

आयकर अपीलिय अधिकरण, अहमदाबाद न्यायपीठ 'A' अहमदाबाद।

IN THE INCOME TAX APPELLATE TRIBUNAL

"A" BENCH, AHMEDABAD

BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT

Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER

SN	IT(SS)A/CO No.	AY	Appellant	Respondent
1	IT(SS)A No. 130/Ahd/2025	2015-16	ACIT, Central Circle 2(1), Ahmedabad	Shreenathji Extrusion, S.R. No. 188/6/3, AT & Post Karan Nagar, Kadi Road, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]
2	CO No. 102/Ahd/2025	2015-16	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]	ACIT, Central Circle 2(1), Ahmedabad
3	IT(SS)A No. 131/Ahd/2025	2016-17	ACIT, Central Circle 2(1), Ahmedabad	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]
4	CO No. 103/Ahd/2025	2016-17	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]	ACIT, Central Circle 2(1), Ahmedabad
5	IT(SS)A No. 136/Ahd/2025	2017-18	ACIT, Central Circle 2(1), Ahmedabad	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]
6	CO No. 104/Ahd/2025	2017-18	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]	ACIT, Central Circle 2(1), Ahmedabad
7	IT(SS)A No. 137/Ahd/2025	2018-19	ACIT, Central Circle 2(1), Ahmedabad	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]
8	CO No. 105/Ahd/2025	2018-19	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]	ACIT, Central Circle 2(1), Ahmedabad
9	IT(SS)A No. 138/Ahd/2025	2019-20	ACIT, Central Circle 2(1), Ahmedabad	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]
10	ITA No. 2311/Ahd/2025	2019-20	Shreenathji Extrusion, Kadi, Mehsana-382715 [PAN : ACMFS 6940 B]	DCIT, Central Circle 2(1), Ahmedabad

Assessee represented by :	Shri Biren Shah, AR
Revenue represented by :	Shri Alpesh Parmar, CIT (DR) & Shri Veerabadram Vislavath, Sr DR

सुनवाई की तारीख/Date of Hearing : 24.03.2026

घोषणा की तारीख /Date of Pronouncement: 18.06.2026

आदेश/ORDER

PER DR.B.R.R. KUMAR, VICE-PRESIDENT:

The appeals for AYs 2015-16 to 2018-19 have been filed by the Revenue and the corresponding Cross Objections (“COs”) have been filed by the assessee against the respective orders passed by the Ld. Commissioner of Income Tax (Appeals)-12, Ahmedabad, under section 250 of the Income-tax Act, 1961. Further, cross-appeals have also been filed by the assessee and the Revenue against the order dated 17.09.2025 passed by the Ld. CIT(A) u/s 250 of the Act for AY 2019-10.

2. Since the issues involved in the appeals filed by both the parties as well as the objections raised by the assessee in the COs arise out of the common search action conducted by the Department on 24.10.2018, all these appeals and COs were heard together and are being disposed of by this consolidated order for the sake of convenience.

3. We shall first take up ITA No. 2311/Ahd/2025 for AY 2019-20 as the lead case for the purpose of narrating the facts.

AY 2019-20 – Grounds of appeal raised by the assessee :-

“1. In law and on the facts and in the circumstances in the case of the appellant, the order u/s 250 of the Act passed by the Ld. CIT (A) is arbitrary, erroneous, contrary to the provisions of law and on facts.

2. In law and on the facts and in the circumstances of the case, the Ld. CIT(A) erred in confirming the addition of Rs. 1,33,70,910/- on account of the alleged stock difference, without appreciating that the stock verification conducted during search was without any standard norms and procedure and arrived by taking improper method/estimate, rendering the alleged discrepancy wholly unreliable and unsustainable in law.

2.1 In law and on the facts and in the circumstances of the case, the Ld. CIT(A) erred in confirming the addition of Rs. 1,33,70,910/- on account of the alleged stock difference, without appreciating the fact that difference in stock taken by the department at the time of search and stock recorded in books of accounts is due to non-updation of pending entries.

3. In law and on the facts and in the circumstances of the case, Ld. CIT(A) has erred in sustaining the addition of ₹1,09,62,000/- on account of alleged unaccounted

production, ignoring the fact that the difference arose merely due to non-updating of books and provisional entries made on estimated basis.

3.1 In law and on facts, the learned CIT(A) has erred in sustaining the addition the detailed 1,09,62,000/-, disregarding of Rs. reconciliations, quantitative records and details furnished by the appellant which clearly establish that there was no suppression of production.

3.2 In law and on the facts and in the circumstances of the case, the learned CIT(A) has erred in sustaining the addition of Rs. 1,09,62,000/-, despite the fact that in the statements of employees and the partner recorded during search, no one admitted or alleged any suppression of production or unaccounted sales by the appellant.

3.3 In law and on the facts and in the circumstances of the case, the learned CIT(A) has erred in sustaining the addition of Rs. 1,09,62,000/- by applying an excessive and arbitrary profit rate, without any basis in the appellant's past financial results, industry norms, or any corroborative material seized during the search, thereby rendering the addition unjustified and unsustainable in law.

4. In law and on the facts and in the circumstances of the case, the authorities erred in relying on WhatsApp chats without complying with the mandatory requirements of Section 65B of the Indian Evidence Act, 1872, making such evidence inadmissible and unfit to form the basis of any addition.

5. In law and on the facts and in the circumstances of the case, the Id. CIT(A) erred by not properly considering the facts, reconciliations, statements and documentary evidence submitted by the appellant and thereby has violated the principles of natural justice.

6. In law and on the facts and in the circumstances of the case, the learned CIT(A) has erred in denying telescoping benefit, by not adjusting the alleged unaccounted sales against the alleged investment in stock, resulting in double taxation of the same amount."

The Revenue has taken following grounds of appeal in AY 2019-20:-

"1) In the facts and on the circumstances of the case and in law, the Learned CIT(A) has restricting the addition made of Rs. 25,57,80,000/- to Rs. 1,09,62,000/- being 10% unaccounted production of Rs 10,96.20,000/- stating that the addition cannot be n extrapolation of one month's unaccounted production to the whole financial year.

2) "In the facts and on the circumstances of the case and in law, the Learned CIT(A) has deleting the addition of Rs. 2,76,48,100/- made on account of cessation of liability u/s. 41(1) of the Act stating that the mere fact that the creditors are outstanding for several years does not es the cessation."

4. The brief facts of the case are that a search and seizure action u/s 132 of the Act was carried out in the **KAKA** Group cases on 24.10.2018. The assessee firm, M/s. Shreenathji Extrusion, engaged in manufacturing of aluminium products, was covered under the search action.

Assessee's Appeal – AY 2019-20

Ground Nos. 2 & 2.1 – Addition on account of stock difference

5. During the course of search, WhatsApp chats between Shri Ravikumar G. Raval, an employee of the assessee, and Shri Manoj Dhirubhai Gondaliya, partner of the assessee firm, were found and seized. The Assessing Officer observed discrepancies between the production figures reflected in the WhatsApp chats and those recorded in the tally data maintained by the assessee. The Assessing Officer also observed that during physical verification of stock conducted at the time of search, excess stock of 86.36 tons was allegedly found vis-à-vis stock recorded in the books of account. The Assessing Officer accordingly made addition of Rs.1,33,70,910/- on account of unexplained stock which the Ld. CIT(A) subsequently confirmed in appeal.

6. Aggrieved by the order of the Ld. CIT(A), the Assessee filed appeal before the Tribunal.

7. Before us, the Ld. AR argued that the addition was made merely on estimated stock verification carried out during the course of search on 24.10.2018 at the factory premises of the assessee. It was contended that the search team did not follow any scientific or standard method while taking physical inventory of scrap, semi-finished goods and finished goods. The Ld. AR also submitted that the department adopted shortcut methods by taking sample weight of one box/bundle and thereafter estimating the total stock visually. Referring to the statement of Shri Kalpesh Sangani, it was submitted that even the alleged stock quantity was based on approximation. It was further submitted that the books of account were not fully updated on the date of search. Shri Sanjay Sodavadiya, ex-accountant of the assessee, had categorically stated that the entries were made at month end, books were updated only upto September 2018, excel sheets were incomplete and certain purchase and stock entries were pending. The Ld. AR further submitted that import purchases received on 22.10.2018

and 23.10.2018 were not entered in books as on the date of search and after updating pending entries and reconciliation, there remained only negligible difference in stock. The Ld. AR also contended that the Assessing Officer ignored the complete statements recorded during search and selectively relied upon isolated answers. The Ld. AR accordingly submitted that the addition made on estimated stock difference deserved to be deleted.

8. The Ld. DR relied upon the assessment order and submitted that excess stock of 86.36 tons was found during the course of search. The Ld. DR submitted that the assessee failed to maintain updated stock records and therefore the Assessing Officer was justified in treating the excess stock as unexplained investment. The Ld. DR submitted that the reconciliation furnished subsequently was an afterthought and the Assessing Officer rightly made the addition on the basis of stock discrepancy found during search proceedings.

9. We have considered the rival submissions and perused the material available on record.

We find that the addition has been made entirely on the basis of estimated physical stock verification conducted during search proceedings. From the statements recorded during search, it is evident that the stock was not physically weighed item-wise and estimation method based on sample weighment was adopted by the department. We further note that Shri Sanjay Sodavadiya, ex-accountant of the assessee, had categorically stated that books and excel sheets were incomplete and pending entries were yet to be incorporated. **The assessee also explained that certain import purchase entries were pending as on the date of search. No material has been brought on record by the Revenue to controvert the reconciliation furnished by the assessee.** Further, no detailed working sheet or scientific basis for stock determination has been placed on record by the Assessing Officer. Considering the totality of facts and circumstances, we are of the view that the addition made merely on estimated stock difference without proper verification cannot be sustained.

Accordingly, the addition of Rs.1,33,70,910/- is directed to be deleted and Ground Nos. 2 & 2.1 of the assessee are allowed.

Ground Nos. 3 to 3.3 – Addition on account of unaccounted production

10. Based on the WhatsApp chats for the period from 21.09.2018 to 21.10.2018 showing alleged suppression of production of 203 tons, the Assessing Officer extrapolated such alleged suppression for the entire period from 01.04.2018 to 24.10.2018 and computed unaccounted production/sales at Rs.25,57,80,000/-.

11. The Assessing Officer also made addition of Rs.2,76,48,100/- u/s 41(1) of the Act on account of alleged cessation of liability in respect of certain sundry creditors.

12. Aggrieved by the order of the Assessing Officer, the assessee preferred appeal before the Ld. CIT(A), who partly allowed the appeal by confirming addition of Rs.1,33,70,910/- towards stock difference; restricting addition on account of unaccounted production from Rs.25,57,80,000/- to Rs.1,09,62,000/- by estimating profit @10% on alleged unaccounted sales for a period of three months.

13. Aggrieved by the order of the Ld. CIT(A), both the assessee and the Revenue are in appeal before us. The assessee challenged sustenance of addition of Rs.1,09,62,000/-. Before us, the Ld. AR submitted that the entire addition was based solely on WhatsApp chats for a limited period of one month and there was no corroborative material evidencing suppression of production or unaccounted sales. The Ld. AR submitted that the books were not updated at the time of search and the accountant had clarified that tally entries were provisional and subject to annual reconciliation.

14. The Ld. DR, on the other hand, supported the order of the Assessing Officer and submitted that the WhatsApp chats clearly reflected actual production figures.

15. We have considered rival submissions and perused the material available on record. We find that the WhatsApp chats recovered during the course of search, coupled with statements recorded u/s 132(4) of the Act, indicate that there was suppression of production to some extent. Therefore, the contention of the assessee

that no addition at all could be made cannot be accepted. However, we also find merit in the contention of the assessee that extrapolation of one month's data to the entire financial year is not justified in absence of corroborative material for the remaining period. The Ld. CIT(A), after considering judicial precedents and factual matrix, restricted the extrapolation only to a period of three months since the employee himself stated that such WhatsApp reporting was being done for the preceding three months only. **We further find that the Ld. CIT(A) has taxed only the profit element embedded in such alleged unaccounted sales by estimating profit @10%, which, in our view, is fair and reasonable considering the peculiar facts of the case.**

16. The Revenue has not brought any material before us to demonstrate that the findings of the Ld. CIT(A) are contrary to law. The assessee has also failed to demonstrate that no addition whatsoever was called for. Accordingly, we uphold the order of the Ld. CIT(A) restricting the addition to 10% and directing the Assessing Officer to compute the profits @ Rs.180 per kg. on the difference found by the Revenue of the 203 MT.

This ground of appeal of assessee is partly allowed in above terms.

17. In view of the above, the telescoping benefit claimed in Ground No. 6 becomes infructuous.

Accordingly, the assessee's appeal is partly allowed.

Revenue's Appeal – AY 2019-20

Ground No. 1 – Restriction of addition on account of unaccounted production

18. This ground has already been adjudicated while deciding assessee's grounds above. For the reasons stated therein, the ground raised by the Revenue is dismissed.

Ground No. 2 – Deletion of addition u/s 41(1) – Rs.2,76,48,100/-

19. The Assessing Officer made addition of Rs.2,76,48,100/- u/s 41(1) of the Act on account of sundry creditors outstanding for more than three years. The Ld. CIT(A)

deleted the addition by observing that the liabilities continued to be reflected in the books and there was no evidence of remission or cessation of liability.

20. We have considered rival submissions and find ourselves in agreement with the findings of the Ld. CIT(A). Mere outstanding of liabilities for a long period does not automatically attract section 41(1) of the Act unless there is evidence of remission or cessation of liability.

21. In the present case, the liabilities continued to be reflected in the balance sheet and the Assessing Officer has not brought any material on record to establish that the assessee obtained any benefit by way of remission or cessation during the year under consideration. Accordingly, we find no infirmity in the order of the Ld. CIT(A) deleting the addition.

Ground No. 2 raised by the Revenue is thus dismissed.

Accordingly, Revenue's appeal is dismissed.

Revenue's Appeals for AYs 2015-16 to 2018-19

22. In these years, additions were made by the Assessing Officer primarily by extrapolating the alleged suppression of production detected during AY 2019-20 to earlier assessment years.

23. The Ld. CIT(A) deleted the additions in AYs 2015-16 to 2018-19 mainly on the ground that no incriminating material pertaining to the relevant years was found during the course of search and the additions were based merely on extrapolation and assumptions.

24. We have carefully considered rival submissions and perused the material available on record. We find that the additions made in these years are entirely based on extrapolation of WhatsApp data relating to a limited period falling in FY 2018-19 relevant to AY 2019-20. No incriminating material pertaining to AYs 2015-16 to 2018-19 was found during the course of search demonstrating suppression of production in those years. It is now well settled by various judicial precedents including the decision of the Hon'ble Supreme Court in the case of Abhisar Buildwell Pvt. Ltd. that in case of

completed/unabated assessments, additions u/s 153A can be made only on the basis of incriminating material found during search.

25. Even otherwise, extrapolation without any corroborative material cannot form sole basis for addition. The Ld. CIT(A) has rightly relied upon various judicial precedents while deleting the additions. Accordingly, we find no infirmity in the orders of the Ld. CIT(A) deleting additions for AYs 2015-16 to 2018-19. The grounds raised by the Revenue in these years are dismissed.

The appeals of the Revenue are thus dismissed.

Cross-Objections by assessee for AY 2017-18:-

26. The assessee has raised following Cross-objections by way of ground Nos. 4 & 5 for **AY 2017-18:-**

“4. In law and on the fact of the case, the addition made by AO for Rs.38,00,000/- as unexplained credit u/s 68 of the Act is not sustainable as the appellant had duly discharged onus by providing complete documentary evidence as envisage u/s 68 of the Act.

5. In law and on the facts of the case, the addition of Rs.10,50,000/- as unexplained investment u/s 69 of the Act is not sustainable as Ld. Assessing Officer has relied solely on a Tally ledger image (found as a backup at a sister concern under survey) in the name “SHREENATHA EXTRUSION”, ignoring the appellant’s own books, the counter-party’s ledger and bank accounts.”

Ground No.4

CO of Assessee for AY-2017-18 – Addition of Rs.38,00,000/- u/s 68 of the Act.

27. The assessee, by way of Ground No. 4 of Cross-Objection, has pressed the merit of the issue, on the ground that the addition of Rs.38,00,000/- was made by the Assessing Officer u/s 68 of the Act on account of three unsecured loans i.e. Rs.18,00,000/- from Shri Kalpesh J. Sangani, Rs. 10,00,000/- from Shri Jitendra/Hitesh J. Sangani and Rs. 10,00,000/- from Smt. Phooliben J. Sangani, is unsustainable both on the legal limb as no incriminating material in respect of the said loans was found during the search at the premises of the assessee and on merits as the assessee having discharged the primary onus cast upon it by Section 68 by furnishing confirmations,

PAN, ITR, ledger accounts and bank statements of the lenders, and the loans having been repaid through banking channels in the subsequent years.

28. The case of the Assessing Officer, in brief, is that the three lenders are an employee of the firm i.e. Shri Kalpesh J. Sangani, Production Manager and his close family members; that they had cash deposits in their bank accounts shortly before the credits to the assessee; that their income profile and creditworthiness were not commensurate with the quantum of loans advanced; and that the interest, though credited, was allegedly not "really" paid. On this basis, the Assessing Officer concluded the loans to be unaccounted income of the assessee routed through the employee and his family members and added the same to the income of the assessee u/s 68 r.w.s. 115BBE of the Act.

29. The Ld. AR submitted that no incriminating material whatsoever pertaining to the said loans was found and seized during the course of the search at the premises of the assessee. The very source of the AO's information about the loans was, by his own admission, the balance sheet of the assessee firm i.e., the regularly maintained and audited books of account, which were on record of the Department long before the search. It was further submitted that the assessee had, at the assessment stage, furnished *qua* each of the three lenders (i) loan confirmation, (ii) PAN, (iii) Aadhaar, (iv) ITRs of the lenders, (v) bank statements evidencing the receipt of the loan through banking channels, and (vi) ledger accounts; that interest was credited at the agreed rate, TDS was duly deducted and deposited and the interest was actually paid through banking channels in F.Y. 2018-19; that the loans stood repaid through account-payee cheques in subsequent assessment years; and that the statement under Section 132(4) of Shri Kalpesh J. Sangani himself confirmed giving of the loan and the source thereof out of his business income and savings. The Ld. AR thus urged that the assessee had discharged the primary onus cast upon it by u/s 68 of the Act, and that the AO's addition rests on nothing more than suspicion, surmise and assumption. The Ld. AR placed strong reliance on the Coordinate Bench decision of this Tribunal in ACIT, Central Circle-1(2), Ahmedabad v. HK Ispat Pvt. Ltd. (IT(SS)A No. 73/Ahd/2025 and Others), wherein the Tribunal, dealing with a search-based addition u/s 68 in respect of unsecured loans from related parties backed by loan confirmations, PAN, bank

statements and evidence of repayment in subsequent years, deleted the addition holding that the assessee had successfully discharged the primary onus cast upon it by Section 68 and that the AO had failed to bring on record any independent corroborative material to disprove the said evidence.

30. The Ld. CIT (DR), on the other ha opposed the Cross-Objection and supported the order of the Assessing Officer.

31. We have heard the rival contentions and perused the material available on record. As is evident from the assessment order itself, the very source of the AO's information about the loans was "the balance sheet of the firm for FY 2018-19" i.e., the regularly maintained and audited books of account of the assessee. The loans were duly recorded in the books, were the subject-matter of regular interest accrual and TDS, and stood disclosed in the audited financial statements long before the search. It is a well-settled legal proposition that the initial onus under Section 68 of the Act lies on the assessee to establish (i) the identity of the creditor, (ii) the creditworthiness of the creditor, and (iii) the genuineness of the transaction. Once this initial burden is met, the onus shifts to the Revenue to disprove the evidence so produced by bringing independent corroborative material on record. Mere doubt, suspicion or assumption on the part of the Assessing Officer cannot suffice. In the present case, qua each of the three lenders, the assessee filed (i) the loan confirmation in writing, (ii) the PAN and Aadhaar particulars, (iii) the ITRs filed by the lender, (iv) the bank statement of the lender evidencing the source of funds in his/her account before remittance to the assessee, and (v) the ledger accounts in the books of both sides. In addition, in respect of the principal lender Shri Kalpesh J. Sangani, his statement recorded under Section 132(4) (Question Nos. 23 and 24) on record itself confirms the advancing of the loan and the source thereof out of his business income and savings. Interest at the agreed rate stood credited to the lenders accounts, TDS was deducted and deposited in the Government account, and interest payments were actually made through banking channels in F.Y. 2018-19. In our considered view, the assessee has, by furnishing the said evidence, discharged the primary onus cast upon it by Section 68 of the Act. Once the primary onus stood discharged, it was incumbent upon the AO to bring on record independent corroborative material to disprove the same. The Assessing Officer has

not pointed out any flaw in the loan confirmations, PAN, ITR, ledger or bank statements of the lenders; and he has not brought on record any document demonstrating that the funds remitted by the lenders represented the assessee's own unaccounted income routed back. It is common ground on the record that the loans of Rs.38,00,000/- in question stand repaid by the assessee to the very same lenders through account-payee cheques in the subsequent years, and the said repayment has not been doubted by the Department. As held by the Hon'ble jurisdictional Gujarat High Court in CIT v. Ayachi Chandrashekhar Narsangji [42 taxmann.com 251], when the Department accepts the repayment of a loan in a subsequent year, the very loan cannot be treated as an unexplained cash credit in the year of receipt. Reliance is being placed on the judgment of the Hon'ble Gujarat High Court in PCIT v. Ambe Tradecorp Pvt. Ltd. (145 taxmann.com 27) and PCIT v. Ojas Tarmake Pvt. Ltd. (156 taxmann.com 75).

34. It is an undisputed fact that (i) the loans were advanced through banking channels by identifiable persons whose PAN, Aadhaar, ITR, bank statements and confirmations were placed on record; (ii) interest was paid at agreed rates after deduction of TDS; (iii) the loans stood repaid through account-payee cheques in the subsequent years and such repayment has not been doubted; and (iv) the AO neither issued any notice under Section 133(6) nor summons under Section 131 to the lenders, nor brought on record any independent corroborative material to displace the documentary evidence furnished by the assessee.

36. In view of the above discussion, we hold that the addition of Rs.38,00,000/- made by the Assessing Officer under Section 68 of the Act cannot be sustained.

Ground No. 4 of the Cross-Objection is, accordingly, allowed.

Ground No.5

CO of Assessee for AY-2017-18 – Addition of Rs.10,50,000/- u/s 69 of the Act.

37. The other issue raised by the assessee by way of Ground No. 5 of the Cross-Objection is against the addition of Rs.10,50,000/- made by the Assessing Officer under Section 69 of the Act on the basis of a Tally ledger image in the name "SHREENATHA EXTRUSION" extracted from a digital back-up of M/s. Balkrishana Metal which was, in

turn, found in the course of a survey under Section 133A at the premises of the sister concern M/s. Shreeji Enterprise is unsustainable both on the legal limb and on merits.

38. The case of the AO, in brief, is that during the course of survey at M/s. Shreeji Enterprise, a digital back-up was impounded as Annexure A-10; that, on extraction, a Tally data file of one M/s. Balkrishana Metal was found at and that within the said extracted Tally data, a ledger account in the name "SHREENATHA 2 EXTRUSION" reflected an alleged cash payment of Rs. 10,50,000/-; and that, on the said premise, the AO treated the said amount as the assessee's unexplained investment in the hands of the assessee firm "M/s. Shreenathji Extrusion" under Section 69 of the Act.

39. The Ld. AR submitted that (i) the said Tally back-up was admittedly not found from the premises of the assessee; it was extracted from a digital back-up impounded at the premises of M/s. Shreeji Enterprise during a survey under Section 133A and therefore could not constitute incriminating material qua the assessee for the purpose of Section 153A; (ii) the ledger image as per the show cause notice itself bore the name "SHREE NATHA EXTRUSION" and not "Shreenathji Extrusion" i.e., it was not even a ledger in the name of the assessee firm; (iii) the entries reflected in the said ledger image have no corroboration whatsoever in the regular books of the assessee, the books of the said M/s. Balkrishana Metal as filed before the Department, or in the bank statements; (iv) the actual entry of Rs. 10,50,000/- on 26.12.2016 in the books of the assessee with M/s. Balkrishana Metal is, in fact, an inward receipt through banking channel/RTGS being an advance against subsequent sales effected on 09.01.2017 and not any cash payment by the assessee, as is clear from the assessee's ledger account, the bank statement and the ledger in the books of M/s. Balkrishana Metal; and (v) neither M/s. Balkrishana Metal nor the sister concern M/s. Shreeji Enterprise from whose premises the said Tally back-up was impounded has been subjected to any addition by the Department on the basis thereof the Department itself has not treated the said data as actionable in the hands of the third party from whose premises it was found.

40. The Ld. CIT-DR, on the other hand, opposed the Cross-Objection and supported the order of the Assessing Officer.

41. We have heard the rival contentions and perused the material available on record. On merits of the case, the Tally back-up in question is, on the AO's own showing, a ledger in the name of an entity called "SHREE NATHA EXTRUSION", which is not the name of the assessee firm cannot be accepted. There is no material whatsoever brought on record by the AO to demonstrate that the said "SHREE NATHA EXTRUSION" is, in fact, the assessee firm "M/s. Shreenathji Extrusion", or that the entries in the said ledger represent real and actual transactions of the assessee. The corroborating evidence from the assessee's side viz., its own books of account, the corresponding ledger of the said M/s. Balkrishana Metal, and the bank statements categorically shows that the only transaction of Rs.10,50,000/- between the assessee and M/s. Balkrishana Metal during the year is an inward receipt through RTGS dated 26.12.2016 representing an advance against goods sold by the assessee on 09.01.2017. There is no cash outflow of Rs. 10,50,000/- from the assessee to M/s. Balkrishana Metal, much less an unexplained investment within the meaning of Section 69 of the Act. The evidence that Rs.10,50,000/- inward receipt through RTGS which is in the custody of the Department itself proves that the assessee paid an amount of Rs.10,50,000/- to M/s. Balkrishana Metal.

45. In view of the above detailed discussion, the addition of Rs.10,50,000/- made by the Assessing Officer u/s 69 of the Act cannot be sustained.

Ground No. 5 of the Cross-Objection raised by the assessee is, accordingly, allowed.

In the result, the CO of the assessee for AY 2017-18 is partly allowed in above terms.

In view of the adjudication on merits, the other legal grounds raised by the assessee in above Cross-objection for AY 2017-18 are not being adjudicated, being academic in nature.

Assessee's Cross Objections – AYs 2015-16, 2016-17 & 2018-19

46. Since the orders of the Ld. CIT(A) deleting the additions have been upheld by us on merits, the legal grounds raised in the Cross Objections challenging validity of proceedings u/s 153A and approval u/s 153D are rendered academic and therefore do not require adjudication.

47. The Cross Objections filed by the assessee for AY 2015-16, 2016-17 & 2018-19 are accordingly dismissed as infructuous, whereas the CO for AY 2017-18 is partly allowed.

48. In the result, the Assessee's appeal for AY 2019-20 is partly allowed, Revenue's appeals for all the AYs, i.e. AYs 2015-16 to 2019-20, are dismissed and the COs filed by the assessee for AY 2015-16, 2016-17 & 2018-19 are dismissed as infructuous, while CO of the assessee for AY 2017-18 is partly allowed.

Order pronounced in the Court on 18th June, 2026 at Ahmedabad.

Sd/-

**(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

Ahmedabad, dated 18/06/2026

****btk**

Sd/-

**(DR.B.R.R. KUMAR)
VICE-PRESIDENT**

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण / DR, ITAT,
6. गार्ड फाईल / Guard file.

आदेशानुसार/BY ORDER,

True Copy

**उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad**