

IN THE INCOME TAX APPELLATE TRIBUNAL

"E" BENCH, MUMBAI

BEFORE SHRI OM PRAKASH KANT, ACCOUNTANT MEMBER

SHRI SANDEEP SINGH KARHAIL, JUDICIAL MEMBER

ITA No.5962/MUM/2025
(Assessment Year 2017-18)

ITA No.5963/MUM/2025
(Assessment Year 2015-16)

ITA No.5964/MUM/2025
(Assessment Year 2014-15)

ITA No.5965/MUM/2025
(Assessment Year 2013-14)

Kalpataru Projects International Ltd.,
101, Part-III, G IDC Estate Sector – 28,
Gandhinagar,
Gujarat – 382028
PAN: AAACK8387R

..... Appellant

v/s

Deputy Commissioner of Income Tax,
Central Circle - 3(3),
Mumbai

..... Respondent

ITA No.6112/MUM/2025
(Assessment Year 2013-14)

Deputy Commissioner of Income Tax,
Central Circle - 3(3),
Mumbai

..... Appellant

v/s

Kalpataru Projects International Ltd.,
101, Part-III, G IDC Estate Sector – 28,
Gandhinagar,
Gujarat – 382028
PAN: AAACK8387R

..... Respondent

Assessee by : Shri Vijay Mehta
Shri Tarang Mehta
Revenue by : Shri Ritesh Misra, CIT-DR

Date of Hearing – 27/11/2025

Date of Order - 24/12/2025

ORDER

PER SANDEEP SINGH KARHAIL, J.M.

The present appeals by the assessee and the Revenue arise from the separate impugned orders of even date 30.07.2025, passed under section 250 of the Income Tax Act, 1961 ("*the Act*") by the learned Commissioner of Income Tax (Appeals)-51, Mumbai, [*learned CIT(A)*], for the assessment years 2013-14, 2014-15, 2015-16 and 2017-18.

2. Since all the appeals pertain to the same assessee, involving similar issues arising out of a similar factual matrix, these appeals were heard together as a matter of convenience and are being decided by way of this consolidated order. With the consent of the parties, the cross-appeals for the assessment year 2013-14 are treated as a lead case, and the decision rendered therein shall apply *mutatis mutandis* to other appeals before us.

3. In this appeal for the assessment year 2013-14, the assessee has raised the following grounds: -

"On the facts and in the circumstances of the case and in law:

1. The Learned Commissioner of Income-tax Appeals 51, Mumbai [hereinafter referred as 'CIT(A)] has erred in not holding that the notice issued by the A.O under section 148 of the Act is bad in law and time barred.

2. The CIT(A) has erred in not holding that the assessment order passed by the A.O under section 147 of the Act is bad in law.

3. The CIT(A) has erred in not holding that the addition made by the A.O in respect of purchases made by JMC Projects (India) Ltd. (which company got merged into Appellant with effect from 01 April 2022) is without jurisdiction and bad in law.

4. The CIT(A) has erred in confirming the disallowance of INR 33,81,180 being 12.5% of total alleged non genuine purchase of INR 2,70,49,440 made by JMC Projects (India) Ltd."

4. While the Revenue in its appeal for the assessment year 2013-14 has raised the following grounds: -

"1. Whether on the facts and circumstances of the case and in law, the Ld.CIT(A) has erred in placing undue reliance on documents such as ledger accounts, self generated invoices, work order, and bank payments produced by the assessee without ensuring independent third-party verification of actual supply of goods services. Such self-serving documents cannot establish the genuineness in the face of contrary evidence unearthed during investigation.

2. Whether on the facts and in the circumstances of the case and in law, the Ld.CIT(A) has erred in restricting the disallowance of purchases from certain vendors from 100 percent to 12.5 percent, thereby granting relief of Rs.2,36,68,260, despite clear and cogent evidence gathered during search and post-search proceedings establishing that the transactions were non genuine.

3. Whether on the facts and in the circumstances of the case and in law, the Ld.CIT(A) erred in disregarding the binding decisions of the Hon'ble Bombay High Court in DCIT v. Drisha Impex P.Ltd. 2025 173 taxmann.com 571, wherein the Hon'ble Court upheld and restored the addition made by the Assessing Officer. The assessee therein had preferred an SLP before the Hon'ble Supreme Court, which was dismissed, thereby affirming the judgment of the Hon'ble Bombay High Court in sustaining the addition made by the Assessing Officer."

5. During the hearing, the learned Authorised Representative ("*learned AR*"), at the outset, wishes to argue the ground raised on merits pertaining to the disallowance made under section 37(1) of the Act by considering certain purchases as non-genuine. As the grounds raised in Revenue's appeal also pertain to the part-deletion of a similar disallowance, all these grounds are considered together.

6. The brief facts of the case are that the assessee is a domestic company engaged in the business of manufacturing of power transmission line towers and steels structures, Biomass based power generation plant, developing infrastructure facilities and construction of Railway lines, etc. For the assessment year 2013-14, the assessee filed its return of income on

30.11.2013, declaring a total income of Rs.126,94,66,880/- and computed the book profit under section 115JB at Rs. 137,65,27,847/-. The return filed by the assessee was selected for scrutiny, and vide order dated 29.03.2016 passed under section 143(3) of the Act, the total income of the assessee was assessed at Rs.129,05,67,871/-. Subsequently, vide order dated 21.12.2022 passed by the Hon'ble National Company Law Tribunal, Ahmedabad, the scheme of merger of M/s. JMC Projects India Ltd. ("JMC") with the assessee was approved with effect from 01.04.2022. Pursuant to the merger, all the assets, liabilities, rights, claims, duties and obligations, etc. of JMC stood transferred and vested in the assessee on an ongoing concern basis. Accordingly, as noted in paragraph 3.1 of the assessment order, since JMC was no longer in existence and the assessee was the successor entity, in terms of a decision of the Hon'ble Supreme Court in Maruti Suzuki, the Assessing Officer ("AO") issued notice under section 148 of the Act for the year under consideration on the assessee on the basis of the findings during the search and post search proceedings carried out on Kalpataru Group of Companies on 04.08.2023, wherein the assessee, i.e, M/s. Kalpataru Projects International Ltd. (earlier known as M/s. Kalpataru Power Transmission Ltd.) was also covered. As the assessee filed its return of income on 18.10.2024, in response to the notice issued under section 148 of the Act which was beyond the time specified in the notice under section 148 of the Act, the AO treated such return as invalid as per the provisions of proviso to section 148(2) of the Act and proceeded to complete the assessment under section 144 of the Act. On the basis of the statement on certain key employees of the assessee/JMC recorded

during the search action, the AO issued notice under section 142(1) of the Act to the assessee to produce supporting documentary evidence, such as ledger accounts, copies of agreements, invoices, transport challans, delivery challans, etc., in respect of the goods purchased from various entities for which documentary evidences could not be submitted during the search proceedings. In response, the assessee submitted part details like invoices, ledgers, purchase orders and payment details in respect of transactions done with entities mentioned in the notice issued under section 142(1) of the Act. Since the assessee could not furnish adequate supporting documents in respect of purchases from the following parties, the AO issued a show cause notice as to why the purchase expenses amounting to Rs. 2,70,49,440/- should not be disallowed by treating the same as non-genuine: -

<i>Sr. No.</i>	<i>Name of the Purchase Party</i>	<i>PAN Number</i>	<i>Amount of purchase</i>
1	<i>B.S. Trading Co.</i>	<i>AAEFB3125B</i>	<i>1,64,78,608</i>
2	<i>Gourav Sarkar</i>	<i>CTSPS2707M</i>	<i>48,29,458</i>
3	<i>Navkar Builders Limited</i>	<i>AAACN7211P</i>	<i>31,499</i>
4	<i>Sakshi Enterprises</i>	<i>ATDPD2225Q</i>	<i>16,77,834</i>
5	<i>Sharma Ventures</i>	<i>ABRFS7268J</i>	<i>40,32,041</i>
	<i>Total</i>		<i>2,70,49,440</i>

7. In response, the assessee submitted that no incriminating material was found during the course of the search, which casts doubt on the genuineness of the transactions with the above-mentioned parties or which can justify that the above parties have not supplied goods or provided any services to the assessee. The assessee further submitted that the allegations are based solely on surmises and assumptions, without any corroborative evidence to substantiate the claim that the transactions are non-genuine/bogus. The

assessee also submitted that the show cause notice issued to the assessee is very generic without specifying any discrepancies in the details and documents submitted during the assessment proceedings. The assessee also highlighted the fact that two of the individuals whose statements were recorded during the search have retracted their statements.

8. The AO, vide order dated 30.03.2025, passed under section 147 read with section 144 of the Act, disagreed with the submissions of the assessee and held that despite the grant of ample time and opportunities, the assessee has failed to furnish the requisite documentary evidence in respect of purchase transactions with the afore-noted vendors. The AO also referred to the report of the Field Inspection carried out in respect of certain purchase parties, wherein it was found that most of the said vendors from whom the assessee has made purchases of goods/services were not existing at the registered addresses, there were no identification boards at most of the registered addresses and no business activity was being carried out there. The AO held that when the Field Inspection Report was confronted with the key employees, they reiterated that they did not know any of the purchase party and never came across them while working. By referring to the statement recorded during the search, the AO further noted that the key employees stated that they are not able to find the vendors in their Supply Chain Tracking System. Accordingly, the AO held that these facts themselves raised questions on the genuineness of the transactions done with such vendors. As regards the retraction by two of the individuals, whose statement was recorded during the search, the AO held that such retraction affidavits

were rejected as there was no procedural lapse during the course of the search. Thus, on the basis that the assessee failed to furnish adequate documentary evidence, the AO held that the purchase expenses amounting to Rs. 2,70,49,440/- were non-genuine, which resulted in corresponding decrease in profit to that extent. Accordingly, the AO held that in the facts and circumstances of the case, it cannot be satisfactorily established that the expenses amounting to Rs.2,70,49,440/- claimed by the assessee on account of purchase transactions done with the afore-noted vendors were incurred wholly and exclusively for the purpose of business. Consequently, the said expenditure was disallowed under section 37(1) of the Act and added to the total income of the assessee.

9. The learned CIT(A), vide impugned order, after considering the submissions of the assessee held that full disallowance of the purchase value appears to be excessive and disproportionate and accordingly to plug the leakage of revenue directed the AO to restrict the disallowance to 12.5% of the total purchase value and grant the relief to the assessee in respect of balance amount. Accordingly, the learned CIT(A) confirmed that the addition made by the AO to an extent of Rs.33,81,180/- and the balance amount of Rs.2,36,68,260/- was directed to be deleted. The learned CIT(A) dismissed the ground raised by the assessee challenging the initiation of the assessment proceeding under section 147 of the Act. Being aggrieved, both the assessee and the Revenue are in appeal before us.

10. During the hearing, the learned AR submitted that even though the assessee has a good case on the jurisdictional ground raised in its appeal, the same may be kept open and the present appeal be decided on the grounds raised on merits. As regards the additions sustained by the learned CIT(A), the learned AR submitted that all the purchases which are in dispute in the present case pertain to its subsidiary, i.e., which was merged with the assessee in the year 2022. The learned AR further submitted that in the search on the assessee group, various statements relied upon by the AO in support of the impugned addition were recorded during the search on the assessee group on 04.08.2023, which is after a period of 10 years from the year under consideration and thus it was submitted that the employees whose statements were recorded either did not work in the concerned unit or joined the company after the year under consideration, and therefore, these employees cannot be presumed to know the entire affairs of JMC during the year under consideration. Further, by referring to the findings of the learned CIT(A) in respect of impugned five vendors, the purchase from whom was considered as non-genuine by the AO, the learned AR submitted that the assessee furnished all the data available with it to the extent possible, and these vendors were regular suppliers of the assessee for various projects even in the subsequent years. The learned AR submitted that there is no finding of any of the lower authorities that any incriminating material was found during the search, which leads to the conclusion that the impugned purchases were non-genuine. Accordingly, the learned AR submitted that the learned CIT(A)

erred in partly upholding the disallowance to an extent of 12.5% of the total purchases even after accepting the assessee's contentions.

11. On the other hand, the learned Departmental Representative ("*learned DR*") by vehemently relying upon the order passed by the AO submitted that when the assessee submitted documents in the subsequent years, the purchase to that extent was accepted. However, in the year under consideration, in respect of the aforementioned vendors, the assessee could not furnish complete details. Accordingly, the learned DR submitted that the addition as made by the AO should be sustained.

12. We have considered the submissions of both sides and perused the material available on record. At the outset, it is pertinent to note certain undisputed facts of the present case, which are as follows: -

(a) M/s. JMC Project India Pvt. Ltd. ("*JMC*") was a subsidiary of the assessee and pursuant to the order dated 21.12.2022 passed by the Hon'ble National Company Law Tribunal, Ahmedabad, JMC merged with the assessee with effect from 01.04.2022.

(b) Search and seizure action under section 132 of the Act was carried out in Kalapatru Group of Companies on 04.08.2023, which also covered the assessee company after 10 years from the year under consideration.

(c) All the purchases and sub-contract agreements, which are doubted by the Revenue and treated as non-genuine, were executed by JMC in the year under consideration.

(d) All these purchases/sub-contract agreements pertained to the period prior to the merger of JMC with the assessee.

13. Thus, in light of the aforementioned undisputed facts of the present case, we now analyse the submissions of both sides vis-à-vis the findings of lower authorities. As is evident from the record, during the search and seizure action under section 132 of the Act, statement of certain key employees, i.e., Shri Prashant Nachanekar, Manager in assessee's Water Procurement Business Division, Shri Shailendra Kumar Tripathi, CEO and MD of JMC before its merger with the assessee, Shri Sagar Sadanand Sawant, Senior Officer in assessee's Water Procurement Division, and Shri Suhail Arora, General Manager and Head of Procurement in assessee's Water BU of assessee, were recorded and they were explicitly asked regarding the purchases from and sub-contract agreements awarded to certain vendors. Since these individuals were not aware of the transaction done by JMC with the impugned vendors, and further, no details in respect of these vendors were available with the Supply Chain Tracking of the assessee, the AO alleged that the expenditure claimed by the assessee is non-genuine. In this regard, the AO also placed reliance on the Field Inspection Report carried out in respect of certain purchase parties, wherein it was found that most of these vendors from whom JMC has made purchases of goods/services were not existing at their registered addresses and there was no identification board on most of the registered addresses and no business activity was carried out there. The AO further noted that when the key employees were confronted with the said

Field Inspection Report and were asked to offer comments on the findings, they reiterated that they did not know any of the purchase parties and never came across them while they were working. Accordingly, the AO considered the purchase from the following parties as non-genuine and disallowed the expenditure amounting to Rs. 2,70,49,440/- under section 37(1) of the Act by treating the same as not having been incurred wholly and exclusively for the purpose of business: -

<i>Sr. No.</i>	<i>Name of the Purchase Party</i>	<i>PAN Number</i>	<i>Amount of purchase</i>
1	<i>B.S. Trading Co.</i>	<i>AAEFB3125B</i>	<i>1,64,78,608</i>
2	<i>Gourav Sarkar</i>	<i>CTSPS2707M</i>	<i>48,29,458</i>
3	<i>Navkar Builders Limited</i>	<i>AAACN7211P</i>	<i>31,499</i>
4	<i>Sakshi Enterprises</i>	<i>ATDPD2225Q</i>	<i>16,77,834</i>
5	<i>Sharma Ventures</i>	<i>ABRFS7268J</i>	<i>40,32,041</i>
	<i>Total</i>		<i>2,70,49,440</i>

14. We find that the learned CIT(A) agreed with the various submissions of the assessee and held that none of the statements recorded during the course of the search is indicative of the fact that the transaction was bogus and merely conveys the unfamiliarity of the person with the vendors. Further, the learned CIT(A) also noted the fact that some of the persons, whose statement was recorded during the course of search, for e.g., Shri Prashant Nachanekar, a Manager in assessee's Water Procurement Water Division and Shri Suhail Arora, General Manager and Head of Procurement in assessee's Water Division Unit, joined the assessee company only much after the year under consideration, i.e., in January, 2013 and 2019, respectively. Further, we find that the learned CIT(A) also noted the fact that the assessee is a large organisation structure comprising over 8000 employees across multiple sites

and units, and therefore, it is not reasonable to assume that every individual would be familiar with the entirety of historical procurement dealings across the division. Further, as regards the reliance placed upon the Field Inspection Report, the learned CIT(A) held that there could be several legitimate and plausible reasons for vendors' absence from a particular address, such as a change of business premises, temporary closure, or even data inaccuracy. In this regard, the learned CIT(A) also noted that the field enquiry was carried out in the year 2023 for a transaction which had taken place much earlier, i.e., in the financial year 2012-13. The learned CIT(A) in respect of each of the impugned vendors, after duly noting the various factual details submitted by the assessee, held that the assessee had made reasonable and bona *fide* efforts to substantiate the transactions. The learned CIT(A) further held that even though the assessee has submitted partial documentation for the relevant year, however, complete supporting documents for subsequent years, including ledgers, invoices, delivery challans and payment confirmations through verifiable banking channels were furnished by the assessee and materials/services supplied were linked to the revenue generating projects were executed by the assessee's then subsidiary, JMC, which has not been disputed and the revenue recorded in relation to these projects has been accepted by the AO. The learned CIT(A) also held that no incrementing material is available on record to hold that these transactions are accommodation entries.

15. However, we find that despite recording its detailed findings on various factual aspects of this matter, the learned CIT(A) in paragraph 6.2.8 of the impugned order observed as follows: -

"6.2.8. However, it is equally noted that during the assessment proceedings, the AO has raised certain issues notably, that in some instances:

- *Certain employees could not confirm familiarity with the vendors;*
- *Invoices, delivery challans, inward/outward registers, stock registers, purchase orders, goods receipt note and detailed goods movement were not produced for all vendors;"*

16. Accordingly, merely to plug the leakage of revenue, the learned CIT(A), vide impugned order, made an *ad hoc* disallowance @12.5% of the total purchase value from the impugned five vendors.

17. As noted in the foregoing paragraphs, the purchase transactions which have been disputed by the Revenue were carried out by JMC in the year under consideration, i.e. prior to its merger with the assessee from 01.04.2022. Thus, at the outset, we do not find any merits in the strong reliance placed by the AO on statement of certain employees recorded during the course of search, who were working with the assessee, such as Shri Prashant Nachanekar, Manager in assessee's Water Procurement Business Division, Shri Sagar Sadanand Sawant, Senior Officer in assessee's Water Procurement Business and Shri Suhail Arora, General Manager and Head of procurement in assessee's Water Business Unit. Further, as noted in the impugned order, Shri Prashant Nachanekar joined the Procurement Division only in January 2023, and Shri Suhail Arora started working as Head of Procurement for the assessee's Water Business Unit in 2019. Therefore, we are of the considered

view that the statement of these individuals recorded during the course of the search, wherein they expressed unfamiliarity with the impugned vendors, is completely justified, as only an individual and more particularly, such an individual who has dealt with the vendors, can explain the nature of the transaction. It is evident from the record that this fact was clearly noted in the learned CIT(A)'s order, wherein it was noted that, given the assessee's large organisation structure comprising over 8000 employees across multiple sites and units, it is not reasonable to assume that one individual will be familiar with the entirety of the historical procurement details across the divisions. We are of the considered view that these findings also support the statement of Shri Shailendra Kumar Tripathi, CEO and MD of JMC before its merger into the assessee, wherein he expressed unfamiliarity with a list of 44 entities, as reproduced on page 6 of the assessment order, except one entity, i.e., M/s. Sunil Hi Tech Engineers Ltd. Accordingly, we do not find any merits in the reliance placed by the AO on the statements of a few individuals to come to the conclusion that the purchase by the assessee from the afore-noted five vendors was non-genuine.

18. We find that in respect of these five vendors, i.e., B.S. Trading Company, Gourav Sarkar, Navkar Builders Limited, Sharma Ventures and Sakshi Enterprises, the assessee also furnished the details of projects and material supplied by these entities. The learned CIT(A), vide impugned order, after perusal of these details, duly noted the fact that these entities were engaged by JMC to execute projects such as President Estate, New Delhi, Adhiraj Township, Taloja Project, Kalpatru Radiance, Jindal Thermal Power

Project, Delhi Metro Project, etc. The learned CIT(A) further noted that these entities were regular suppliers of construction materials used across various project sites, and JMC had maintained a consistent business relationship with these entities even in subsequent years. However, due to the passage of time, since more than 10 years have elapsed, and due to certain operational challenges, the learned CIT(A) noted that the assessee was unable to retrieve complete records for the year under consideration, even though extensive supporting documentation was furnished for the subsequent years including ledger extracts, delivery and transport documentation and bank statement evidencing the payment. Further, it was also noted that some of these vendors have also furnished their affidavit, which is part of the record.

19. As per the assessee, prior to 01.10.2017, JMC was using the Financial Accounting Software ("*FAS*") system, and unlike the advanced SAP accounting software, the FAS system did not support the uploading of copies of invoices, lorry receipts, transportation receipts, labour bills, bank statements, etc. Thus, as per the assessee, the technical capabilities at that time were significantly limited compared to today, and consequently, records of various documents are not available in soft copy.

20. Thus, from the perusal of the record and various details submitted by the assessee before the lower authorities, it is evident that no incriminating material was brought on record by the Revenue to prove that the purchase transaction by JMC with the afore-noted five impugned vendors was non-genuine and bogus. Therefore, we are of the considered view that these

transactions cannot be called accommodation entry transactions. It is pertinent to note that by considering these purchases as non-genuine, the impugned addition is not made under section 68 or section 69 or section 69C of the Act, and instead the AO disallowed the expenditure under section 37(1) of the Act, which requires an expenditure to have been incurred wholly and exclusively for the purpose of business for allowability. It is pertinent to reiterate that the expenditure was not disallowed in regular scrutiny assessment, but the same was disallowed pursuant to statements recorded during the search conducted after 10 years from the year under consideration on the resultant entity, i.e. the assessee, which itself had not transacted with these parties, even though it was the parent company of JMC. Still, the purchase and sub-contract agreements were undisputedly entered into by JMC only. Therefore, once, by way of various documents, the assessee has shown that these parties were engaged by JMC for various ongoing projects, we do not see any merit in disallowing the expenditure under section 37(1) of the Act, more so due to the fact that in the subsequent year transactions with some of these parties were accepted by the AO.

21. During the hearing, the learned DR placed reliance upon the decision of the Hon'ble Jurisdictional High Court in PCIT vs. Drisha Impex Pvt. Ltd., reported in (2025) 173 taxmann.com 571 (Bom), and submitted that in this decision the Hon'ble High Court held that part disallowance upheld by the Tribunal on account of alleged bogus purchases is not justified once the purchases were found to be non-genuine. Accordingly, the learned DR submitted that the learned CIT(A) erred in upholding a disallowance of up to

12.5% of the total purchases from the impugned five vendors. From the perusal of the aforesaid decision, at the outset, it is evident that the assessment proceedings in the case of the taxpayer were initiated on the basis of the information received from the Sales Tax Department that the taxpayer is a beneficiary of an accommodation entry transaction of bogus purchases. Further, in the facts of the case, the Revenue alleged that in the guise of a bogus purchase transaction, unaccounted cash of the assessee was utilised. It is further evident that during the assessment proceedings, it was found that some of the parties were also related to the taxpayer, a fact that was not rebutted by the taxpayer. Further, the taxpayer also failed to produce audited books of account and quantitative details before any of the lower authorities. Accordingly, the Tribunal concluded that the purchases by the taxpayer are bogus in nature. However, on the basis that the purchase was from the grey market, the Tribunal restricted the additions to 3% of the alleged purchases. However, the Hon'ble High Court, vide aforesaid decision, overturned the findings of the Tribunal and upheld the 100% addition made by the AO under section 69C of the Act.

22. As noted above, in the present case, the reassessment proceedings were initiated on the basis of the statement of key employees of the assessee recorded during the course of search and there is no allegation of the Revenue that the assessee/JMC is a beneficiary of accommodation entry transaction of bogus purchases. As noted in the foregoing paragraphs, all the impugned five vendors with whom the JMC had transacted were found to have a consistent business relationship with JMC, which continued even in the subsequent

years. Therefore, we are of the considered view that the aforesaid decision relied upon by the learned DR is factually distinguishable and thus is not applicable to the present case.

23. It is pertinent to note that vide impugned order, the learned CIT(A) merely upheld the disallowance to an extent of 12.5% of the total purchases to plug the leakage of revenue, and there is no other basis for upholding the said disallowance even after recording various factual findings in favour of the assessee in the impugned order. Therefore, such being the facts, we do not find any merit in the part disallowance upheld by the learned CIT(A) in the present case, and the same is directed to be deleted. Accordingly, we do not find any basis in the entire impugned disallowance made under section 37(1) of the Act, when the whole purchase was wholly and exclusively for the purposes of the business of JMC/the assessee. Hence, the entire disallowance made under section 37(1) of the Act is directed to be deleted. As a result, Ground No.4 raised in assessee's appeal is allowed. Accordingly, grounds raised by the Revenue for the assessment year 2013-14 challenging the part-deletion of disallowance made by the learned CIT(A) are dismissed.

24. In view of the submissions of the learned AR, Grounds No.1 – 3 in assessee's appeal, raising jurisdictional issues are kept open.

25. In the result, the appeal by the assessee for the assessment year 2013-14 is allowed, while the appeal by the Revenue is dismissed.

26. In the appeals by the assessee for the assessment years 2014-15, 2015-16 and 2017-18, we find that the assessee has, *inter alia*, raised the grounds challenging the part disallowance upheld by the learned CIT(A) to an extent of 12.5% of the total purchase value, *inter alia*, from the two vendors, namely, Gourav Sarkar and Sakshi Enterprises. During the hearing, both parties fairly agreed that the impugned addition under section 37(1) of the Act is similar to the assessment year 2013-14. We further find that the learned CIT(A) has also recorded similar findings *vide* impugned orders for the assessment years 2014-15, 2015-16 and 2017-18. Therefore, we are of the considered view that our findings/conclusion as rendered in the cross-appeal for the assessment year 2013-14 shall apply *mutatis mutandis* in these years. Accordingly, the disallowance of 12.5% upheld by the learned CIT(A) is directed to be deleted.

27. Before conclusion for completeness, we may note that the Revenue has not filed any appeal against the part-deletion of disallowance under section 37(1) by the learned CIT(A) for the assessment years 2014-15, 2015-16 and 2017-18.

28. Accordingly, the grounds raised by the assessee on merits in its appeal for the assessment years 2014-15, 2015-16 and 2016-17 are allowed. The grounds raised by the assessee, raising jurisdictional issues, are kept open in the light of the learned AR's submission during the hearing.

29. In the result, the appeals by the assessee for the assessment years 2014-15, 2015-16 and 2016-17 are allowed.

30. To sum up, all the appeals by the assessee are allowed, while the appeal by the Revenue for the assessment year 2013-14 is dismissed.

Order pronounced in the open Court on 24/12/2025

Sd/-
OM PRAKASH KANT
ACCOUNTANT MEMBER

Sd/-
SANDEEP SINGH KARHAIL
JUDICIAL MEMBER

MUMBAI, DATED: 24/12/2025

Prabhat

Copy of the order forwarded to:

- (1) *The Assessee;*
- (2) *The Revenue;*
- (3) *The PCIT / CIT (Judicial);*
- (4) *The DR, ITAT, Mumbai; and*
- (5) *Guard file.*

By Order

Assistant Registrar
ITAT, Mumbai