

**IN THE INCOME TAX APPELLATE TRIBUNAL DELHI
DELHI BENCH 'B' NEW DELHI
BEFORE SHRI YOGESH KUMAR U.S., JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

I.T.A. No.2283/Del/2023 (A.Y 2011-12)

Raheja Developers Limited W4D-204/5, Keshav Kunj, Cariappa Marg, Sainik Farms, New Delhi, PAN: AAACR0468E	Vs	ACIT Central Circle-19 New Delhi
Appellant		Respondent

I.T.A. No.2284/Del/2023 (A.Y 2012-13)

Raheja Developers Limited W4D-204/5, KeshavKunj, Cariappa Marg, Sainik Farms, New Delhi, PAN: AAACR0468E	Vs	ACIT Central Circle-19 New Delhi
Appellant		Respondent

Assessee by	Sh. Neeraj Jain, CA& Sh. P. K. Mishra, CA	
Revenue by	Ms.Pooja Swaroop, CIT (DR)	
Date of Hearing	24/07/2025	
Date of Pronouncement	17/10/2025	

ORDER

PER YOGESH KUMAR, U.S. JM:

The captioned Appeals are filed by the Assessee against the orders of Ld. Commissioner of Income Tax (Appeals)-27, ('Ld. CIT(A)' for short), New Delhi dated 12/06/2023 pertaining to Assessment Years 2011-12 & 2012-13 respectively.

2. The Assessee raised identical grounds in both the Appeals, for the sake of convenience, Grounds of Appeal for Assessment Year 2011-12 are considered, which reads as follows:-

“1. That the order of learned Commissioner of Income Tax (Appeals) is bad in law as well as on the facts and in the circumstances of the case.

2. That the learned Commissioner of income Tax (Appeals) has erred in not sustaining the contention of the appellant that the assessing officer has issued notice under section 148 without application of mind.

3. That the learned Commissioner of Income Tax (Appeals) has erred in not sustaining the contention of the appellant that the re-opening u/s 147 of the Act is of a completed assessment after expiry of four years.

4. That the learned Commissioner of Income Tax (Appeals) has erred in not sustaining the contention of the appellant that the objections for re-opening filed on 05.04.2018 and 13.11.2018 have not been considered and the assessing officer has mentioned in the assessment order that no objections to the re-opening were filed until 28.08.2018.

5. That the learned Commissioner of Income Tax (Appeals) has erred in upholding the addition made by the assessing officer on account of treating the sale proceeds received from M/s. Sagar Trade Links Pvt. Ltd. as unexplained cash credit u/s 68 amounting to Rs. 19.06.83,165/- ignoring the evidences filed by the appellant.

6. That the learned Commissioner of income Tax (Appeals) has erred in not sustaining the contention of the appellant that the learned Assessing Officer has not confronted the appellant with the statement of Mr. Sushil Kumar Purohit relied upon by him in the assessment order.

7. That the learned Commissioner of Income Tax (Appeals) has erred in not sustaining the contention of the appellant that the explanation offered and the documents evidences adduced by the appellant and gathered directly by the Assessing Officer have been ignored in the assessment proceedings.

8. That the learned Commissioner of Income Tax (Appeals) has erred in sustaining the invocation of provisions of section 68 of the Income Tax Act, 1961. ignoring the explanation offered and the documents evidences adduced by the appellant and gathered directly by the Assessing Officer.

9. That the learned Commissioner of Income Tax (Appeals) has erred in sustaining that the appellant company has used M/s. Sagar Trade Links Pvt. Ltd.. an alleged paper/shell company for routing its own funds without bringing on record any concrete evidence to support its contention.

10. That the learned Commissioner of Income Tax (Appeals) has erred sustaining the contention of the assessing officer that the assessee before him had not contested the veracity of the statements of Sh. Jagdish Prasad Purohit&Dhruv Narayan Shah provided and has misinterpreted the contention of the appellant that no direct link exists between these statements and the appellant.

11. That the learned Commissioner of Income Tax (Appeals) has erred in not sustaining the contention of the appellant that no opportunity was provided to examine the witnesses whose statements have been relied upon by the assessing officer before drawing any conclusions.”

3. Both the appeals are having identical issues to be decided, therefore, captioned appeals have been heard together and the parties have made common submission on both the Appeals. For the sake of convenience brief facts of the case for Assessment Year 2011-12 are considered. The Assessee filed return of income for Assessment Year 2011-12 declaring an income of Rs. 45,61,43,920/-. The return filed by the Assessee was assessed u/s 143(3) of the Income Tax Act, 1961 ('Act' for short) on 31/03/2014 at a total income of Rs. 45,72,09,890/- by making an addition of Rs. 10,65,970/- u/s 14A of the Act. The case of the Assessee was selected for re-assessment u/s 147 of the Act after recording reasons for reopening. An assessment order came to be passed on 31/12/2018 u/s 143(3) r.w. Section 147 of the Act by

making addition of Rs. 19,06,83,165/- considering the alleged sale of properties as bogus u/s 68 of the Act and also made addition of Rs. 38,13,663/- as commission at 2% for providing accommodation entries to various parties. Similar additions have also been made for Assessment Year 2012-13 of Rs. 17,53,76,931/- u/s 68 of the Act and Rs. 37,07,539/- as commission paid to the parties u/s 69C of the Act as unexplained expenditure.

4. Aggrieved by the assessment orders dated 31/12/2018 and 26/12/2019 respectively for Assessment Year 2011-12 and 2012-13, Assessee preferred two Appeals before the Ld. CIT(A). The Ld. CIT(A) vide orders dated 12/06/2023 dismissed both the Appeals filed by the Assessee. As against the orders of the Ld. CIT(A), Assessee preferred the present Appeals.

5. Ground No. 1 of the Assessee is general in nature which requires no adjudication.

6. In Ground No. 2 and 3, the Assessee challenged the initiation of proceedings u/s 147 & 148 of the Act. Ld. Counsel for the Assessee submitted that the notice issued u/s 148 of the Act is without application of mind and the Ld. CIT(A) erred in not appreciating the contention of the Assessee that reopening u/s 147 of the Act is of completed assessment after expiry of four years and further submitted

that the A.O. has not considered the objections filed by the Assessee on reopening. Thus, submitted that the entire assessment order and the order of the Ld. CIT(A) deserves to be set aside.

7. Per contra, the Ld. Departmental Representative submitted that the A.O. was having prima facie intangible material on record on the basis of which A.O. formed reason to believe that income of the Assessee has escaped assessment. Further submitted that the material and the 'reasons to believe' has direct nexus and in order to forming reason to believe the A.O. has applied his mind on such material. Further submitted that as the A.O. has applied his mind in issuing notice u/s 148 of the Act, relying on the findings of the Lower Authorities, sought for dismissal of Ground No. 2 & 3.

8. We have heard both the parties and perused the material available on record. While reopening the case of the Assessee, A.O. relied on the information collected by the Director of Investigating Wing, Kolkata. The A.O. recorded detailed reasons for reopening of the case which reads as under:-

“Purohit family had opened multiples accounts at various branches of Kotak Mahindra Bank, located at Kolkata and Mumbai.

These accounts mainly had common address, mobile/telephone numbers although the companies had different directors and transactions in these accounts of Pvt. Ltd. companies and other

entities were far in excess of turnover declared at the time of account opening.

There were extremely high numbers of interconnected transactions between these accounts.

Bank statements of these accounts were requisitioned by the Investigation Wing, Kolkata from the Kotak Mahindra Bank.

On analysis of these bank statements of relevant entries, it was observed by the Wing that funds were credited in these bank accounts through RTGS/transfer and immediately fund were credited to the beneficiary's account through cheque/transfer/RTGS.

Thereafter, from analysis of the database available, it was ascertained by the DIT, Investigation Wing, Kolkata that 40 paper/shell companies were used by beneficiary companies for routing their own funds through known entry operators of Kolkata and M/s SagarTradelink Private Limited was one of such paper/shell company which was operated by entry operator namely Sh. Jagdish Prasad Purohit.

Sh. Jagdish Prasad Purohit in his statement recorded on oath u/s 132(4) of the Act admitted that companies in which he and his family are directors are merely shell/paper companies controlled and managed by him through dummy directors and these paper/shell companies has been incorporated for the sole purpose of providing accommodation entries in the form of bogus billings/ share capital/unsecured loan/bogus LTCG/bogus STCL etc.

The appellant company had received an amount of Rs. 3,48,00,000/- during the FY 2010-11 from M/s STPL.

Sh. DhruvaJha in his statement recorded on oath on 21.01.2015 admitted that his email id was used by Sh. Jagdish Prasad Purohit and Sh. Sushil Kumar Purohit for filing ITRs of M/s STPL.

Sh. Jagdish Prasad Purohit in his statement recorded on oath on 21.01.2015 admitted that M/s STPL. was managed and controlled by him.

Sh. Sushil Kumar Purohit who was director of M/s STPL from 07.08.2000 to 04.02.2011 in his statement recorded on oath on 21.01.2015 admitted that M/s STPL was used for provisions of accommodation entries.”

9. Apart from the information collected by the Director of Investigating Wing, Kolkata, one Sh. Jagdish Prasad Purohit has stated u/s 132(4) of the Act admitting to have managed and controlled the operations of M/s Sagar Trade Link Pvt. Ltd. and providing accommodation entries to beneficiary entities. Thus, the information collected and the above statement are definitely intangible information. It is well settled law that information regarding bogus sale by the Assessee received by DRI from CCE which was passed on the revenue authorities are intangible material to record to initiate valid assessment proceedings as held in PCIT vs. Paramount Communications Pvt. Ltd (2017) 392 ITR 444. Similar ratio has been laid down in the case of in A.G.R Investment Ltd. Vs. Addl. CIT and anr. [2011] 333 ITR 146 and in the case of Avirat Stat Homes Venure (P.) Ltd. Vs. Income-tax Officer [2019] 102 taxmann.com 60 (Bombay).

10. Thus, in our considered opinion, A.O. was indeed having prima facie tangible material on record on the basis of which formed reason to believe that income of appellant has escaped assessment. As the material and the reason to believe has direct nexus, we are of the opinion that A.O. has applied his mind on such material while forming reasons to believe.

11. Further specific information received from office of the DDIT, Investigation related to Sh. Jagdish Prasad Purohit and his shell

Companies, that the total amount of Rs. 3,48,00,000/- was credited into the bank account of Assessee Company, the A.O. examined the information, recorded facts which led to formation of his disbelieve that escarpment of income and after taking approval from the competent authority, issued notice u/s 148 of the Act. The requirement for reopening of assessment proceedings u/s 147 of the Act is the availability of prima facie material of evasion tax and not the conclusive establishment of escarpment of income. The said ratio has been laid down by the various judicial precedents which reads as under:-

(a) In the case of Yogendra kumar Gupta Vs ITO 51 taxmann.com 383 (SC)/[2014] 227 Taxman 374, the Hon'ble Apex Court had held that where subsequent to completion of original assessment, Assessing Officer, on basis of search carried out in case of another person, came to know that loan transactions of assessee with a finance company were bogus as said company was engaged in providing accommodation entries, it being a fresh information, therefore A.O. was justified in initiating reassessment proceeding in case of assessee.

(b) In the case of Paramount Communication (P.) Ltd. Vs PCIT[2017] 84 taxmann.com 300 (SC)/[2017] 250 Taxman 100 (SC), 2017-TIOL-253-SC-IT, the SLP of assessee was dismissed, wherein in the said case information regarding bogus purchase by assessee received by

DRI from CCE which was passed on to revenue authorities was held to be 'tangible material outside record' to initiate valid reassessment proceedings.

(c) In the case of Aaspas Multimedia Ltd. Vs DCIT[2017] 83 taxmann.com 82 (Gujarat)/[2017] 249 Taxman 568 (Gujarat)/[2018] 405 ITR 512 (Gujarat), the Hon'ble Gujarat High court had held that where reassessment was made on basis of information received from Principal DIT (Investigation) that assessee was beneficiary of accommodation entries by way of share application provided by a third party, same was justified.

(d) In the case of V3S Infratech Ltd. Vs ACIT [2019] 104 taxmann.com 403 (Delhi -Trib.), the Hon'ble ITAT Delhi had held that where revenue received information from ACIT that during search conducted upon premises of one person, several information and evidences were found which showed that such person was engaged in providing bogus accommodation entries by way of share capital and assessee was also one of beneficiaries, impugned reassessment notice against assessee on basis of such information was justified.

12. As per Section 147 of the Act, the reassessment proceedings beyond four years where assessment u/s 143(3) of the Act has already been made, the action may be taken if the Assessee fails to disclose fully and truly all material facts. In the present case, no doubt the

assessment u/s 143(3) of the Act had already been completed. However, at the time of assessment proceedings, no such information relating to M/s Sagar Trtadelink Private Limited was available with the A.O. The information was received by the A.O. only after completion of assessment proceedings u/s 143(3) of the Act the said Sagar Tradelink Private Limited was a paper company which was managed and controlled by entry operator namely Sh. Jagdish Prasad Purohit, who was engaged in providing accommodation entries to beneficiary entities through paper shell companies. On the receipt of the said information and based on the prima facie material available on record regarding suspicious transactions made between the Assessee and M/s Sagar Trtadelink Private Limited, after applying his mind, A.O. recorded the reasons for reopening of case. Since, there was a failure in the part of the Assessee to fully and truly disclose the facts during the original Assessment Proceedings and as the information has been received by the A.O. after the conclusion of the original assessment, we find no error or infirmity in reopening the case of the Assessee and find no merits in the contention of the Assessee that there was no failure on the part of the Assessee to fully and truly disclose the facts. In view of the above, we find no merits in Ground No. 2 & 3 of the Assessee, accordingly, Ground No. 2 & 3 are dismissed.

13. Addressing on the ground No. 4, the Ld. Assessee's Representative submitted that the appellant has filed objection for reopening on 05/04/2018 and 31/11/2018, which were not considered by the A.O., however, A.O. erroneously mentioned in the assessment order, that no objections to reopening were filed until 28/08/2018. Thus, sought for allowing the Ground No. 4.

14. The Ld. Departmental Representative submitted that the reasons were supplied to the Assessee vide letter dated 12/07/2018. The Assessee has not filed any objection. Thereafter A.O. issued notice u/s 143(2) of the Act on 28/08/2018 which is after 46 days of providing reasons for reopening. Thereafter the Assessee filed objection after 124 days from the date of supplying the reasons recorded for reopening. The Assessee deliberately filed the objection at the far end of the assessment proceedings. The said objection has been decided by the A.O. in the final assessment order, therefore, the Ground No. 4 of the Assessee requires to be dismissed.

15. We have heard both the parties and perused the material available on record. The A.O. vide letter dated 12/07/2018, supplied the reasons for reopening to the Assessee, in the reply of the Assessee dated 05/04/2018, the Assessee has not filed any specific objection on reopening of the case. Thereafter A.O. issued notice u/s 143(2) of the Act on 28/08/2018 after 46 days of providing the reasons for

reopening to the Assessee with a bonfide belief that the Assessee has no objection on reopening of the case. However, Assessee filed objections after 124 days from the receipt of reasons recorded for reopening of the case. The Assessee deliberately filed the objection after expiry of 124 days at the end of the assessment proceedings which is nothing but afterthought only with an intention to delay the assessment proceedings. Though the A.O. has not passed any speaking order disposing the objections as the objection was filed at the belated stage, however, the same has been considered by the A.O. in the assessment order. The relevant portion of the same is reproduced as under:-

"Further, the assessee vide letter dated 13.11.2018 filed objection to initiation of assessment proceedings on the ground that re-assessment proceedings were solely initiated upon the information provided by the Investigation Wing. However, same is not acceptable as the assessing officer while recording reasons arrived at satisfaction by considering all the facts of the case and has concluded that the taxable income has escaped assessment.

Further on perusal of case record and reasons recorded, it is evident that the assessment order u/s 143(3), statements of Mr. Jagdish Purohit & Mr. Dhurva, information received etc. were perused by the assessing officer thoroughly. It was only later the assessing officer arrived at satisfaction and recorded reasons."

16. Considering the above facts and circumstances, we find no merit in Ground No 4 of the Assessee, accordingly Ground No 4 of the Assessee is dismissed.

17. In Ground No. 5 to 9, the Assessee challenged the addition made u/s 68 of the Act on its merits. The Ld. Assessee's Representative contended that the Commissioner of Income Tax (Appeal) has erred in upholding the addition made by the A.O. on account of treating the sale proceedings received from M/s Sagar Trade Link Pvt. ltd. as unexplained cash credit u/s 68 of the Act. The Ld. Assessee's Representative submitted that both the authorities have ignored the evidences filed by the Assessee, thus sought for deleting the addition.

18. Per contra, the Ld. Departmental Representative relying on the orders of the Lower Authorities sought for dismissal of Ground No. 5 to 9 of the Assessee.

19. We have heard both the parties and perused the material available on record. In the year under consideration, Assessee claimed to have sold 22 shops in Raheja Mall situated at Sector 47, Sohna Road, Gurugram, Haryana to M/s Sagar Trtadelink Private Limited vide agreement to sell dated 17/08/2012 for a total sale consideration of rs. 36,56,48,734/-. Out of the total sale consideration, part payment of Rs. 19,06,83,163/- was received in Assessment Year 2011-12 and remaining amount of Rs.17,53,76,931/- in the Assessment Year 2012-13. The details of 20 shops sold and amount so received are as under:-

Sl. No.	Shop No.	Amount received (In Rs.) during FY 2010-11
1	LG-001, Raheja Mall	26800000
2	LG-011, Raheja Mall	8000000
3	LG-012, Raheja Mall	7762962
4	LG-048, Raheja Mall	22745086
5	UG-048, Raheja Mall	21386368
6	F-101, Raheja Mall	21500000
7	F-107, Raheja Mall	5180726
8	F-111, Raheja Mall	8045919
9	F-112, Raheja Mall	8049919
10	T-309, Raheja Mall	4250458
11	T-310, Raheja Mall	5221213
12	T-311, Raheja Mall	5221213
13	T-312, Raheja Mall	5221213
14	S-201, Raheja Mall	14189914
15	S-208, Raheja Mall	1024140
16	S-209, Raheja Mall	6248762
17	S-213, Raheja Mall	5590125
18	UG-011, Raheja Mall	5720753
19	F-137, Raheja Mall	3305180
20	T-313, Raheja Mall	5221214
Total		19,06,83,165

20. The A.O. received information from Investigating Wing, Kolkata that M/s M/s Sagar Trtadelink Private Limited is a paper company and was managed/controlled by entryoperator Mr. Jagdish Kumar Purohit for providing accommodation entries to beneficiary entities. The A.O. issued summons u/s 131 of the Act to M/s Sagar Trtadelink Private Limited. The M/s Sagar Trtadelink Private Limited filed response from which it is found that, no conveyance deed/sale deed was registered in favour of M/s Sagar Trtadelink Private Limited. Only physical position was handed over, name of M/s Sagar Trtadelink Private Limited got mutated in Municipal Corporation, Gurgaon. Further out of 20 shops, only one shop bearing F-107 was sold till 12/11/2018. The summons have been issued to M/s Amphibious Finvest Pvt. Ltd. (formerly M/s Sagar Trtadelink Private Limited)u/s

131(1) of the Act and as per response filed by the M/s Amphibious Finvest Pvt. Ltd.(formerly M/s Sagar Trtadelink Private Limited) it was stated that total amount of Rs. 36,56,48,734/- was generated through share capital and interest accruals. Thereafter notice u/s 133(6) of the Act was also issued to furnish following details:-

- i. Source of funds generated through share capital and interest accruals along with supporting evidences.
- ii. Balance Sheet, P&L A/c for the AY 2011-12 & 2012-13.
- iii. Investment made by M/s STPL apart from these ones.
- iv. How are these 20 properties were reflected in books of accounts.
- v. Copy of bank statements for AY 2010-11 & 2011-12.

However, no details were furnished by the M/s AFPL.

21. However, no response were furnished by M/s Amphibious Finvest Pvt. Ltd.(formerly M/s Sagar Trtadelink Private Limited) It is pertinent to note that said M/s Amphibious Finvest Pvt. Ltd. in its assessment proceedings for Assessment Year 2015-16, admitted that shops measuring 23,510 square feet out of allotted area of 38,870 square feet at Raheja Mall have not been handed over till 31/03/2015. There was no explanation submitted by M/s Amphibious Finvest Pvt. Ltd. Now the question arose that, when the entire payment of Rs. 36,56,48,734/- was made during Financial Year 2011-12 itself, what made the purchaser not to get sale deed

executed in their favour? Further, the sub Registrar, Gurgaon vide reply dated 26/12/2018, confirmed that no sale had been registered in the name of M/s Amphibious Finvest Pvt. Ltd (formerly M/s Sagar Trtadelink Private Limited) and no physical possession of the property was handed over. The Ld. CIT(A) has confirmed the addition on its merits by examine the entire material on record in following manners:-

“Now question comes, when entire payment was made by FY 2011-12, itself then:

- i. Why physical possession of shops were not handed over till 31.03.2015.*
- ii. Why conveyance/sale deed was not registered in the name of M/s STPL.*
- iii. What was the source of funds for purchase of shops amounting to Rs. 36,56,48,734/- through share capital.*

7.10 Sh. Navin Raheja (who is managing director of M/s Raheja Developers Pvt. Ltd.) and Mr. Nirmal Raheja had been appointed as a Non-executive directors of M/s STPL from 21.01.2010 Le. FY 2009-10. Same was ascertained by the AO from Form 32 filed under the Companies Act, 1956 by M/s STPL and this information is available in public domain (placed at page 14 & 15 of the assessment order).

7.11 As per Form 23AC filed with the Registrar of companies from 07.08.2000 till 04.02.2011, Sh. Sushil Kumar Purohit brother of entry operator Sh. Jagdish Kumar Purohit was director of M/s STPL. Sh. Sh. Sushil Kumar Purohit in his statement dated 21.01.2015 recorded on oath u/s 132(4) of the Act accepted that M/s STPL was a paper company and used for the provisions of accommodation entries. The statement of Sh. Sushil Kumar Purohit is placed at page nos. 19 to 24 of the assessment order.

7.12 The financials of M/s STPL for AY 2010-11 & 2011-12 are placed on page nos. 26 & 27 of the assessment order, which reveals that M/s STPL:

- *has negligible profits*
- *has negligible balances in bank*
- *has humongous share application money pending allotment*

7.13 The AO had called bank statement of Kotak Mahindra Bank account no. 03232000022266 maintained by M/s STPL form which funds were transferred to the appellant company. The AO observed that funds in this account were transferred to the beneficiary account i.e. the appellant company on the same day of receipt. Part of such statement is placed at page no. 29 of the assessment order.

7.14 The AO in assessment order after consideration of all the facts has made following observations:

"1. The analysis of these financials will infer that M/s SagarTradelinksPvt Ltd. has negligible profits, negligible balances in bank. The company has a humongous Share Application Money pending allotment. This is a typical feature of paper companies. It is again emphasized that the share holders of this company are proven paper companies.

2. Sh. Sushil Kumar Purohit was the director of Sagar TradelinksPvt Ltd as per the Form 23AC filed with the Registrar of Companies from 07.08.2000 till 04.02.2011. Sh. Sushil Kumar Purohit has accepted in his statement on oath recorded on 21.01.2015 that M/s Sagar Tradelinks Pvt Ltd. was a paper company and used for the provision of accommodation entries. It is noteworthy to mention here that Sagar Tradelinks has been accepted to be a paper company by its very own Director.

3. On the analysis of the bank statement number 03232000022266, it can be seen that the bank account has been used as pass through account to route funds. Funds are transferred to the beneficiary accounts i.e. Raheja Developers Ltd. in this case the same day as receipt. There are no real transactions in the bank account statements. This bank account has reflects transactions with other bogus entities like Natraj Vinimay Ltd., Sirpur marketing Ltd., etc. Which further corroborate that this bank account was utilized for the purpose of providing accommodation entries.

4. Sh. Navin Raheja (Managing Director of Raheja Developers Pvt. Ltd.) and NirmalRaheja has been appointed as a Non-executive Directors from 21.01.2010 in Sagar Tradelinks Pvt. Ltd. Sh. Navin Raheja is the biggest Shareholder in Sagar Tradelinks Pvt. Ltd.

holding substantial shares. The Managing director of Raheja Developers (Seller) is the Director and Largest Shareholder of the paper company Sagar Tradelinks Pvt. Ltd. (Buyer). It is noteworthy to mention here that Sh. Navin Raheja was appointed as the Director in Sagar Tradelinks just prior to the transfer of funds from Sagar Tradelinks Pvt. Ltd.

5. Based on the above facts and circumstances, it is concluded that the entire transaction scheme is bogus, Raheja Developers has transferred its unaccounted funds through Sagar Tradelinks Pvt. Ltd. in the garb of sale of shops. It is again mentioned that there is no actual sale transaction. The absence of a registered sale deed substantiated this fact. The non-registration of Sale deed till date has been further confirmed by the information received by Sub-Registrar, Gurugram. The assessee has relied on the mutation of name in the Municipal Corporation property tax bill 2011-12 to substantiate his claim of sale. It is pertinent of mention here that the initial mutation of a property for the purpose of Property Tax is done by the Corporation on the basis of Letters of Allotment Submitted by the Builder/Developer. This does not infer that there is a transfer of property or sale of property. Hence, the mutation of the title of shops in the name of Sagar Tradelinks Pvt. Ltd. has been done by Raheja Developers itself."

7.15 The appellant contended that the physical possession of the shops were handed over to M/s. STPL as the Municipal Corporation, Gurgaon had raised property tax bills for FY 2011-12 In the name of M/s. STPL. However, same is not found to be correct as during the assessment proceedings in the case of M/s AFPL (formerly M/s STPL) for AY 2015-16, it was admitted by M/s AFPL that physical possession of shop (as per Sl. No. 1 to 15 at page of order) was not handed over till 31.03.2015.

7.16 The appellant contended that the AO had conducted independent and direct enquires from M/s STPL and M/s STPL. has confirmed that they have purchased 20 shops in Raheja Mall from the appellant and therefore transactions are genuine. However, same is not found to be correct as M/s STPL has only confirmed that they had purchased 20 shops in Raheja Mall from the appellant company and source of fund for such transaction was from share capital and interest accrual. But no such details of share capital and interest accrual were furnished by M/s STPL in response to notice issued u/s 133(6) and summon issued u/s 131 of the Act during asstt. proceedings. Thus, M/s STPL did not

produce details of source of fund for such purchase. Also, M/s STPL had negligible profit and negligible bank balance.

7.17 The appellant contended that transfer in relation to a capital asset u/s 2(47) of the Act includes any transaction allowing possession of an immovable property in part performance of a contract (Agreement to Sell) under section 53A of Transfer of Property Act. There is no dispute with regard to an Agreement to Sell having been executed and that the mutation having been taken place in the municipal records. Therefore, registered conveyance/sale deed is not mandatory in this case to establish.

7.17.1 However, same is not found to be correct as M/s STPL had paid huge amount of Rs. 36,56,48,734/- for purchase of 20 shops at Rajeha Mall. Neither conveyance / sale deed was registered nor they were handed over physical possession till 31.03.2015. Then why M/s STPL would pay such a huge amount to the appellant company. It is not a small deal which could simply be done on agreement to sale. It is highly improbable for any company to pay such a huge amount of Rs. 36,56,48,734/- for purchase of 20 shops without any registered conveyance/ sale deed or physical possession, if the transaction is genuine. Not registering the conveyance/ sale deed itself makes it a non-genuine transaction as the buyer has to pay stamp duty on Rs. 36.56 cr. to the Govt. Authorities, which would have somewhere between 1.45 cr to 1.85 cr. Now, why anybody in a non-genuine sale/purchase transaction would pay such a huge amount of stamp duty to the Govt. Authorities.

7.18 The appellant contended that the statement of Sh. Sushil Kumar Purohit recorded on 21.01.2015 is neither in the case of the appellant nor confronted to the appellant during the course of the proceedings. It may also be seen that Sh. Sushil Kumar Purohit was not the director in the company M/s. Sagar Trade Links Pvt. Ltd. at the time when his statement was recorded, he was a director upto 04.02.2011. It would be seen that Mr. Sushil Kumar Purohit was not even the director during the entire previous year relevant to assessment year 2011-12 and therefore the reliance being placed on his statement in complete violation of the principles of natural justice which not permissible in law.

7.18.1 However, same is not found to be correct as Sh. Sushil Kumar Purohit was director from 07.08.2000 till 04.02.2011 i.e. 10 months in FY in which transaction of sale/purchase of shops took place. He was director of M/s STPL Since 2000 and in last 12 year

he was very much aware of activities / transactions carried out by M/s STPL. Furthermore, he is the brother of Sh. Jagdish Kumar Purohit who had admitted that M/s STPL is a paper/shell company which was managed/controlled by him to provide accommodation entries to the beneficiaries.

7.19 Now facts of the case are examined in the light of all above discussion:

1. Purohit family had opened bank accounts with Kotak Mahindra Bank located at Kolkata and Mumbai in the name of Pvt. Ltd. companies.

ii. It was noticed by the bank that these accounts have common address and mobile/telephone numbers and transaction between these accounts were far in excess to turnover declared at the time of opening of account.

iii. The Investigation Wing, Kolkata carried out an enquiry/investigation that these companies are paper/shell company and operated by entry operators.

iv. Sh. Jagdish Prasad Purohit in his statement admitted that companies in which his family members are directors are merely paper/shell companies and managed/controlled by him through dummy directors to provide accommodation entries. These companies were incorporated for sole purpose of providing accommodation entries and M/s STPL was one of those companies.

V. Sh. Sushil Kumar Purohit director of M/s STPL and brother of Sh. Jagdish Prasad Purohit in his statement admitted that M/s STPL is a paper/shell company used for providing accommodation entries.

vi. Sh. Sushil Kumar Purohit was director of M/s STPL from 07.08.2000 to 04.02.2011.

vii. From 21.01.2010 Mr. NavinRaheja (Managing Director of M/s Raheja Developers Pvt. Ltd.) and Mr. NirmalRaheja were appointed as a non-executive directors of M/s STPL.

viii. Sh. NavinRaheja was the majority shareholder in M/s STPL holding substantial shares.

ix. Sh. NavinRaheja was appointed as the director in M/s STPL just prior to transfer of funds from M/s STPL.

7.20 Now, here question comes why someone will buy substantial holding in a paper/shell company.

7.21 The answer is to safeguard its investment.

7.22 In property market, especially in commercial properties being shop etc, an artificial shortage is created to increase sales/price. For that purpose shops are shown as sold to their own/allied entities. When there is shortage or sudden huge sales of shops in malls or complexes, the fence seaters get impassionate and approach the the builder for purchase of shop/property believing that any further delay may deprive them from getting proper or desired space, floor, location etc. for their business purposeth this case also/20 shops were shown as sold to M/s STPL to create an artificial shortage in Raheja Mall These 20 shops were purchased buy a paper/shell company in which Director of the appellat company were substantial shareholder. Substantial shareholding and Directorship in M/s STPL by Mr. NavinRaheja and not registering the shops in the name of M/s STPL was to ensure the safety of investment in the form of allocation of shops to M/s STPL so that M/s STPL should not adventure into selling these shops to any third party without the knowledge of Mr. NavinRaheja/appellant company and run away with the sale proceeds. Since both the companies Le. the appellant company and M/s STPL are effectively controlled by Mr. NavinRaheja, M/s STPL never insisted for physical possession of shops, registered sale/conveyance deed, etc.,. Thus, indirectly, the appellant company through M/s STPI was holding these shops and routed its own unaccounted money in the disguise of sale consideration received from M/s STPL. TPL

7.23 During the appellate proceeding, the Id. Counselor of the appellant company informed to specific query that till May 2023, the status of these shops is as under:

i These shops were never registered in the name of M/s STPL.

ii. Few shops were sold to third parties without registering the same in the name of M/s STPL.

iii. Most of these shops have been returned back to M/s Raheja Developers Ltd. ie. the appellant company.

iv. Even till the time, these shops were shown in the name of M/s STPL, no income in the form of rent, etc. was generated by M/s STPL.

v. The assessment of rental income in the hand of M/s STPL was under deeming provision.

7.24 This status further establishes that the sale transaction by the appellant company to M/s STPL was not genuine. In case of genuine transaction, no seller takes its material back after lapse of more than 10 years.

7.25 In view of above discussion, it is held that M/s STPL which is a paper/sheli company which was used by the appellant company to route its own unaccounted money in the form of sale proceeds received from M/s STPL. Hence, the addition of Rs. 19,06,83,165/- made by the AO u/s 68 of the Act on account of unexplained cash credit is confirmed and these grounds of appeal are hereby dismissed.

8. Ground No. 6 of appeal relates to not confronting of statement of Sh. Sushil Kumar Purohit.”

22. Considering the fact that those 20 shops were shown as purchased by a paper/shell company in which Director of the appellant company were substantial shareholder. We are completely agree with the inference and the observation made by the Ld. CIT(A) that ‘the Substantial shareholding and Directorship in M/s Sagar Trtadelink Private Limited by Mr. Navin Raheja and not registering the shops in the name of M/s. Sagar Trade Links Pvt. Ltd was to ensure the safety of investment in the form of allocation of shops to M/s. Sagar Trade Links Pvt. Ltd so that M/s. Sagar Trade Links Pvt. Ltd.should not adventure into selling these shops to any third party without the knowledge of Mr. Navin Raheja/appellant company and

run away with the sale proceeds. Since both the companies i.e. the appellant company and M/s. Sagar Trade Links Pvt. Ltd are effectively controlled by Mr. Navin Raheja, M/s. Sagar Trade Links Pvt. Ltd never insisted for physical possession of shops, registered sale/conveyance deed, etc.,. Thus, indirectly, the appellant company through M/s. Sagar Trade Links Pvt. Ltd was holding these shops and routed its own unaccounted money in the disguise of sale consideration received from M/s. Sagar Trade Links Pvt. Ltd'.

23. During the appellate proceedings before the Ld. CIT(A), the Representative of the Assessee company informed to specific query of the Ld. CIT(A), submitted the status of those 20 shops as on May 2023, which reads as under:

- i. The shops were never registered in the name of M/s. Sagar Trade Links Pvt. Ltd
- ii. Few shops were sold to third parties without registering the same in the name of M/s. Sagar Trade Links Pvt. Ltd.
- iii. Most of those shops have been returned back to M/s Raheja Developers Ltd. i.e. the appellant company.
- iv. Even till the time, these shops were shown in the name of M/s. Sagar Trade Links Pvt. Ltd, no income in the form of rent, etc. was generated by M/s. Sagar Trade Links Pvt. Ltd.
- v. The assessment of rental income in the hand of M/s Sagar Trtadelink Private Limited was under deeming provision.

24. The above said information provided by the AR of the Assessee before the Ld. CIT(A) establishes that the sale transaction by the Assessee company to M/s. Sagar Trade Links Pvt. Ltd. was not genuine. Even before us, the Ld. Assessee's Representative has not produced any document to show the change of the status/owner shop of the shops.

25. In view of above discussion, we find no reason to interfere with the findings and the conclusion of the Ld. CIT(A) that M/s. Sagar Trade Links Pvt. Ltd. which is a paper/shell company, which was used by the Assessee company to route its own unaccounted money in the form of sale proceeds received from M/s. Sagar Trade Links Pvt. Ltd. For the details reasons and the discussion made above, we are of the opinion that the addition of Rs. 19,06,83,165/- made by the A.O. u/s 68 of the Act on account of unexplained cash credit which has been confirmed by the Ld. CIT(A) requires no interference. Finding no merits in Ground No. 5 to 9 of the Assessee, same are hereby dismissed.

26. In so far as Ground No. 10 is concerned, the Ld. Assessee's Representative contended that the learned Commissioner of Income Tax (Appeals) erred in sustaining the contention of the assessing officer that the assessee before him had not contested the veracity of

the statements of Sh. Jagdish Prasad Purohit & Dhruv Narayan Shah provided and has misinterpreted the contention of the appellant that no direct link exists between these statements and the appellant.

27. As could be seen from the record, the statement of Dhuru Narayan Jha and Sh. Jagdish Kumar Purohit were provided to the Assessee by the A.O, however, the Assessee did not file any rebuttal to those statements. As could be seen from the assessment order, the statements of the above persons were not the sole basis for making the addition. The additions have been made on its merits based on the material on record, which were discussed in detail above, therefore, we find no merit in Ground No. 10 of the Assessee. Accordingly Ground No. 10 of the Assessee is dismissed.

28. In view of the above discussion, we find no error or infirmity in the order of the Ld. CIT(A) in confirming the addition made by the A.O, accordingly, Appeal of the Assessee in ITA No. 2283/Del/2023 (A.Y 2011-12) is dismissed.

29. In so far as ITA No. 2284/Del/2023 (for Assessment Year 2012-13) is concerned, since similar and identical Grounds have been urged by the Assessee which have been decided in Assessee's own case for Assessment Year 2011-12 as aforesaid, hence our aforesaid decision in Assessee's own case for Assessment Year 2011-12 shall apply

mutatis mutandis to the Appeal in ITA No. 2284/Del/2023 as well. Accordingly, we dismiss the Appeal of the Assessee in ITA No. 2284/Del/2023 pertaining to Assessment Year 2012-13.

Order pronounced in the open court on 17th October, 2025

Sd/-

**(MANISH AGARWAL)
ACCOUNTANT MEMBER**

Date:- 17.10.2025
R.N, Sr.P.S*

Sd/-

**(YOGESH KUMAR U.S.)
JUDICIAL MEMBER**

Copy forwarded to:

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

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**