

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B': NEW DELHI
BEFORE,
SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No.1770/Del/2022
(ASSESSMENT YEAR 2017-18)**

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| Friends Telecom Pvt. Ltd. Unit-4D, Wazirpur District Centre Netaji Subhash Place New Delhi-110 034 PAN-AACCF 0776H | Vs. | Asst.CIT Central Circle-2 New Delhi |
| (Appellant) | | (Respondent) |

| | |
|-----------------------|------------------------------|
| Assessee by | None |
| Department by | Sh. T. James Singson, CIT-DR |
| Date of Hearing | 23/08/2023 |
| Date of Pronouncement | 20/10/2023 |

ORDER

PER M. BALAGANESH AM:

This appeal of the Assessee arises out of the order of the Learned Commissioner of Income Tax (Appeals)-23, New Delhi, [hereinafter referred to as 'Ld. CIT(A)'] in Appeal No.CIT(A), Delhi-23/10235/2019-20 dated 29/06/2022 against the order passed by Assistant Commissioner of Income Tax, Central Circle-2, Delhi (hereinafter referred to as the 'Ld. AO') u/s 143(3) of the Income

Tax Act (hereinafter referred to as 'the Act') on 28/12/2019 for the Assessment Year 2017-18.

2. None appeared on behalf of the assessee. The notice has been issued to the assessee for hearings scheduled on 23/02/2023, 06/06/2023 and 23/08/2023. The notices were sent at addresses mentioned in Form No.36. All three notices were returned un-served with postal remarks "Left". Hence, there is no point in waiting for the presence of the assessee or its Authorized Representative in the instant case. The grounds raised by the assessee are as under:

"1. On the facts and circumstances of the case and in law, the assessment order passed by the Assessing Officer is bad in law, without jurisdiction and CIT(A) erred in not holding so.

2. On the facts and circumstances of the case and in law, the CIT(A) erred in confirming the addition of Rs.48,22,50,000/- made by Assessing Officer on account of alleged unaccounted/undisclosed income u/s 68 of the Act.

3. On the facts and circumstances of the case and in law, the CIT(A) erred in confirming addition of Rs.6,55,98,383/- made by Assessing Officer on account of alleged commission earned on alleged bogus transaction.

The aforesaid grounds of appeal are without prejudice to each other."

2. We have heard the Ld. DR and perused the materials available on record. The assessee had filed its return of income for the Assessment Year 2017-18 on 07/11/2017 declaring loss of Rs.12,24,91,246/-. Later on, the revised return was filed on 31/03/2018 declaring loss of Rs.2,97,59,178/-. The Ld. AO

observed that a search and seizure operation was carried out on 07/12/2018 in the case of Apple Group of cases. The case of the assessee was covered under survey u/s 133A of the Act. For the purposes of Co-ordinate Bench investigation, the assessee's case also was transferred to Central Circle-2, New Delhi. The assessee during the year under consideration was engaged in the business of wholesale trading and export of fabric. The Ld. AO observed that during the period of 09/11/2016 to 30/12/2016 (the demonetization period announced by the Govt. of India), the assessee had made cash deposit of Rs.48,22,50,000/- in Punjab National Bank, Account No.1120002102323315. The assessee was asked to explain the source of such huge cash deposit. The assessee filed its submission online on 16/12/2019 before the Ld. AO by stating that the said cash has been deposited out of available cash balance as per books of account and that the source of same was sale proceeds of goods. The Ld. AO did not heed to the said contention of the assessee and proceeded to add the cash deposits made during the demonetization period as unexplained cash credit u/s 68 of the Act r.w.s 115BBE of the Act.

3. Further, the Ld. AO observed that during the course of survey proceedings at business premises of the assessee, certain incriminating documents including physical data/digital data were found and seized/impounded by the survey team. On analysis of the said impounded material, the Ld. AO concluded that assessee company is engaged in providing accommodation entries in the form of share premium, share application money, bogus sale bills to various parties in lieu of commission @ 2% on the gross value of the bills raised. On perusal of the ITR for the year under consideration, the assessee had shown total turnover Rs.327,99,19,162/- in the shape of bogus bills/transactions. The Ld. AO treated the entire transaction as bogus and proceeded to add commission thereon @ 2% amounting to Rs.6,55,98,383/-to have been earned by the assessee on account of commission. These additions were upheld by the Ld. CIT(A). No contrary evidence has been placed on record by the assessee even before us. Hence, we do not deem it fit to interfere in the order passed by the Ld. CIT(A) confirming the additions. Accordingly, grounds raised by the assessee are dismissed.

4. In the result, the appeal of the assessee is dismissed.

Order pronounced in the open court on 20th October, 2023.

Sd/-

(CHALLA NAGENDRA PRASAD)
JUDICIAL MEMBER

Dated: 20/10/2023

Pk/sps

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

(M. BALAGANESH)
ACCOUNTANT MEMBER

ASSISTANT REGISTRAR
ITAT, NEW DELHI