleted. We order so. The corresponding grounds of appeal in all the years stand allowed accordingly.

20. The second issue that fall for our consideration is protective addition of Rs.6,55,416/-. The same is based on digital data as extracted from mobile phone of Shri Inder Kalta. As per the said data, Shri Munish (salesman of M/s Kalta Liquors) frequently sent him messages about cash collections. In several instances, the cash was



handed over to "IS" i.e., acronym for Inder Singh / Kalta as admitted by him upon confrontation of response to Q.No.44 of assessee's statement. These images were in the shape of cash summary for the day. After perusal of books of three concerns i.e., M/s Kalta Liquors, M/s Kalta Spirits and M/s Kalta Wines, it was seen that such sales were not accounted for in the regular books of account. It was clear the Shri Munish, salesman of M/s Kalta Liquors, used to take care of the sales and cash transactions on behalf of Shri Inder Kalta who was generating out of books cash through unaccounted sales. The assessee refuted the allegations of Ld. AO. However, rejecting the same, Ld. AO proceed to estimate profit on these unaccounted sales. The average GP rate of M/s Kalta Liquors for FYs 2019-20 to 2021-22 was computed at 4.91%. Applying this rate to unaccounted sales of Rs.133.48 Lacs, Ld. AO made substantive addition of Rs.6,55,416/- in the hands of M/s Kalta Liquors. However, since the assessee was managing all the businesses of Kalta Group, the possibility of unaccounted sales through M/s Kalta Wines could not be ruled out. Therefore, the same addition was made u/s 28 on protective basis in the hands of Shri Inder Kalta. The Ld. CIT(A) deleted this addition on the ground that substantive addition was confirmed in first appeal in the hands of M/s Kalta Liquors subject to rider that if the stand was taken that this income pertained to the assessee, the addition would stand sustained. Aggrieved by aforesaid directions, the assessee is in further appeal before us.

21. The enumerated facts would clearly show that Shri Munish has acted as salesman of M/s Kalta Liquors which is a partnership firm. The same is clearly evident from the fact that Ld. AO has made substantive addition in the hands of M/s Kalta Liquors only. It is also the stand of the assessee that this issue would fall in the case of M/s Kalta Liquors only. Therefore, the addition so made on protective basis in the hands of Shri Inder Kalta would not stand at all. Accordingly, we modify the directions of Ld. CIT(A) and delete the protective addition as made by Ld. AO on merits. This issue arises in AYs 2022-23 and 2023-24 also and stand disposed-off in favor of the assessee accordingly.

22. The third issue is of undisclosed rental income. The same was based on the statement of Shri Hempal Kalta u/s 132(4) wherein he made admission of receipt of rental income from shops in village *Khaltunala* at Rs.1500/- per shop per month which was divided between three brothers including Shri Inder Kalta. The assessee stated that rent belongs to HUF which stood rejected on the ground that no evidence for existence of HUF was furnished and no credible explanation was given. Finally, the rental income was assessed at Rs.4.12 Lacs towards 1/3<sup>rd</sup> share of the assessee. After allowing standard deduction, the amount of Rs.2,88,400/- was added as undisclosed rental income. The Ld. CIT(A) confirmed the same. Aggrieved, the assessee is in further appeal before us.

23. We find that this addition is based on credible statement u/s 132(4). The assessee has merely stated that the income belongs to

HUF but no evidence of existence of HUF has been furnished. The HUF do not hold any PAN. Therefore, this addition stands confirmed. This issue arises in AYs 2022-23 and 2023-24 also and stand disposed-off against the assessee accordingly.

24. The appeal stands partly allowed.

**Shri Inder Kalta : AY 2022-23**

25. The first addition is protective addition of Rs.427.83 Lacs which represent unaccounted purchases from Shri Kapil Gupta. This issue has already been decided by us in assessee's favor at preceding para-19. The second issue is substantive addition of undisclosed rental income for Rs.4,73,200/- which has been decided by us against the assessee at para-23. The third issue is protective addition of Rs.30,09,253/- which represent GP element on unaccounted sales of M/s Kalta Liquors. This issue has been decided by us in assessee's favor at preceding para-21.

26. The fourth issue is protective addition of Rs.182 Lacs which represent out-of-books purchase from Shri Rajesh Thakur. This addition is based on search proceedings in the case of M/s Himgiri Beverages wherein various digital evidences were found from the mobile phone of the assessee regarding out-of-books cash payment to Shri Rajesh Thakur. The assessee was confronted with the photos sent by Shri Munish (salesman of M/s Kalta Liquors). The same had reference of cash payment of Rs.11 Lacs to Shri Rajesh Solan. The assessee, in reply to Q.No.47 of statement u/s 131(1A), admitted payment of Rs.11 Lacs to Shri Rajesh Thakur on 28-06-2022 on

account of cash purchases from entities (M/s Rajta Wines) being controlled by Shri Rajesh Thakur. This transaction was found noted in the material found from the business premises of Shri Rajesh Thakur which was marked as Annexure A-8 wherein Pages 175 to 201 were related to the entries recorded in respect of cash transactions with Shri Inder Kalta. The transaction was also confirmed by Shri Ashish Rajta prop. of M/s Rajta Wines. The Ld. AO observed that no ledger relating to Shri Rajesh Thakur was found in Tally Data of assessee's three concerns viz. M/s Kalta Spirits, M/s Kalta Wines and M/s Kalta Liquors. One image was found from the mobile phone of the assessee which was titled as '*Rajesh Solan*' and the same contained date-wise details of cash transactions. The assessee, in response to show-cause notice of Ld. AO, refuted the allegation of Ld. AO and stated that he had no such relation with Rajesh Thakur & Rajesh Kumar & Co. These transactions had no relation with the assessee in individual capacity and the same would be relevant in case of M/s Kalta Liquor only. The Ld. AO noted that in Annexure A-8, the entries were mentioned as '*Kalta*'. Since M/s Kalta Liquors carried out retail business, substantive addition was made in the hands of M/s Kalta Liquors. However, Shri Inder Kalta was responsible for managing all the businesses of Kalta group and therefore, the possibility of unaccounted purchases by the assessee through his proprietorship concern namely M/s Kalta Wines could not be ruled out. Therefore, protective addition of Rs.182 Lacs was made in the hands of the assessee. The Ld. CIT(A) deleted this addition on the ground that

substantive addition was confirmed in first appeal in the hands of M/s Kalta Liquors subject to rider that if the stand was taken that this income pertained to the assessee, the addition would stand sustained. Aggrieved by aforesaid directions, the assessee is in further appeal before us.

27. Applying the same analogy as on the issue of unaccounted purchases from Shri Kapil Gupta, it could be seen that the entries have merely been marked as '*Kalta*' in Annexure A-8. The chat has happened between the assessee and Shri Munish who work as salesman of M/s Kalta Liquors. There is no evidence which could correlate assessee's firm with these entries. Unless it was established with concrete evidence that these entries pertained to the present assessee only, no such presumption could be raised against the assessee. It is another undisputed fact that M/s Kalta Wines has been engaged as a wholesaler which work in fully regulated conditions. Like M/s Kalta Spirits, this concern purchased country liquor from manufacturer and sold the same to retail liquor vendors. The sales and purchases are carried out through excise permits under regulated conditions. Under extant State Excise law, there is complete prohibition to sell liquor in open market by wholesaler except to retail liquor vends having valid quota. No trace of any unaccounted sales has been found for M/s Kalta Wines. It is quite logical that unaccounted purchases would be followed by unaccounted sales. However, no such evidence has been unearthed during search on assessee. The unaccounted purchase of stock could not happen in

vacuum. Therefore, taking same view, the impugned protective addition as made by Ld. AO in the case of present assessee stand deleted. Similar issue arises in AY 2023-24 which also stand disposed-off in assessee's favor accordingly. The corresponding grounds of appeal stand allowed.

28. The last issue is substantive addition of Rs.331 Lacs which emerges from the fact that Smt. Ranjana Kalta purchased a Murray field property at Navbhar. The assessee, in statement u/s 132(4), stated to have owned one residential house at Navbhar in the name of Smt. Ranjana Kalta. The property was stated to be purchased for Rs.2 Crores. The amount of Rs.1 Crores was paid through bank account with Punjab & Sind Bank and the balance amount was stated to be paid through bank loan from Punjab & Sind Bank. No cash payment was stated to be involved in the transaction. This issue was confronted to Smt. Ranjana Kalta who furnished ledgers highlighting the transactions. The ledger extract revealed the payment of Rs.88 Lacs was sourced out of gift from Shri Inder Kalta. The amount of Rs.1 Crores was taken as housing loan, the amount of Rs.12 Lacs was transferred by M/s Kalta Spirits through banking channels and the amount of Rs.13 Lacs was transferred by Shri Inder Kalta to the account of Mrs. Ranjana Kalta as margin money. The Ld. AO then referred to soft data as extracted from digital evidence found and seized which include extraction of data from mobile phone of Shri Inder Kalta. The Ld. AO referred to a chat between Inder Kalta and Shri Dipen Gupta which was in the shape of Agreement to Sell dated

18-10-2021 as shared by Shri Inder Kalta with Shri Dipen Gupta. The same was soft copy of agreement between Shri Ravinder Singh Sabharwal and Shri Inder Kalta. The agreement mentioned the consideration of Rs.430 Lacs out of which payment of Rs.105 Lacs had already been made to the seller. However, the property was registered for Rs.200 Lacs as against Rs.430 Lacs as mentioned in the Agreement to Sell. The Ld. AO also referred to certain whatsapp chat on 21-11-2021 (three days before registration of the said property) between Shri Inder Kalta and Shri Dipen Gupta with respect to this property. Shri Inder Kalta shared 5 images of agreement to sell wherein the consideration was shown to be Rs.200 Lacs. He also shared with him one picture of one of the signed pages of agreement to sell wherein consideration was shown for Rs.430 Lacs. The Ld. AO alleged that the amount of Rs.230 Lacs was paid in cash. The Ld. AO also referred to valuation report drafted by Sharma Associates which was unsigned copy shared on 23-03-2022. The signed copy was found from Kalta Niwas which was found and seized as Annexure A-1. The valuer valued the property at Rs.445.26 Lacs which was commensurate with the value of Rs.430 Lacs as shown in the first agreement to sell. However, it was another fact that during search another valuation report was found which was prepared by Shri Manuj Doger which valued the property for Rs.203.58 Lacs. The said document was also seized as part of Annexure A-1. On these facts, Ld. AO concluded that actual value of the property was Rs.430 Lacs against registered value of Rs.200 Lacs and the differential of Rs.230

Lacs was paid in cash by Shri Inder Kalta. Finally, Ld. AO made addition of Rs.331 Lacs in the hands of the assessee which include Rs.230 Lacs alleged cash component, gift amount of Rs.88 Lacs and margin money of Rs.13 Lacs as transferred by the assessee to the account of Smt. Ranjana Kalta. The Ld. CIT(A) confirmed the addition against which the assessee is in further appeal before us.

29. It is undisputed fact that the purported agreement between Shri Inder Kalta and Shri Rajinder Sabharwal is an unsigned and unregistered document. The agreement is without stamp paper which has no validity or enforceability. This agreement was not signed by any of the party and the same do not mention about cash payment. Therefore, no addition could be made on the basis of such invalid document. The property was purchased by Smt. Ranjana Kalta through sale deed only and the payment was made through banking channels only. There was no corroborative material that the assessee had paid such money in cash. There is no reference of any cash payment in the agreement. The whatsapp chat as referred to by Ld. AO has no relevance. The whole case of Ld. AO is based on an unsigned and unregistered agreement to sell which is found in *Whatsapp chat* between Shri Inder Kalta and Shri Dipen Gupta. The said document is an unenforceable document and the same is not between actual buyer (Smt. Ranjana Kalta) of the property. The agreement does not mention about any cash component in the deal. In such a case, no reliance could be placed on such a bald document. Pertinently, no enquiry is shown to have been made by Ld. AO from



the seller Shri Rajinder Sabharwal and the allegation of Ld. AO does not have any corroboration. The two separate valuation reports as found and seized are substantially contradictory in nature and the same are merely an opinion of the valuer. No cognizance of the same, therefore, could be taken into account while making addition of alleged payment of cash component. The purported agreement does not hold any evidentiary value. This agreement is not signed by any of the party and the same even do not mention about any cash component in the deal. In our considered opinion, no addition could be made on the basis of such invalid document. Therefore, this addition has no legs to stand. The amount of Rs.88 Lacs and Rs.13 Lacs are merely bank transfers to Smt. Ranjana Kalta and therefore, the same could not be considered to be the income of the assessee. Considering the facts and circumstances of the case, the addition is liable to be deleted. We order so. The appeal stands partly allowed.

**Shri Inder Kalta : AY 2023-24**

30. The first addition is protective addition of Rs.310 Lacs on account of unaccounted purchases from Shri Kapil Gupta which has already been decided by us in assessee's favor at preceding para-19. The second issue is of undisclosed rental income for Rs.3,31,240/- which has been decided by us against the assessee at para-23. The third issue is protective addition of Rs.46,05,829/- which represent GP element on unaccounted sales which stand adjudicated in assessee's favor vide preceding para-21. The fourth issue is protective addition of Rs.356.12 Lacs which represent cash purchases from Shri Rajesh

Thakur. This issue has been decided by us in assessee's favor in preceding para-27.

31. The fifth issue is addition of Rs.16,430/- on account of stock deficiency. The actual physical stock of M/s Kalta Wines was valued at Rs.313.98 Lacs as against book stock of Rs.317.32 Thus, the book stock was more by Rs.3.34 Lacs. *Shri Diwan Chand (Manager)*, in statement u/s 132(4), stated that some bills might not have been entered in the tally which could result in the stock difference. He could not reconcile the difference. Shri Inder Kalta, in statement u/s 131(1A), stated that stock difference was only because of pending bills and reconciliation However, the shortfall of Rs.3.34 Lacs was considered to be out of book sales on which Ld. AO estimated GP of 4.91% which resulted into impugned addition of Rs.16,430/- in the hands of the assessee as business income u/s 28. The Ld. CIT(A) confirmed the same against which the assessee is in further appeal before us.

32. The undisputed position that emerges is that the physical stock has been found to be short by Rs.3.34 Lacs. Though the assessee has maintained that some bills were not entered in Tally Data which resulted into such difference, the details thereof has nowhere been provided at any stage of proceedings. This being so, the impugned addition is quite reasonable and logical one. Therefore, we confirm the same.

33. The next addition is for Rs.5 Lacs on account of unexplained investment by the assessee in bullion. During search, one rough slip was found which was marked as Page 182 of Annexure-1. The same

was confronted to the assessee in statement u/s 132(4). The assessee stated to have purchased 2 gold coins of 100 grams each at the rate of Rs.55,000/-. The same were stated to be purchased on 22-10-2022. The assessee admitted to have paid cash of Rs.5 Lacs to M/s Sheel Jewellers of Shimla and the balance amount of Rs.11.50 Lacs was stated to be pending. The source of Rs.5 Lacs was withdrawal from partnership firm M/s Kalta Liquors on 22-10-2022. However, no plausible information was received from M/s Sheel Jewellers. During assessment proceedings, the assessee established that it withdrew sum of Rs.5 Lacs from capital account as held with firm M/s Kalta Liquors and the balance amount was paid through banking channels vide cheque no.000878 dated 23-02-2023. The copy of the bill was also furnished. The entries were reflected in regular books of accounts. However, the cash book as furnished by the assessee was held to be not reliable and the amount of Rs.5 Lacs was added as unexplained money u/s 69A. The Ld. CIT(A) confirmed the addition against which the assessee is in further appeal before us.

34. It clearly emerges that the stand of the assessee was always that the payment of Rs.5 Lacs was out of withdrawals from firm M/s Kalta Liquors. The assessee furnished ample evidences during the course of assessment proceedings to substantiate its stand. The transaction was proved by furnishing the bills. A part of the payment was made through banking channels whereas the source of cash payment was clearly established from capital account of the firm. Therefore, this addition could not be sustained. We order so.

35. The last issue is addition of Rs.14.50 Lacs which is based on Page Nos.126 to 128 of Annexure A-1. These pages had certain jottings and were stated to be in the nature of cash expenditure on furniture etc. The same mentioned cash of Rs.14.50 Lacs. The assessee, in statement u/s 131(1A), stated that there were purchases from M/s Himgiri Beverages. However, Ld. AO rejected the same and made addition of Rs.14.50 Lacs. The Ld. CIT(A) confirmed the same against which the assessee is in further appeal before us.

36. We find that this addition is based on rough jottings on loose papers which do not contain the complete details of the transactions. There is no corroboration of these entries. These entries do not bear dates or acknowledgement by any of the party. These are bald entries having no evidentiary value. The assessee has not made any admission of any such cash expenditure. Therefore, this addition could not be sustained. We order so. The appeal stands partly allowed.

**M/s Kalta Liquors : AY 2021-22**

37. This assessee is a partnership firm and engaged as retail vendor. Pursuant to search action on assessee group, an assessment has been framed by Ld. AO on this firm on 21-03-2025 making sole addition of Rs.7,46,186/-. The same was estimated addition of 5.59% on unaccounted purchases. Having heard rival submission, this appeal is disposed-off as under. The various additions, as made by Ld. AO for AYs 2021-22 to 2023-24, could be tabulated as under: -

	Amt (Rs.)		
	AY 2021-22	AY 2022-23	AY 2023-24
<b>Substantive Additions</b>			
Undisclosed cash Sales	Rs.7,46,186/-	Rs.30,09,253/-	Rs.46,05,829/-
Addition on account of cash expenditure u/s 69A/ 69C	----	Rs.1,82,0000/-	Rs.3,56,12,000/-

38. Based on *whatsapp chat* between assessee's employee Shri Munish and Shri Inder Kalta, Ld. AO concluded that the assessee made unaccounted purchase from concerns of Shri Kapil Gupta. Shri Inder Kalta admitted to have received cash collection from Shri Munish. Considering the same, Ld. AO raised presumption of Sec.132(4A) and Sec.292C and proceeded to estimate Gross Profit on these unaccounted purchases. The regular average GP rate as shown by the assessee for FYs 2018-19 to 2020-21 was worked out at 5.59% and the same was applied to unaccounted sales of Rs.1,33,48,595/-. This resulted into substantive addition of Rs.7,46,186/- as business income u/s 28. The Ld. CIT(A) confirmed the addition against which the assessee is in further appeal before us.

39. We find that the impugned addition is based on digital evidences as well as the admission of the assessee u/s 132(4). Therefore, the presumption of Sec.132(4A) and Sec.292C has rightly been invoked by Ld. AO. No plausible explanation has been furnished on the seized evidences. Therefore, the addition is justified. The next prayer of Ld. AR is reasonable estimation of profit element. In the case of Shri Kapil Gupta of M/s Hingiri Beverages (ITA Nos. 1010/Chandi/2025 & ors.), the bench has estimated profit element of 2.5% on total collections. However, the assessee being a retail vendor would enjoy higher

margins. Considering the same, we estimate the profit element of 3% on total cash collections of Rs.1,33,48,595/- which comes to Rs.4,00,458/-. The impugned addition stand restricted to that extent only. The Ld. AO is directed to re-compute the income of the assessee. The appeal stands partly allowed.

**M/s Kalta Liquors : AYs 2022-23 & 2023-24**

40. In AY 2022-23, Ld. AO alleged unaccounted purchases as made by the assessee from the concerns of Shri Rajesh Thakur. Shri Inder Kalta admitted to have made cash purchases from Shri Rajesh Thakur. The Ld. AO also referred to digital evidences in the shape of *whatsapp* communication between Shri Munish and Shri Inder Kalta. The transactions stood corroborated by material seized from Shri Rajesh Thakur. The unaccounted purchases were quantified at Rs.182 Lacs which were added u/s 69A.

41. At the same time, Ld. AO also made allegations of cash sales by the assessee. The same was also based on *whatsapp chat* between Shri Munish and Shri Inder Kalta. The assessee also admitted to have received cash collection from Shri Munish (Q. No.44). Such cash collection was summarized by Ld. AO for this year as under: -

FY	Collection (Sales)	Bank Deposit (Rs.)	Inder Kalta (Rs.)	Sujeel (Rs.)
2021-22	3,50,18,455/-	2,51,87,120/-	2,00,000/-	23.79.800/-

The Ld. AO computed average GP rate for AYs 2018-19 to 2020-21 as 5.59% and further enhanced the same by 3% on account of savings in accounting cost and fixed expenses on unaccounted sales.

The same resulted into an addition of business income u/s 28 for Rs.30,09,253/-.

42. Similar assessment was framed for AY 2023-24 wherein the purchases of Rs.356.12 Lacs were added apart from GP addition of Rs.46,05,829/- which was estimated at 4.91% on cash collection of Rs.9,38,05,065/-. Upon further appeal, Ld. CIT(A) confirmed the assessment orders. Aggrieved, the assessee is in further appeals before us.

43. From the facts, it clearly emerges that the assessee being retail vendor has indulged in out-of-books purchase as well as out-of-books sales. The unaccounted purchases have close nexus with unaccounted sales as carried out by the assessee. This is further supported by the fact that no discrepancy has been found during search in stock as held by the assessee which would mean that the unaccounted purchases of stock were followed by unaccounted sales. It is also quite logical that without purchases, there could be no sales. Until the stock was purchased by the assessee, the same could not be sold. These transactions would certainly have one-to-one correlation and it is quite obvious that the unaccounted purchases would be sourced out of unaccounted cash collection on sales. The assessee does not have any other business activity or any other source of income. Therefore, in our considered opinion, separate addition of unaccounted gross purchases could not be sustained in the hands of the assessee. Therefore, the addition of unaccounted purchases for

Rs.182 Lacs and Rs.356.12 Lacs respectively, in both the years, stand deleted.

44. The next prayer of Ld. AR is reasonable estimation of Gross profit element on unaccounted sales, in both the years. In the case of Shri Kapil Gupta of M/s Himgiri Beverages (ITA Nos. 1010/Chandi/2025& ors.), the bench has estimated profit element of 2.5% on total collections. However, the assessee being a retail vendor would enjoy higher margins. Considering the same, we estimate the profit element of 3% on total cash collections, in both the years. The Ld. AO is directed to re-compute the income of the assessee, for both the years. Both these appeals stand partly allowed.

### **Conclusion**

45. All the appeals stand partly allowed.

Order pronounced on 08<sup>th</sup> April, 2026.

-Sd-  
(RAJPAL YADAV)  
VICE PRESIDENT

-Sd-  
(MANOJ KUMAR AGGARWAL)  
ACCOUNTANT MEMBER

Dated: 08-04-2026

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH