

IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCHES : A : NEW DELHI

BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER

ITAs No.2132 & 2133/Del/2022
Assessment Years : 2015-16 & 2016-17

ITA No.1176/Del/2023
Assessment Year : 2015-16

M/s RG Home Furnishing Pvt. Ltd. Vs. DCIT,
(Formerly known as M/s Akash Central Circle,
Home Furnishing Pvt. Ltd.), Karnal.
House No.41-42, Gandhi Mandi,
Panipat – 132103.

PAN: AADCG5350R

(Appellant)

(Respondent)

Assessee by : Shri Aseem Chawal, Sr. Advocate; &
Shri Jasmeet Singh, Shri Pushendra
Bhadurya & Shri Pranav Menon,
Advocates.
Revenue by : Shri Jitender Singh, CIT-DR
Date of Hearing : 27.10.2025
Date of Pronouncement : 26.11.2025

ORDER

PER ANUBHAV SHARMA, JM:

These appeal are preferred by the assessee against the orders dated
30.06.2022, 15.07.2022 & 29.03.2023 of the Commissioner of Income-tax
(Appeals)-3, Gurgaon (hereinafter referred as Ld. First Appellate Authority or in

short Ld. 'FAA') in appeals No.10288, 10289, 10291, 10303, 10306/2018-19, 10309 and nil arising out of the appeals before it against the orders passed u/s 153A r.w.s. 143(3)/271(1)(c) of the Income Tax Act, 1961 (hereinafter referred as 'the Act') by the DCIT, Central Circle, Karnal (hereinafter referred to as the Ld. AO) for AYs 2015-16, 2016-17 & 2015-16, respectively.

2. On hearing both the sides, we find that the two appeals 2132 and 2133 have common issues involved and, in fact, the impugned order of the Id.CIT(A) was a consolidated order for AYs 2011-12 to 2015-16 and the appeal for AY 2016-17 was decided separately. Then there is an appeal against levy of penalty for AY 2015-16. The same arise out of the assessment order u/s 153A r.w.s. 143(3) of the Act and the Id. counsel has pointed out that vide order dated 28.08.2025 the assessee's appeal with regard to assessment proceedings u/s 153A of the Act for AYs 2011-12 to 2014-15, vide ITA no. 2128/Del/2022 to 2131/Del/2022, have been decided by the coordinate Bench wherein the coordinate Bench has quashed the assessment orders as they were not found to be on the basis of the incriminating material found during the search in regard to those years which were unabated assessment years.

3. Now, the present years before us are abated assessment years and the Id. counsel has primarily submitted that in these two years before us also the alleged

seized material found cannot be considered to be incriminating and no addition on the basis of the same could have been made.

4. The ld. DR has defended the proposition and submitted that the Assessing Officer has examined the facts and circumstances in right perspective and submitted referring to the post search inquiries it was submitted that the seized materials certainly indicated incriminating circumstances and the assessee had failed to prove the genuineness of purchase of plant and machinery in question and there was bogus claim of depreciation.

5. As for completeness the basic facts are that a search was conducted at the business premises of M/s Garg Group of companies and residence premises of its directors on 22.06.2016 and the assessee company is one of the concerns of the said group which was covered u/s 132 of the Act. The cases were centralized by an order u/s 157 of the Act. On perusal of ledger accounts of M/s Fibretech Enterprises, M/s Malik International, M/s Supreme International & M/s Zenith Enterprises in the books of account of assessee company for the F.Y. 2009-10 & 2010-11 which were obtained from its books of accounts. It was noted by the ld. AO that machinery worth Rs.10,52,64,000/- has been shown as purchased from the above mentioned four concerns. During the course of post-search proceedings, the assessee company was specifically asked to furnish the

information like copies of all purchase bills along with date of purchase, amount, description of machinery, mode of transport, complete name & address of the so called suppliers of the machinery with their PAN, Tin & bank accounts to prove the genuineness of the purchase of machinery. It was also asked to produce the purchasers with its record for verification of these transactions.

5.1 In response to this, the assessee company before Investigation Wing had submitted chart of machinery purchased along with copy of accounts, bills, G.R. and bank statement. The reply filed by the assessee company was considered by Id.AO and it was noted that M/s Shiv Traders (Prop. M/s Rajiv Garg HUF) has shown interstate sales to M/s Fibretech Enterprises, M/s Zenith Enterprises, M/s Supreme International and M/s Malik International. It is also noted that TIN - 09959304041 of M/s Zenith Enterprises (mentioned on sale bills issued by M/s Shiv Traders) actually pertains to M/s Sagar Garments, Naugwan Sadat, Uttar Pradesh as verified from tire internet and TIN - 09959302135 of M/s Fibretech Enterprises does not exist. Even handwriting on the bills of all the four concerns is the same. The assessee had given an explanation which was not found sufficient and examining the pattern of transactions with these companies, it was concluded that there was circular transactions wherein the sale consideration received by the said companies were received back ultimately by the assessee company or its sister concerns. The companies were not found to be existing at

the address mentioned. All these aspects were put up to the assessee wherein detailed reply was filed and the AO observed that merely payments made through banking channel is not sufficient and there were circumstances to show that it was a bogus purchase. Thus expenses and depreciation were disallowed. The AO primarily relied the letter pad of the four companies found in the computer of the assessee at the time of search and survey and hard disc of the computer to conclude that these concerns were floated by the assessee only to make bogus entries and claim deduction on account of depreciation.

6. Now, what is material is that this seized material have been considered by the coordinate Bench in the decision dated 28.08.2025 (supra) and the coordinate Bench has held that these seized materials are dumb documents and cannot be made basis for any addition. As for completeness, the paras 2 to 5 of the order dated 28.08.2025 is reproduced below:-

“2. A combined perusal of the assessee’s instant eight appeals indicates at the outset that there arises the first and foremost issue of validity of section 153A r.w.s. 143(3) assessments itself, all framed by the Assessing Officer i.e. learned DCIT, Central Circle, Karnal on 29.12.2018. This is for the precise reason that the learned senior counsel has invited our attention to the relevant panchnama herein dated 22.06.2016 (page 5 of the paper book) wherein the corresponding incriminating evidence inventorized is “original copy of Hard Disc” whose transcriptions; as deciphered by the departmental authorities under the provisions of Right to Information Act, 2005, reveals that they had come across the corresponding material involving the four parties/ suppliers, namely, M/s Fibertech Enterprises; M/s Zenith Enterprises; M/s Malik International; and M/s Supreme International. That being the case, the assessee’s again takes us to pages 14 to 17 in the paper book compiling the alleged incriminating material

which is found as nothing but blank letter heads of all the preceding four entities.

3. Faced with this situation, learned CIT(DR) vehemently argues that once the departmental authorities had found/ seized the said incriminating material/ blank letter heads from the assessee's hard disk and the post search inquiries specifically indicated them to be non-existent entities, the only inference could be drawn is that these are accommodation entry providers of various fixed assets whose depreciation as well as cost of acquisition and interest etc. has been rightly disallowed, forming subject matter of our adjudication on merits.

*4. We have given our thoughtful consideration to the assessee's and the Revenue's foregoing vehement rival submissions. There is hardly any dispute between the parties that hon'ble apex court's recently landmark decision in *Abhisar Buildwell (2023) 149 taxmann.com 399 (SC)* has already settled the law that any addition in furtherance to a search action involving an "unabated" assessment is to be based on specific incriminating/ seized material. The impugned assessment years herein A.Yrs. 2011-12 to 2014-15 are admittedly "unabated" ones only as on the date of search on 22.06.2016. There is further no dispute that all what the department alleges herein is that the above blank letter heads of the assessee's suppliers in fact amount to incriminating material only. We are of the considered opinion that such mere blank letter heads would hardly constitute any incriminating material, being in the nature of "dump" document so as to lead to any addition based upon the contents thereof. We thus reject the Revenue's vehement contentions and quash all the impugned assessments forming subject matter of adjudication in these four assessment years going by their lordships' landmark hereinabove. Ordered accordingly. The assessee succeeds in its first and foremost legal ground in very terms.*

All other pleadings on merits between the parties stand rendered academic.

*5. Same order to follow in assessee's consequential penalty appeals ITA nos. 1172 to 1175/Del/2023 being consequential in nature going by *fundamento cadit non opus* i.e. if the foundation itself does not exist, any superstructure raised thereupon falls automatically. Ordered accordingly.*

These assessee's eight appeals are hereby allowed in above terms. A copy of this common order be placed in respective case files."

7. Thus based on aforesaid findings of co-ordinate bench, we are of the considered view that on first principles nothing further is required to be examined as the whole case of the AO was based on suspicion arising out of the blank letter head found during the search and which the coordinate Bench has held to be 'dumb document' thereby making any addition on the dumb documents in the assessment completed u/s 153A r.w.s. 143(3) of the Act is also not justified. Whatever reasons otherwise are cited by Id. AO are mere circumstantial but not on basis of any thing found in search or corroborated from any other evidence collected during the assessments. Thus, we sustain the ground no. 2 with sub grounds in quantum appeals and that makes the levy of penalty also unsustainable. The appeals are allowed. The impugned assessments and penalty levied are quashed.

Order pronounced in the open court on 26.11.2025.

Sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Sd/-
(ANUBHAV SHARMA)
JUDICIAL MEMBER

Dated: 26th November, 2025.

dk

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi