

**IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, KOLKATA**

**BEFORE SHRI RAJESH KUMAR, AM  
AND  
SHRIPRADIP KUMAR CHOUBEY, JM**

**ITA No.1380/KOL/2025  
(Assessment Year: 2023-24)**

**Balmukund Concast Pvt. Ltd.**  
108 Kalyani complex, Exhibition  
Road, Patna-800001, Bihar

**(Appellant)**

**Vs.**

**DCIT, CC 4(3)**  
Aaykar Bhawan, Kolkata-700069  
West Bengal

**(Respondent)**

**PAN No. AAACB9503G**

**ITA No. 1892 & 1893/KOL/2025  
(Assessment Years: 2019-20 & 2023-24)**

**DCIT, CC 4(3)**  
Aaykar Bhawan, Kolkata-700069  
West Bengal

**(Appellant)**

**Vs.**

**Balmukund Concast Pvt. Ltd.**  
108 Kalyani complex, Exhibition  
Road, Patna-800001, Bihar

**(Respondent)**

**Assessee by** : Shri Manish Rastogi, AR  
**Revenue by** : Shri Dheeraj, DR

**Date of hearing:** 09.02.2026  
**Date of pronouncement:** 15.04.2026

**ORDER**

**Per Rajesh Kumar, AM:**

In these appeals, one appeal is filed by the assessee and other are Cross appeals filed against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") even dated 14.04.2025 for the AYs 2019-20 & 2023-24.

2. At the outset, we note that the appeals in ITA Nos. 1892 & 1893/KOL/2025 of the assessee are barred by limitation by 20 days.

At the time of hearing the counsel of the assessee explained the reasons for delay in filing the appeal. The Ld. D.R did not raise any objection in condoning the delay. After hearing the rival contentions and perusing the materials available on record, we find that the delay is for bonafide and genuine reasons and hence, we condone the delay and admit the appeal for adjudication.

**A.Y. 2019-20**

**ITA No. 1892/KOL/2025**

3. The only issue raised by the Revenue in the various grounds of appeal is against the deletion of addition of ₹12,45,885/- by the Id. CIT (A) as made by the Id. AO by applying 4% on bogus purchases/suppression of revenue/ income.

3.1. The facts in brief are that the assessee filed the return of income on 30.10.2019, declaring total income at ₹7,62,84,690/- and book profit u/s 115JB of the Act of ₹7,22,45,510/-. The return was processed u/s 143(1) of the on 30.04.2020. A search action u/s 132 of the Act was conducted on 30.11.2022 and on the subsequent dates on the 'Kanodia Group of cases and assessee being one of the related entity, was also covered under the said search. During the course of assessment proceedings, the Id. AO observed that assessee has made purchases of ₹3,11,47,131/- from M/s Rajmata Dealers Pvt Ltd., which was appearing in the list of shell companies in the data maintained by the DIT (Investigation), Kolkata, and the said company is managed by the entry operator Ankit Bagri with the assistance of two dummy directors namely Shri Yogesh Kejriwal and Pravin Bhatt. The Id. AO on the basis of examination of BCPL 02, page no. 1 to 46, observed that the said entity is a defaulter by GST and has taken

bogus input credit of ₹4,13,25,364/-. Accordingly, the Id. AO treated the purchases being made by the assessee from grey market at a lower price and bogus bills obtained from the shell entities as stated above and estimated the income by applying 4% on the purchases made from M/s Rajmata Dealers Pvt Ltd. of ₹3,11,47,131/-, which comes to ₹12,45,885/- and added the same to the income of the assessee as suppressed income.

3.2. In the appellate proceedings, the Id. CIT (A) allowed the appeal of the assessee by deleting the addition by holding and observed as under:-

*"6.2. Discussion and decision:*

*6.2.1. I have perused the assessment order as well as the submission of the appellant. On perusal of the same, it is observed that a search & seizure operation u/s 132 of the Act was conducted at assessee's various premises on 30.11.2022 and subsequent dates. On examination of assessee's books of account during the search proceedings, it was found that the assessee company has recorded purchase of Rs.3,11,47,131/- from M/s. Rajmata Dealers Pvt. Ltd for the AY 2019-20. M/s. Rajmata Dealers Pvt. Ltd appears as a shell company in the shell company data maintained by the Directorate of Income-Tax(Investigation), Kolkata. From the financial analysis of M/s. Rajmata Dealers Pvt. Ltd., it was observed by the AO that till A.Y 2018-19, the only source of income of the company was from Interest Income and it was only in AY 2019-20, that the company had suddenly reported huge sales turnover. However, the AO found that the company had neither acquired any appropriate asset nor did it pay any rent. The AO therefore, concluded that M/s. Rajmata Dealers Pvt. Ltd. had acted as a shell company providing bogus bills without actual movement of goods and therefore, it could be safely considered that the fake sale entries were provided by M/s. Rajmata Dealers Pvt. Ltd. to the assessee company i.e. M/s. Balmukund Concast Pvt. Ltd which was nothing but accommodation entries in between the parties and the assessee was the beneficiary of such accommodation entries of booking bogus purchases.*

*6.2.2. On perusal of the submission of the assessee, it is noticed that the assessee had purchased MS Billet and sponge iron from M/s. Rajmata Dealers Pvt. Ltd and had transported to the assessee's factory premises. The assessee company had also provided the AO with copy of invoice, waybill and transporting documents which were also seized during the course of search. The assessee had also produced their books of accounts as well as the confirmation of accounts from M/s. Rajmata Dealers Pvt. Ltd before the AO.*

6.2.3 It is also noted that the statutory audit reports and the tax audit reports were prepared and issued by independent qualified auditors on the basis of thorough examination of the books of accounts and supporting evidence as furnished by the assessee company and therefore have high evidentiary value. Considering the fact that the assessee company had also filed its return of income on the basis of the same audited balance sheet and tax audit reports which have classified the impugned purchases as purchase of raw material and its application to manufacturing process without any objection. Even the AO, on examination of the details, could not find any gross irregularities in sales and other segments of the accounts so as to warrant applicability of the provision u/s 145(3) of the Act and since the sales are not questionable, corresponding purchases also cannot be denied. It is pertinent to mention that the assessee company had also provided the AO with copy of invoice, waybill and transporting documents which were also seized during the course of search. The assessee had also produced their books of accounts as well as the confirmation of accounts from M/s. Rajmata Dealers Pvt. Ltd. The AO has not brought out any independent evidence to prove that M/s. Rajmata Dealers Pvt. Ltd is a shell company except analysing its financials. Moreover, it is observed that the AO had no proof regarding the purchases of the assessee being made in grey market and the addition of Rs.12,45,885/- (being 4% of Rs.3,11,47,131/-) was based on surmises and conjectures. Based on the above discussion it is decided that the addition made of Rs.12,45,885/- on account of bogus purchases @ 4% on the turnover of Rs.3,11,47,131/- is to be deleted. Hence, the AO is directed to delete the addition of Rs.12,45,885/-. Therefore, these grounds of appeal raised by the assessee are allowed."

3.3. After hearing the rival contentions and perusing the materials available on record, we find that the assessee has made purchases from the M/s Rajmata Dealers Pvt Ltd. amounting to Rs.3,11,47,131/-, which according to the Id. AO is shell company as per data maintained by DDIT (Inv), Kolkata. The Id. AO applied GP rate of 4% to assess and estimate the income on the purchases from the said supplier whereas the Id. CIT (A) deleted the addition by holding that the AO has not brought any independent evidences to prove that the M/s Rajmata Dealers Pvt Ltd. is a shell company except analysing financials of the said company. The Id. CIT (A) also noted that there was no defect pointed out by the Id. AO in the books of account and even the sales of the assessee were accepted. Therefore, the Id. CIT (A) recorded a finding that the Id. AO was provided with the copy of

invoices, e-way bills, transportation documents, etc. which were also seized during the course of search. The assessee has also produced before the authorities below the books of account as well as the confirmation from M/s Rajmata Dealers Pvt Ltd. Citing all the evidences, the Id. CIT (A) deleted the addition. In our opinion, the Id. CIT (A) has passed a very speaking and reasoned order while deleting the addition. The case of the assessee is squarely covered by the decision of the co-ordinate Bench in case of DCIT vs. Sharp Mint Ltd. [2024] 159 taxmann.com 1381 (Delhi - Trib.)[12-01-2024], wherein it has been held that so long as the sales are accepted the corresponding purchases cannot be disallowed. The operative part of the decision is as under: -

*"10. Upon careful consideration, we find that AO has made the addition on estimate basis. AO has himself stated that it cannot be said that assessee had not made purchases but, according to the AO, purchases were made from parties different than the parties entered in the books of account. On this account, AO has made addition for bogus purchases @ 25% of the purchases. This can only be said to be surmise. It is settled law that no addition is permissible on the basis of surmise and conjecture. When corresponding sales have been accepted, disallowance for bogus purchase is not sustainable. Further, Id. CIT (A) vide his elaborate order has dealt with all the issues raised by the AO in his assessment order and has come to the conclusion that the addition on account of bogus purchases is not sustainable. We do not find any infirmity in the well reasoned order of Id. CIT (A). We further note that ITAT in assessee's own case in AYs 2012-13 to 2017-18 vide order dated 11.07.2023 has deleted the addition on bogus purchases and expenses by concluding as under :-*

*"10. Thus, once the CESTAT has held the purchases made by four Jammu bases entities to be genuine, the entire case of the Revenue based on the investigation carried out by Central Excise Department, Jammu would fall flat. It is further relevant to observe, while deciding the appeals filed by the Revenue in case of M/s. Jai Ambay Aromatics, one of the four Jammu based entities from whom the assessee had purchased raw materials, the Tribunal in ITA No.5031/Del/2017 and Ors., dated 15.07.2021 has upheld the decision of the first appellate authority in deleting the additions made by the Assessing Officer on account of bogus purchases. Thus, once, the CESTAT and the Tribunal have held the purchases made by the four Jammu based entities to be genuine, the corresponding sales effected by them to the assessee have to be accepted as genuine.*

11. In that scenario, in our considered view, learned first appellate authority was justified in deleting the additions made on account of non-genuine purchases. Once the purchases are held to be genuine, then there cannot be any doubt regarding manufacturing activity of the assessee. Therefore, the manufacturing expenses claimed by the assessee have to be allowed. In this view of the matter, we do not find any infirmity in the decision of learned Commissioner (Appeals). Accordingly, we uphold the same by dismissing the grounds raised by the Revenue. Our aforesaid decision will apply mutatis mutandis to rest of the appeals under consideration."

**11.** Thus, in the background of the aforesaid discussion and precedent, we do not find any infirmity in the order of the Id. CIT (A) and we uphold the same."

3.4. Consequently, we uphold the order of Id. CIT (A) by dismissing the appeal of the Revenue.

**A.Y. 2023-24**

**ITA No. 1380/KOL/2025**

4. The issue raised in ground nos. 1,2 and 5 are general in nature and does not require any specific adjudication.
5. The issue raised in ground no.3 is against the order of Id. CIT (A) confirming the addition of ₹47,93,460/-, as made by the Id. AO on account of alleged suppression of sales.

5.1. The facts qua the search conducted on the assessee are already stated hereinabove. The assessee filed the return of income on 29.10.2023, declaring total income at ₹16,64,81,050/-, which was processed u/s 143(1) on 10.01.2024. The Id. AO on the basis of seized material mark as 'BCPL/03' is in the form of "Despatch detail/Advice", in which the agreed sales price per MT of TMT was recorded. The Id. AO noted that there were some discrepancies between the price recorded in this dispatch details vis a vis sales actually recorded by the assessee in the books of accounts. Accordingly, the assessee was called upon to explain the same. The assessee replied the same

to be on account of placing the order and actual dispatches. However, the same was not accepted by the AO and the addition of ₹47,93,460/ was made to the income of the assessee on account of suppression of sale by the assessee.

The Id. CIT (A) in the appellate proceedings dismissed the appeal of the assessee by holding that the suppression of sales were based upon the dispatch slips found during the course of search and the addition was rightly made by the Id. AO applying 12% of ₹3,99,45,500/- being suppressed sale thereby upholding the addition of ₹47,93,460/-.

5.2. After hearing the rival contentions and perusing the materials available on record, we find that there is time lag between the receiving of orders and actual dispatches. We note that when the orders are received which recorded in the slips and same are forwarded to the factory and dispatches are subject to availability of stock in the factory, arrangement of the transporters and receipt of payment/ payment terms being agreed upon with the customers. It was stated before us that the maximum price on the date of noting on the dispatch slip is mentioned and is inclusive of GST and were also subject to various deduction and discounts upon the final dispatches when the invoices are prepared which contained the details of selling price along items sold. Thus, we find merit in the contention of the Id. AR that there is bound to be some difference between the price mentioned in the dispatch slips and actual invoices issued. It was also stated before us that in some instances, the dispatch slips for which the dispatches did not materialize were also returned as non-fulfilled

orders. The search team seized all these dispatch slips and computed the total suppress sales of ₹3,51,33,249/-based on the sale price mentioned in the dispatch slips and actual sale recorded in the books of account. The Id. CIT (A) affirmed the addition which was made by the Id. AO by applying a rate of 12% on the said suppress sales. We have examined the dispatch slips, corresponding invoices along with confirmation of accounts from the customers which are available at page no.196 to 280. Therefore, we find merit in the contentions of the assessee that there is bound to be some difference between the dispatch slips and actual slips recorded and also unexecuted dispatch slips which have in fact no relevance as no goods were supplied against these slips. Considering these facts, we are not in agreement with the conclusion drawn by the Id. CIT (A) on this issue as the assessee has fully explained the reasons for difference between the dispatch slips and actual slips recorded in the books of account. Moreover, the authorities below have not brought any material on record to show that the assessee has received the differential cash or in kind. Therefore, we are inclined to set aside the order of the Id. CIT (A) and direct the Id. AO to delete the addition. The ground no. 3 is allowed.

6. The second issue raised in ground no.4 is against the appellate order sustaining the addition to the tune of ₹20,47,140/- by the Id. CIT (A) as made by the Id. AO of ₹1,53,00,000/- on the basis of WhatsApp Chats.

6.1. At the outset, the Id. Counsel for the assessee submitted that the addition has been made on the basis of WhatsApp Chats between Shri Rajesh Dhandaria and Patna Tiwarji, which were found in the

mobile phone of Shri Rajesh Dhandaria. Similar type of chats between Shri Rajesh Dhandaria and Shri Rajeev Kanodia were found during the course of search. The Id. AO on the basis of said WhatsApp Chats estimated the cash transactions made out of books amounting to ₹1,53,00,000/- during the impugned financial year and accordingly, the same was added to the income of the assessee. Pertinent to mention that there was no corroboration to the whatsapp chats.

6.2. In the appellate proceedings the Id. CIT (A) treated the said amount as mentioned in the WhatsApp Chats as suppressed sales and partly deleted the addition by applying the GP of 13.38%, thereby sustaining the addition to the tune of ₹20,47,140/- and deleting the remaining amount of ₹1,32,52,860/-. The assessee has challenged the order of Id. CIT (A) sustaining the said addition to the tune of ₹20,47,140/- and the Revenue has challenged the deletion of addition to the tune of ₹1,32,52,860/-.

6.3. After hearing the rival contentions and perusing the materials available on record, we find that the issue is squarely covered in favour of the assessee by the decision of the co-ordinate Bench in case of Balmukund Sponge and Iron Private Limited Vs. DCIT vide order dated 09.12.2025, 09.12.2025, wherein vide para 6.5, the co-ordinate bench has deleted the addition as sustained by the Id. CIT(A) by recording a finding that there was no corroborative material found to support the transactions mentioned in the WhatsApp Chats and therefore, no addition can be made. The operative part is as under:-

*"6.5. After hearing the rival contentions and perusing the materials available on record, we find that the addition was made only on the basis of Whatsapp Chats between the director of Shri Abhishek Kanodia and employee of the company. We note that apart from the Whatsapp Chat there is no evidence on record nor any substantive*

evidences have been brought by the Id. AO or Id. CIT (A) on records. The Id. AO added the entire money as unexplained money u/S 69A of the Act, whereas as a matter of fact, there was no money which could be added u/s 69A of the act and therefore the Provisions of Section 69A are not applicable. The Id. CIT (A) has gone a step further by applying GP on the said WhatsApp Chats amount. Under these circumstances, we are of the view that unless there is a corroborative material found to support the transactions mentioned in the the WhatsApp Chats, no addition could be made in the hands of the assessee, even on account of profits as done by the Id. CIT (A). The assessee has also made without prejudice submission that Provisions of Section 292C of the Act, the presumption is to be drawn in respect of WhatsApp transactions in the hands of the person from whose possession or control the books of accounts/ documents, etc. are found. Even the presumption u/s 292C of the Act is rebuttable when the assessee proved that he has not done any such transactions even in respect of such transaction as were contained in the loose paper which were found during the course of search. This was held by the Hon'ble Delhi High Court in case of PCIT Vs. Delco India (P.) Ltd. reported in (2016) 67 taxmann.com 357 (Delhi). We note that in the present case the chats of Shri Pradeep Sahewal, who is one of the directors of the group companies and as such any adverse view should be taken in his hand and not in the hands of the assessee specially on the ground that there is nothing on record to substantiate the transactions belonged to the assessee. We also found that it is not mentioned in the WhatsApp Chat whether the amounts involved are receipt or payments. Accordingly, we are inclined to set aside the order of Id. CIT (A) and direct the Id. AO to delete the addition as sustained by the Id. CIT (A). The grounds no. 2 to 4 are allowed."

6.3.1. Since, the facts of the present case are materially same vis-à-vis, the decision of the co-ordinate Bench, we are, therefore, inclined to set aside the order of CIT (A) and direct the Id. AO to delete the addition. Consequently, assessee's appeal is allowed.

**A.Y. 2023-24**

**ITA No. 1893/KOL/2025**

7. This is the cross appeal of the revenue wherein the revenue has challenged the part deletion of addition by CIT(A) of ₹ 1,32,52,860/- by treating the amounts mentioned in the WhatsApp Chats as suppressed sales by applying a G.P. rate of 13.38%. Since we have already allowed the appeal filed by the assessee in ITA No.1380/Kol/2025 (supra) by setting aside the order of Id. CIT(A) on this and directing the AO to delete the addition as there is no



supporting materials to the WhatsApp chats. Consequently, the appeal of the revenue becomes infructuous and is dismissed.

8. In the result, the appeals of the Revenue are dismissed and the appeal of the assessee is allowed.

Order pronounced on 15.04.2026.

Sd/-  
(PRADIP KUMAR CHOUBEY)  
(JUDICIAL MEMBER)

Sd/-  
(RAJESH KUMAR)  
(ACCOUNTANT MEMBER)

Kolkata, Dated: 15.04.2026

*Sudip Sarkar, Sr.PS*

Copy of the Order forwarded to:

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

BY ORDER,

True Copy//

Asst. Registrar  
Income Tax Appellate Tribunal, Kolkata