

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "C": NEW DELHI**

**BEFORE SHRI S RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No.6027/DEL/2024
Assessment Year 2014-15

M/s. KJL Developers (P) Ltd., KJL House, 8A, Shivaji Marg, Najafgarh Road, Karam Pura South West, Delhi- 1100 15 PAN No. AACCK7445E	Vs.	Deputy Commissioner of Income, Central Circle-31, New Delhi
(Appellant)		(Respondent)

Assessee by:	Shri Ankit Kumar, Advs.
Department by:	Shri Dayainder Singh, CIT DR
Date of Hearing:	03.11.2025
Date of pronouncement:	07.01.2026

ORDER

PER VIMAL KUMAR, JUDICIAL MEMBER:

The appeal filed by the assessee is against order dated 06.12.2024 of Learned Commissioner of Income Tax (Appeals), New Delhi [hereinafter referred to as 'Ld. CIT(A)] under Section 250 of the Income-Tax Act, 1961 (hereinafter referred to as 'the Act') arising out of order dated 27.07.2021 of Learned Assessing Officer/Deputy Commissioner of Income Tax, Central Circle-31, New Delhi (hereinafter referred to as "Ld. AO") passed under

section 153C r.w.s. 143(3) of the Act pertaining to assessment year 2014-15.

2. Brief facts of the case are that assessee filed return under Section 139(1) of the Act declaring income of Rs.3,45,46,720/-. The return was revised under Section 139(5) of the Act on 27.12.2014 declaring income of Rs.3,45,98,160/-. The return was duly processed under Section 143(1) of Act. Consequent to search action in the case of assessee company on 18.06.2013 the assessment under Section 143(3) of Act was completed on 21.03.2016 at income of Rs.3,45,98,160/-.

2.1 Thereafter, a search action was conducted on 14.09.2017 in Dalal Group of cases and various papers/documents & incriminating material were found and seized from the business/residential premises of the individuals and business entities of Dalal group covered in the search operation. On perusal of seized documents, it has been observed by the Ld. AO having the jurisdiction over M/s Rajesh Chaudhary and others covered in Dalal Group of cases that certain seized documents pertain to and information contained therein relate to M/s. Cadillac Technobuild Pvt Ltd and M/s Pragma Enterprises Pvt Ltd (now merged with M/s KLJ Developers Pvt. Ltd) i.e company

other than the searched person and the Satisfaction Note has been drawn on 26.12.2019 to initiate proceedings u/s 153C read with section 153A of the Act in the case of M/s KLJ Developers Pvt. Ltd. for Assessment Years 2012-13 to 2018-19. The seized papers/documents and information contained therein has been handed over to the Assessing Officer having jurisdiction over M/s. KLJ Developers Pvt. Ltd. and the Satisfaction Note has been drawn by the Ld. AO on 19.03.2020 (in this case the AO is the same in both cases as undersigned) to initiate proceedings u/s 153C read with section 153A of the Act in the case of M/s KLJ Developers Pvt. Ltd for Assessment Years 2012-13 to 2018-19. The notice under Section 153C of the Act was issued on 03.09.2020 requiring the assessee to furnish return of income for the year under consideration within 15 days from the service of said notice. In response to notice issued, the assessee filed return on 04.11.2020 declaring income of Rs.3,45,98,160/- for the year under consideration. The notice under Section 143(2) of the Act was issued to the assessee through ITBA on 09.11.2020. The notices under Section 142(1) of the Act along with questionnaires were issued from this office and served upon the assessee through ITBA requiring the assessee to furnish details asked for.

In response to the notices issued, the assessee submitted the requisite details & clarifications which were examined and placed on record.

2.2 During the search conducted at the premises of Harjeet Singh on 14.09.2017 being one of the individuals covered in search on Dalal group of cases, pages 20 & 21 of Annexure -2 were found and seized having details of payments in respect of Sale Deed and Agreement of land in Dabua, Sector-49, Faridabad. The cash payments were made to M/s Pragya Enterprises Pvt Ltd and M/s Cadillac Technobuild Pvt Ltd (now merged with assessee company M/s KLJ Developers Ltd) as mentioned on page 21. Further, the payments were also made to the assessee company as mentioned on page 20 of Annexure A-2. The notice under Section 142(1) of the Act was issued on 28.01.2021 vide which the assessee was required to explain the transaction with reference to its books of accounts. Since, no response was filed by the assessee, a show-cause-notice was issued on 07.06.2021 requiring assessee to file its submission on or before 09.06.2021. In response to notices issued, the assessee filed its reply vide letter dated 22.06.2021 through e-mail wherein the assessee company raised the objections against the

proceedings initiated and cited various case laws against the incriminating material relied upon for initiating the proceedings under Section 153C of the Act stating the same as dumb documents. The final show-cause-notice was issued to the assessee on 05.07.2021 wherein the objection raised by the assessee was duly disposed of and the assessee was given final opportunity to file its reply.

2.3 On completion of proceedings, Ld. AO vide order dated 27.07.2021 made additions of Rs.4,65,00,000/- and Rs.1,01,27,000/-.

3. Against order dated 27.07.2021 of Ld. AO, the appellant/assessee filed appeal before Ld. CIT(A) which was dismissed vide order dated 06.12.2024.

4. Being aggrieved, the appellant/assessee filed present appeal with following grounds of appeal:

“1. That the learned Commissioner of Income Tax (Appeals)-30, New Delhi has erred both in law and on facts in upholding the assumption of jurisdiction u/s 153C of the Act and, framing of assessment u/s 153C/143(3) of the Act.

1.1 That both the notice issued u/s 153C of the Act and assessment framed u/s 153C of the Act were without satisfying the statutory preconditions contained in the Act

and therefore without jurisdiction and therefore deserves to be quashed as such.

1.2 That satisfaction notes recorded were null and void as the same were in violation of CBDT Circular No. 19/2019 requiring mandatory DIN and consequently assessment framed u/s 153C of the Act was without jurisdiction and therefore deserves to be quashed as such

1.3 That while upholding the assumption of jurisdiction the learned Commissioner of Income Tax (Appeals) has failed to appreciate that since neither money, bullion, jewellery or other valuable article or thing belonging to the appellant and nor any books of accounts or documents pertaining to the appellant or any information contained therein relating to the appellant were seized as a result of search the assumption of jurisdiction u/s 153C of the Act was illegal, invalid and unsustainable.

1.4 That the learned Commissioner of Income Tax (Appeals) has further erred both in law and on facts in upholding the assumption of jurisdiction despite the fact that in absence of any valid satisfaction having been recorded both in the case of searched person and, the appellant action u/s 153C of the Act was in excess of jurisdiction.

2. That since no valid approval has been obtained u/s 153D of the Act, order of assessment made u/s 153C of the Act is invalid and deserves to be quashed as such.

2.1 That approval u/s 153D of the Act was null and void as the same is in violation of CBDT Circular No. 19/2019 requiring mandatory DIN and consequently assessment framed u/s 153C of the Act was without jurisdiction and therefore deserves to be quashed as such.

3. That the learned Commissioner of Income Tax (Appeals) has also erred both in law and on facts in upholding an

addition of Rs. 4,65,00,000/-representing the alleged unexplained money on the basis of following loose sheets seized from premises of Sh. Harjeet Singh and brought to tax u/s 69A of the Act.

Sr.No	Particulars	Amount (Rs.)
i)	Page 21 of Annexure A-2	2,75,00,000/ -
ii)	Page 20 of Annexure A-2	1,90,00,000/ -
	Total	4,65,00,000/-

3.1 That the learned Commissioner of Income Tax (Appeals) has failed to appreciate that explanation tendered by the appellant company that loose sheet of paper is dumb document and in absence of any corroborative evidence, such paper cannot warrant any addition; and the finding that such explanation remained unexplained is factually incorrect, legally misconceived and hence untenable.

3.2 That various adverse findings recorded by the learned Commissioner of Income Tax (Appeals) are factually incorrect, legally misconceived and wholly untenable.

3.3 That the learned Commissioner of Income Tax (Appeals) has failed to appreciate the submissions made by the appellant company and, evidences placed on record and, therefore, the disallowance upheld is not in accordance with law.

4. That the learned Commissioner of Income Tax (Appeals) has also erred both in law and on facts in upholding the levy of interest of Rs.3,67,452/-u/s 234 of the Act and interest of Rs.1,61,67,914/- u/s 234B of the Act which are not leviable on the facts of the appellant company.”

5. Through application Learned Authorised Representative for the appellant/assessee raised following additional ground:

"That the notice issued u/s 143(2) of the Act dated 09.11.2020 is not in accordance with the format prescribed by the CBDT vide notification dated 23.6.2017 in F. No. 225/157/2017/ITA-II, therefore such notice is illegal, invalid and void-ab-initio; and the assessment framed u/s 153C/143(3) of the Act is without jurisdiction and deserves to be quashed as such."

6. Learned Authorized Representative for the appellant/assessee submitted that satisfaction note recorded in case of appellant/assessee at page nos. 519 & 520 of papers books. The satisfaction note that consolidated satisfaction note is recorded by the Ld. AO, which is an illegal satisfaction note and therefore proceedings initiated are without jurisdiction. Hon'ble ITAT, in the case of Renu Singh vs. ACIT in ITA No. 2806/Del/2024 dated 25.11.2024 decided the issue in favour of the assessee.

6.1 Further, Hon'ble ITAT in the case of Tarun Gupta vs. ACIT in ITA No. 435/D/2025-dated 27.8.2025 followed the decision of Renu Singh vs. ACIT.

7. Learned Departmental Representative relied on decision of Hon'ble Delhi High Court in the case of Indian National Congress vs. DCIT reported in 463 ITR 431.

8. From examination of record in the light of aforesaid rival contentions, it is crystal clear that Ld. AO recorded satisfaction note dated 19.03.2020

Premises from where documents found and Seized :	
Residential premises of Sh. Rajesh Chaudhary at 333, Sector-15, Palwal	
Annexure no.	Page No.
A-6	Page Nos. 51, 76 & 75
A-8	Page Nos. 334 to 339
Premises from where documents found and Seized :	
Residential premises of Sh. Harjeet Singh at Vill- Mandkola, Palwal	
Annexure no.	Page No.
A-2	Page Nos. 20 & 21
Premises from where documents found and Seized :	
Residential premises of Sh. Subhash Chaudhary at 274, Sector-9, Faridabad	
Annexure no.	Page No.
A-21	Page Nos. 5, 20 & 31
A-38	Page Nos. 51 and 51 (back side)
A-39	Page Nos. 63, 68, 183, 188, 198, 203, 216 & 221
Premises from where documents found and Seized :	
Business premises of M/s Trishul Homes & Infrastructure Pvt Ltd at 101-102, Rohit House, 8 Tolstoy Marg, Cannaught Place	
Annexure no.	Page No.
A-1	Page Nos. 1 to 10
A-3	Page Nos. 1 to 41 and 62 to 77
A-4	Page Nos. 1 to 20 and 29
A-5	Page Nos. 98 to 103
A-7	Page Nos. 39 to 55 and 60 to 65
A-8	Page Nos. 8 to 29 and 78
A-9	Page Nos. 16 to 26, 71 to 74 and 75 to 116
Premises from where documents found and Seized :	
Business premises of M/s SRC Buildtech Pvt Ltd at SCF 24, Sec-11D, Palwal	
Annexure no.	Page no.
A-1	Page No. 1
A-12	Page Nos. 154 to 159, 196 to 201, 202 to 206 and 267 to 271

Certified To

The said satisfaction note received from the AO of the persons searched has been placed on record. I have also examined the above documents and the contents contained therein. After examining the entries in these documents, I am also satisfied that these documents belong to M/s KLJ Developers Pvt. Ltd. (M/s Pragya Enterprises Pvt Ltd & M/s Cadillac Techno Build Pvt. Ltd. now merged with M/s KLJ Developers Pvt Ltd), and have a bearing on the determination of total income of this person for the relevant assessment years. In view of the same, I am further satisfied that it is a fit case for initiating proceedings u/s 153C r.w.s 153A of the Income Tax Act, 1961 for the A.Y. 2012-13 to 2018-19.

Accordingly, notices u/s 153C r.w.s. 153A are being issued as per provisions of the Income Tax Act, 1961 for the A.Ys. 2012-13 to 2018-19.

8.1 A Co-ordinate Bench in ITA No. 435/Del/2025 titled as Tarun Gupta vs. ACIT in ITA No.435/Del/2025 in para 13 held as under:

“13. Considered the rival submissions and material placed on record. We observe that a reading of the settled judicial principles as set out in the case of CIT vs. Jasjit Singh [2023] 155 taxmann.com 155 (SC), leads to a clear understanding that in the case of a Section 153C assessment, the starting point is ordained to be the handing over of books of account or documents or assets seized and that event constituting the point from which the preceding six AYs' or the "relevant assessment year" is to be computed. We observe that in the facts of the present case. the satisfaction note in the case of the assessee was recorded on, and thus 10.01.2022, could be stated to be date of handing over as per the provisions of section 153C of the Act. We observe that assuming the date 10.01.2022, to be the date of handing over it would construe FY 2021-22 as being the previous year of search for the purposes of the assessee and the relevant AY for the purpose of section 153C would become AY 2022-23, thus AY 2022-23 would constitute the starting point for the purposes of identifying the six years under the provisions of Section 153C. We further observe that the AO himself has identified this and has drawn satisfaction note for AY 2021-22 as well. Thus, we observe that the conclusions that can be drawn from the

aforesaid is that the six AYs' immediately preceding AY 2022-23 could have formed the basis for initiation of action under Section 153C. Consequently, and reckoned backward, the first relevant AY for calculation of six AY's would be AY 2021-22. The AY involved in the present facts is also AY 2021-22 and thus the action of the AO of initiating proceedings under section 143(2) is illegal and bad in law as the same should have been initiated under Section 153C of the Act. The aforesaid view is already been settled by Hon'ble Supreme Court decisions as aforesaid. Accordingly, we hold that invocation of provisions of section 143(3) is bad in law and assessment should have been made under section 153C of the Act and the assessment is quashed. Hence, the appeal filed by the assessee is allowed.”

8.2 In view of above material facts, respectfully following judicial precedents, it is held that notice under Section 143(2) of the Act as bad in law and assessment framed under Section 153C r.w.s. 143(3) of the Act is quashed. The additional ground of appeal and grounds of appeal nos. 1 to 1.4 are allowed. Grounds of appeal nos. 2 to 4 being not pressed are left open.

9. In the result, the appeal of filed by the assessee is allowed.

Order pronounced in the open court on 7th January, 2026.

Sd/-

**(S RIFAUH RAHMAN)
ACCOUNTANT MEMBER**

Sd/-

**(VIMAL KUMAR)
JUDICIAL MEMBER**

Dated: 07/01/2026
Mohan Lal

Copy forwarded to -

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi