

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'C' BENCH,  
NEW DELHI**

**BEFORE MS. MADHUMITA ROY, JUDICIAL MEMBER AND  
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No. 573/DEL/2019 [A.Y. 2015-16]

M/s Hardcore Viniyog Pvt Ltd  
1, Zamrudpur Community Centre  
Kailash Colony, New Delhi

Vs. The A.C.I.T  
Central Circle - 13  
New Delhi

PAN - AAACH 8192 H

(Applicant)

(Respondent)

Assessee By : None  
Department By : Shri Mukesh Kumar Jha, CIT-DR

**Date of Hearing : 09.05.2024**  
**Date of Pronouncement : 16.05.2024**

**ORDER**

**PER NAVEEN CHANDRA, ACCOUNTANT MEMBER:-**

This appeal by the assessee is preferred against the order of the  
ld. CIT(A), New Delhi dated 19.11.2018 pertaining to A.Y. 2015-16.

2. None appeared on behalf of the assessee in spite of notice issued nor there in any application for adjournment. Therefore, we decided to proceed ex parte.

3. Having heard the Id. DR, who placed strong reliance on the order of the Id. CIT(A), we have carefully perused the orders of the authorities below.

4. The sum and substance of the grievance of the assessee is that the Id. CIT(A) has erred in confirming the addition made by the Assessing Officer in making addition of Rs. 39,90,000/- as unexplained investment on the reason that the sundry debtors are fictitious and contrary to the settled principles of law and addition is arbitrary, excessive and illegal.

5. The Assessing Officer has further erred in confirming the assessment made by the Assessing Officer by rejecting the scope of limited scrutiny having been expanded by the Assessing Officer without prior permission which is in violation of provisions of section 119 of the Income-tax Act, 1961 [the Act, for short]

6. Briefly stated, the facts of the case are that the assessee e-filed its return of income for A.Y. 2015-16 on 30.09.2015 declaring total income of Rs. 7,271/-. The case was selected for scrutiny assessment under the category of 'limited scrutiny' and notices u/s 143(2) and 142(1) of the Act was issued against which the assessee fully complied by filing all the details and documents.

7. During the course of assessment proceedings, the Assessing Officer noticed that for A.Y. 2015-16 the assessee has made sales of Rs.39,90,000/- and there is nil Sundry Debtor as on 31.03.2015, therefore the entire payment was made against the sales. The Assessing Officer has accepted the purchase and sales though he suspected that the purchase and sales are not genuine and no addition was made.

8. The Assessing Officer has also not made any enquiry whatsoever to verify the purchase and sales made by the assessee during the year. The Assessing Officer has only assumed that the assessee is a mere beneficiary and a name lender and without any basis and has made addition of Rs.39,90,000/- on account of investments.

9. Aggrieved, the assessee went in appeal before the ld. CIT(A) who sustained the order of the Assessing Officer.

10. Before the ld. CIT(A), the ld. counsel for the assessee vehemently stated that the Assessing Officer cannot travel beyond the reasons of the limited scrutiny unless prior approval of the ld. CIT(A) is obtained. The order passed by the Assessing Officer being in violation of the instructions by the CBDT it should be treated as bad in law. The AO has made addition of Rs.39,90,000/- on account of unexplained expenditure by holding that the Sundry Debtors to the extent of Rs. 39,90,000/- as fictitious.

11. The Assessing Officer doubted the Sundry Debtors without making any addition on account of purchases and sales made by the assessee. The Assessing Officer can either reject both the purchases and the sales which he has not done so, but to only say that the sundry debtors are bogus and in a way accept the sales recorded in the books of accounts is a grave error on the part of the Assessing Officer.

12. The sundry debtors is only in relation to the sales made which are properly recorded. The AO has made additions under the head of investments. The addition made on account of investments by the AO without rejecting the books of the assessee is against the principles of law. The Assessing Officer has also not pointed out which investments are bogus and, therefore, the addition is arbitrary, excessive and illegal and is prayed to be deleted in its entirety.

10. Now the assessee is aggrieved further and has come in appeal before us.

11. We have heard the ld. DR and have perused the relevant material on record. There is no doubt that there is NIL sundry debtors as on 31.03.2015, therefore, the entire payment was made against the sales. The Assessing Officer has not made any enquiry whatsoever to verify the purchase and sales made by the assessee during the year.

12. The Assessing Officer has only assumed that the assessee is a mere beneficiary and name lender and without any basis has made the addition on account of investment without rejecting the books of

account which is against the principles of law. The Assessing Officer has also not pointed out which investments are bogus and therefore, the addition is arbitrary. The Id. CIT(A) has rightly held that in a matter involving corporate entity having engaged in complex transactions, it is but required to raise and seek replies to some queries in order to reach a reasonable and lawful conclusion. We do not find any error or infirmity in the findings of the Id. CIT(A), therefore, we decline to interfere.

13. In the result, the appeal of the assessee in ITA No. 573/DEL/2019 is allowed.

The order is pronounced in the open court on 16.05.2024.

Sd/-

**[MADHUMITA ROY]  
JUDICIAL MEMBER**

Sd/-

**[NAVEEN CHANDRA]  
ACCOUNTANT MEMBER**

Dated: 16<sup>th</sup> MAY, 2024.

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,  
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
Date on which the final order is uploaded on the website of ITAT	
Date on which the file goes to the Bench Clerk	
Date on which the file goes to the Head Clerk	
The date on which the file goes to the Assistant Registrar for signature on the order	
Date of dispatch of the Order	