

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.86/Chandi/2025
(निर्धारण वर्ष / Assessment Year: 2022-23)

M/s Homelife Buildcon Pvt. Ltd. Sunview Enclave, Ayali Kalan Ludhiana, Punjab – 142027	बनाम/ Vs.	DCIT - Central Circle - 1 SCO 1-6, 3rd Floor, Opposite BVM School Kitchlu Nagar, Ludhiana
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AABCH-5690-M		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

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2. आयकरअपीलसं. / ITA No.374/Chandi/2025
(निर्धारण वर्ष / Assessment Year: 2022-23)

DCIT –CentralCircle - 1 SCO 1-6, 3rd Floor, Opposite BVM School Kitchlu Nagar Ludhiana	बनाम/ Vs.	M/s Homelife Buildcon Pvt. Ltd. Sunview Enclave, Ayali Kalan Ludhiana, Punjab - 142027
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AABCH-5690-M		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

Assessee by	:	Sh. Sudhir Sehgal (Advocate) – Ld. AR
Revenue by	:	Sh. Manav Bansal (CIT) – Ld. DR

सुनवाईकीतारीख/ Date of Hearing	:	24-03-2026
घोषणाकीतारीख / Date of Pronouncement	:	08-04-2026

आदेश / O R D E R

Manoj Kumar Aggarwal (Accountant Member)

1.1 Aforesaid cross-appeals for Assessment Year (AY) 2022-23 arises out of an order of Learned Commissioner of Income Tax (Appeals)-5. Ludhiana

dated 02-12-2024 in the matter of an assessment framed by Ld. AO u/s 143(3) of the Act on 27-03-2024.

1.2 The grounds raised by the revenue read as under:

1. Whether upon the facts and circumstances of the case and in law, the Ld. CIT(A) was justified in deleting the addition of Rs.42,21,14,555/- made by the A.O. on account of unaccounted sale of residential plots on the basis of logical & rational extrapolation based on evidences collected during a search and post search enquiries?
2. Whether upon the facts and circumstances of the case and in law, the Ld. CIT(A) justified in relying on judgment of Hon'ble Punjab & Haryana High Court in the case of VM Spinning Mills reported in (2011) 16 taxmann.com 199 to deny the benefit of extrapolation as the facts of the present case differ from the referred case as in the present case the AO has relied on additional evidence and investigation to come to conclusion that the assessee is indulging in large scale undervaluation and hence, extrapolation is required?
3. Whether upon the facts and circumstances of the case and in law, the Ld. CIT(A) was justified to delete the addition of Rs.7,68,10,062/- made by the AO on account of unaccounted sale of SCOs on the basis of logical & rational extrapolation based on evidences collected during the search and post search enquiries?
4. Whether upon the facts and circumstances of the case and in law, the Ld. CIT(A) justified in rejecting the valuation reports given by approved valuers of various properties in the projects developed by the assessee and called for by the AO during the assessment proceedings to come to the conclusion that the assessee is indulging in large scale undervaluation of properties sold by it and hence, reducing its turnover?

1.3 The grounds raised by the assessee read as under:

1. That the Ld. CIT(A) has erred in sustaining the addition of Rs.39,10,000/- on account of certain digital data of Sh. Ravi Kapoor, third party and which is against the facts and circumstances of the case.
2. That the Ld. CIT(A) has erred in confirming the addition of Rs. 4 Crore on the account of alleged unaccounted receipts from M/s RIPPS Infrastructure u/s 69A r.w.s 115BBE of the Income Tax Act.
3. That the Ld. CIT(A) has failed to appreciate that the so-called agreement on the basis of which, the addition has been made did not bear the signatures of any of the parties and the same was found from the premises of third party as well namely, Sh. Ajay Prabhakar and, as such, addition as sustained by the Ld. CIT(A) is against the facts and circumstances of the case.
4. a) That the Ld. CIT(A) has erred in sustaining the addition of Rs. 9,03,86,684/- on account of unexplained expenditure u/s 69C r.w.s. 115BBE on the alleged amount spent on construction of villas bearing No. 1,2,3,4 & 5 in the colony.
 b) That the Ld. CIT(A) has failed to appreciate that there was no Villas No.1,2,3,4 & 5 in the approved colony of the assessee and has failed to appreciate the affidavits filed of two directors namely, Sh. Jagjit Singh Grewal and Sh. Manu Gupta, in this context.
 c) Notwithstanding the above and said ground of appeal, the Ld. CIT(A) has failed to appreciate that such document do not belong to the year under consideration as well, since there is mention of 'Value Added Tax', which was there in earlier years, and further, the

document has to be read as whole and, thus, the sustaining of addition in this year is not called for.

1.4 The assessee has also filed additional grounds of appeal on 29-11-2025 and 12-12-2025. However, Ld. AR did not press for these grounds as well as any of the regular legal grounds during hearing before us. An endorsement to that effect was made in the records. The Ld. AR advanced arguments on merits and referred to the earlier decision of Tribunal in earlier years. The copies of the same have been placed on record. The Ld. CIT-DR also advanced arguments and referred to the findings of lower authorities. Having heard rival submissions and upon perusal of case records, the appeals are disposed-off as under.

Assessment Proceedings

2.1 The assessee group was subjected to search action u/s 132 on 16-11-2021. The original return of income was filed by the assessee u/s 139(1) on 18-10-2022 declaring income of Rs.495.89 Lacs. Post-search proceedings, notice u/s 143(2) was issued by Ld. AO on 21-02-2023 which was followed by notices u/s 142(1) wherein the assessee was required to file various submissions and explanations. These notices were duly been responded to by the assessee. The assessee is stated to be engaged in real estate business. During this year, the assessee developed a township by the name *Sunview Enclave* at Ludhiana. The main issue as raised by Ld. AO was sale and purchase of plots by the assessee below market price. To support the same, the report of valuers was obtained which was confronted to the assessee.

2.2 The first issue as identified by Ld. AO was unaccounted sale on account of residential plots. The search was conducted on the assessee, its

directors as well as their associates and various other persons who were connected with the group. During search, certain incriminating material and digital data was found and seized by the department on the basis of which this allegation was made by Ld. AO. The Ld. AO referred to the valuation report of Shri Harbans Singh Sekhon which was found during search on the assessee. The valuer valued the property at *Sunview Enclave* at Rs.30,000/- per square yards whereas the registered deeds were made in the range of Rs.6,000/- to 8,000/- per square yards. The valuation was stated to be done by one of the directors Shri Jagjit Singh. Post search proceedings, the statement of Shri Harbans Singh Sekhon was recorded wherein he admitted that the value of land as per prevailing market rates could have been around Rs.40,000/- to Rs.45,000/- in the month of January, 2021. The valuation document was confronted to Shri Jagjit Singh Grewal who stated that valuation was done at higher rates. However, it was alleged by Ld. AO that the assessee manipulated the registered documents and sold the property with on-money component in cash.

2.3 The Ld.AO then referred to the statement of Shri Ajay Kumar Prabhakar of M/s Prabhakar Associates and proprietor of M/s Ajay Kumar stamp vendor as well as statement of Shri Raj Kumar Sachdeva, partner of M/s Prabhakar Associates. Shri Ajay Kumar was writing sale deeds and agreement to sell on behalf of directors of assessee entity. These two persons acted as deed writers and facilitated execution of agreement to sell and registration of sale deeds as per the directions of directors of assessee entity. These two deed writers were also covered in separate search proceedings. One agreement to sale was found between Ms. Mini Jain and

Smt. Asha Garg wherein the rate of the property was written as Rs.55,500/- per square yards. As per statement of Shri Raj Kumar Sachdeva, the rate per square yards would be in the range of Rs.30,000/- to 50,000/- per square yards. The Ld. AO then referred to the digital evidence in the shape of slip as found during search on Shri Ravi Kapoor who was stated to be key person of the assessee group. The slip contained details of cash payments for purchase of plot by purchasers in respect of Plot nos.286 & 287. The same contained signatures of one the directors Shri Manu Gupta for the first payment totaling to Rs.50 Lacs. Thus, inference was drawn that the payment was received by Shri Manu Gupta on behalf of the assessee entity. Similar inferences were drawn on the basis of other documents as seized from Shri Ravi Kapoor.

2.4 To bolster the allegations, summons u/s 131(1A) were issued to the buyers of the assessee. In few cases, loans were obtained by the buyers and the valuation report was submitted to the bank to avail home loan. These documents were perused. As per valuer's reports, the prevailing market prices were in wide range of Rs.9,200/- per square yards to Rs.80,000/- per square yards. The Ld. AO alleged that the registry was done at much lower rate than the prevailing market rate and the differential was undisclosed turnover of the assessee. The Ld. AO also observed variation in rates at which registered deeds were executed. The Ld. AO then referred to the findings with respect to Shri Ravi Kapoor in assessment proceedings of AY 2021-22.

2.5 The Ld. AO, at para 3.10, proposed rate of Rs.33,000 square yards to 43 sales instances. The assessee refuted the allegation of Ld. AO on

various grounds which were similar to arguments taken during AY 2021-22. Since, the plea of the assessee stood rejected in AY 2021-22, similar view was taken by Ld. AO during this year. Finally, Ld. AO applied rate of Rs.33,000/- per square yards for 43 sales instances and made addition of Rs.42.21 Crores. Similar estimation of Rs.68,750/- per square yards was made for 13 sales instances of SCOs and the addition, in this regard, was quantified by Ld. AO at Rs.7.68 Crores.

2.6 The third addition was for unexplained expenditure u/s 69C for Rs.39.10 Lacs which was on the basis of digital data in the shape of an excel sheet as found and seized from Shri Ravi Kapoor. Based on his statement, Ld. AO proceeded to make impugned addition. Shri Ravi Kapoor was stated to be involved in day-to-day business affairs of the assessee though the assessee denied the same. However, Ld. AO computed unexplained expenditure on behalf of the assessee at Rs.39.10 Lacs and added the same to the income of the assessee u/s 69C.

2.7 The fourth addition was on account of unaccounted receipts from M/s RIPSS Infrastructure (in short 'RIPSS'). The same was on the basis of Annexure A-1, Page Nos.63 & 64 as found during search on M/s Prabhakar Associates. This was an unsigned and undated MOU which indicated that Shri Balwinder Singh (one of the directors of the assessee company) & M/s RIPSS would jointly develop a project in Village Jhammat, Ludhiana with share of 50% each. M/s RIPSS is stated to have paid Rs. 4 Crores in cash and Rs.2 Crores through RTGS to the first party i.e., Shri Balwinder Singh. However, upon being confronted, Shri Balwinder Singh stated that amount of Rs.2 Crores as received was returned back through cheque and no cash

was received. The cheques were returned since the deal did not materialize. However, Ld. AO proposed addition of Rs.4 Crores on account of alleged cash component in the hands of the assessee. The assessee opposed the same, inter-alia, on the ground that it was unsigned document and the so-called land as mentioned in the MOU was not owned by the assessee company and the land was still in the name of the farmers. The assessee denied receiving any cash component. However, rejecting aforesaid explanation of the assessee, Ld. AO made addition of unexplained money u/s 69A for Rs.4 Crores.

2.8 The last addition represents unexplained expenditure u/s 69A. The same was on the basis of three password protected excel sheets as seized from the premises of the assessee group. The sheets were confronted to the director Shri Jagjit Singh during post search proceedings. During assessment proceedings, these sheets were also confronted to the assessee in show-cause notice dated 12-03-2024. These sheets allegedly contained total amount of expenses for Villa-1 to Villa-5. The assessee stated that these sheets do not pertain to the assessee company and it was possible that the same pertain to some other person who visits assessee's office for consultation. It was also claimed that there was no Villa-1 to Villa-5 in *Sunview Enclave*. It further claimed that it sold Plot Nos.1 to 5 in different financial years and no construction was made at that time and it had sold only vacant plot to the buyers. The company constructed and sold Villa Nos.50 & 53 to 58 i.e., total 7 Villas only. However, raising presumption of Sec.292C, the amount of Rs.903.86 Lacs as mentioned in these sheets was added to the income of the assessee. Finally, the

assessment was framed which was subjected to assessee's challenge in first appeal.

Appellate Proceedings

3.1 The assessee assailed the findings of Ld. AO by way of detailed written submissions which have already been extracted in the assessment order. The adjudication of Ld. CIT(A) is contained in para-5 onwards of the impugned order. The Ld. CIT(A) referred to first appellate order in assessee's own case for AY 2021-22 and deleted the addition of alleged on-money on sale of residential plots and SCOs on the ground that no incriminating material was found during the course of search in this regard. Accordingly, both these additions were deleted against which the revenue is in further appeal before us.

3.2 The addition of unexplained expenditure u/s 69C for Rs.39.10 Lacs was confirmed by following first appellate order for AY 2021-22. Aggrieved, the assessee is in further appeal before us.

3.3 The addition of Rs.4 Crores which represent unaccounted receipt from M/s RIPSS was confirmed on the ground that the assessee received payment through cheques but denied receiving cash component. The cheque payment as mentioned in MOU was received by the assessee and therefore, the presumption of Sec.292C would apply. Aggrieved, the assessee is in further appeal before us.

3.4 The last addition of Rs.903.86 Lacs represent unexplained expenditure for Villa Nos.1 to 5. The explanation of the assessee was rejected on the ground that it would be common practice in any undisclosed activity to use code words. Another argument was that the expenditure

under the head VAT was mentioned in these sheets. The VAT was replaced with GST much before relevant financial year and therefore, the data do not pertain to this year. However, Ld. CIT(A) rejected the same on the ground that the assessee chose to write VAT instead of using GST. Finally, the addition was confirmed against which the assessee is in further appeal before us.

Our findings and Adjudication

4. The first two additions represent addition of alleged on-money on sale of residential plots and SCOs. It could be seen that Ld. CIT(A) has granted relief to the assessee on the ground that no incriminating material was found during search in this regard. The Ld. CIT(A) referred to the findings as given in AY 2021-22. We find that the revenue assailed the first appeal order for AY 2021-22 before this Tribunal vide ITA No.1036/Chd/2024 common order dated 17-07-2025. Upon perusal of this order, it could be seen that the bench has dismissed the appeal of the revenue on merits. Therefore, both these issues stand covered in assessee's favor by the aforesaid decision and the facts are similar in this year. This being so, we confirm the adjudication of Ld. CIT(A) on both these issues. Since these are the only issues in revenue's appeal, the revenue's appeal stands dismissed.

5. Similarly, the addition of unexplained expenditure u/s 69C for Rs.39.10 Lacs has been confirmed by Ld. CIT(A) by following first appellate order for AY 2021-22. We find that the assessee assailed this issue before the Tribunal vide ITA No.880/Chd/2024 common order dated 17-07-2025 wherein this issue has been decided in assessee's favor. The bench, at

para 54 of the order, concluded that no addition could be made on the basis of such document. No corroborative evidence was found from the premises of the assessee. Thus, this issue stand decided in assessee's favor. Taking the same view, the impugned addition of Rs.39.10 Lacs stand deleted. The assessee succeeds in its corresponding grounds of appeal.

6. The next addition is for Rs.4 Crores. From the enumerated facts, it clearly emerges that the whole basis of this addition is an unsigned MOU which lack any enforceability in the eyes of law. The assessee or the alleged payer has not made any admission of exchange of cash component. The allegation of Ld. AO remains inconclusive. There is no corroboration of the fact that the said MOU was acted upon by any of the party. This being an unsigned document does not hold any evidentiary value. Even the stated land as mentioned in the MOU continues to exist in the name of the farmers. Further, the amount as received by the assessee through cheques has already been repaid by the assessee which would show that the said deal did not, at all, materialized. There is no evidence of actual cash exchange between the parties as stated in the MOU. On these facts, in our considered opinion, this addition could not be sustained in the hands of the assessee. We order so. The corresponding grounds of appeal stand allowed.

7. The last addition represents unexplained expenditure u/s 69A which has been made on the basis of three password protected excel sheets as seized from the premises of the assessee group. These sheets allegedly contained total amount of expenses for Villa-1 to Villa-5. However, it could be seen that there are no such Villas in assessee's ongoing project viz.

Sunview Enclave. The assessee has already sold Plot Nos. 1 to 5 in different financial years which are sold as vacant plots only. The assessee company has constructed and sold Villa Nos.50 & 53 to 58 i.e., total 7 Villas only which do not find mention in the said excel sheet. The perusal of these sheets as extracted in the assessment order would show that expenditure has been mentioned under various heads. However, there is no date on these sheets. The document do not bear signature of any of the parties and as such, there is no acknowledgement of these sheets. The same do not conclusively suggest incurrance of unexplained expenditure by the assessee. The document lacks even the basic details i.e., name of the parties to whom the payments were made and the alleged payments do not bear any details or dates. The same would not even conclusively show that the expenditure was incurred during this year. The documents mention expenditure on VAT which stood replaced by GST long time back w.e.f. 01-07-2017. The presumption u/s 292C would apply as a whole and not in a piecemeal manner. The presumption that the VAT and GST was used interchangeably cannot be accepted. Therefore, this addition does not have any sound basis. Therefore, we delete the same and allow corresponding grounds of assessee's appeal. The appeal stands partly allowed.

Conclusion

8. The assessee's appeal ITA No.86/Chandi/2025 stand partly allowed. The revenue's appeal ITA No.374/Chandi/2025 stand dismissed.

Order pronounced on 08th April, 2026.

-Sd-
(RAJPAL YADAV)
VICE PRESIDENT

-Sd-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

AS

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