

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'B': NEW DELHI**

**BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER  
AND  
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**ITA Nos.2791 & 2792/Del/2025  
(ASSESSMENT YEARSs 2016-17 & 2017-18)**

M/s Stance Consumer Electronics Pvt. Ltd., Flat No.305, 3 <sup>rd</sup> Floor, Bakshi House, 40-41, Nehru Place, New Delhi-110019. <b>PAN-AANCS6450Q</b>	Vs.	DCIT, Central Circle-32, New Delhi.
<b>(Appellant)</b>		<b>(Respondent)</b>

<b>Assessee by</b>	Shri Ashwani Kumar, CA and Shri Ankur Agarwal, CA
<b>Department by</b>	Ms. Indu Bala Saini, Sr. DR
<b>Date of Hearing</b>	20/01/2026
<b>Date of Pronouncement</b>	13/02/2026

**ORDER**

**PER MANISH AGARWAL, AM:**

The captioned two appeals are filed by the Assessee against two separate orders of Id. Commissioner of Income Tax (Appeals), New Delhi, both dated 29.03.2025 arising out of the Assessment Order for Assessment Year 2016-17 passed u/s 147 r.w.s. 144B of the Income Tax Act, 1961 (“the Act”) dated 28.03.2022 and for Assessment Year 2017-18 passed u/s 143(3) of the Act dated 17.12.2019.

2. Since, both the appeals are of one assessee and having common issues, therefore, they are taken together and decided by a common order.

3. First we take **ITA No.2791/Del/2025** for **Assessment Year 2016-17**.

4. Brief facts of the case are that assessee is a company and filed its return of income on 07.10.2016 declaring total loss of Rs.71,684/-. The case of the assessee was reopened in terms of notice issued on 30.03.2021 u/s 148 based on the information received from Investigation Wing that assessee has allegedly involved in rotation of huge amount of funds without any economic rational and during the year had made transactions with M/s Concise Exim Pvt. Ltd. of Rs. 39,27,750/-. Accordingly, satisfaction was recorded by the AO by alleging that transactions with M/s Concise Exim Pvt. Ltd. are accommodation entries which has escaped assessment. Thereafter the reassessment order was passed on 28.03.2022 u/s 147/143(3) of the Act by making an addition of Rs.1,99,12,000/- towards sale consideration received from M/s Khan Kinetic Treatment (P) Ltd (Rs. 65,50,000/-), M/s Youl Production (1) Pvt Ltd (Rs. 68,12,000/-) and M/s Thapar Infrastructure Pvt Ltd (Rs. 65,50,000/-) on the sale of shares of M/s Prominent Agency Pvt Ltd by treating the same as unexplained credit u/s 68 of the Act.


5. Against the said order, appeal was filed before the Ld. CIT(A) who vide impugned order dated 29.03.2025, dismissed the appeal of the assessee.

6. Aggrieved by the said order, the assessee is in appeal before the Tribunal by taking following grounds of appeal:

- “1. That the order dated 29.03.2025 passed u/s 250 of the Income -tax Act, 1961 (hereinafter called the "Act") by the Commissioner of Income Tax (Appeals)-30, New Delhi is against law and facts on the file in as much as he has not justified to uphold the validity of the action of the Ld. Assessing Officer, Income Tax Department, NFAC resorting to reassessment proceeding and issuing notice u/s 148 of the Act since the same is bad in law in as much as but not limited to the fact that the addition was not made on the reason on which the case was reopened u/s 148.
2. That the order dated 29.03.2025 passed u/s 250 of the Act by the Commissioner of Income Tax (Appeals)-30, New Delhi is against law and facts on the file in as much as he was not justified to uphold the action of the Ld. Assessing Officer, Income Tax Department, NFAC in adding back a sum of Rs. 1,99,12,000/- in respect of credit received from M/s Khan Kinetic Treatment (P) Ltd (Rs. 65,50,000/-), M/s Youl Production (I) Pvt Ltd (Rs. 68,12,000/- and M/s Thapar Infrastructure Pvt Ltd (Rs. 65,50,000/-) on account of sale proceeds of shares of M/s Prominent Agency Pvt Ltd by treating the same as unexplained credit u/s 68 of the Act on the ground that no justification for sale of the shares at such high price is furnished despite specific query in this regard by ignoring the fact that complete details and exhaustive evidence with respect to the said transaction was duly filed in the course of (re)assessment proceedings and that the amounts received are not in the nature of cash credits but on account of sale of shares.
3. That the Appellant craves to add, amend, alter, modify or delete any or all of the grounds of appeal before or at the time of hearing.”

7. Heard both the parties and peruse the material available on record. In Ground of Appeal No.3, assessee has challenged the addition of Rs.1,99,12,000/- made by AO by alleging that the consideration received from three companies from the sale of shares as accommodation entry. The claim of the assessee was that in the reasons recorded before reopening the assessment u/s 147, satisfaction was recorded of escapement of income to the extent of Rs.39,27,750/- being rotation of money through transactions with M/s Concise Exim Pvt. Ltd. which were alleged as accommodation entry, however, no addition whatsoever was made on this account in the reassessment order passed and the consideration received from the sale of shares was added as unexplained credits u/s 68 of the Act. The reasons recorded

before issue of notice u/s 148 as available at pages 35 to 38 of the PB are reproduced herein below:

		<b>GOVERNMENT OF INDIA</b> <b>MINISTRY OF FINANCE</b> <b>INCOME TAX DEPARTMENT</b> <b>OFFICE OF THE JOINT COMMISSIONER OF INCOME TAX</b> <b>RANGE 22, DELHI</b>	
		<b>Approval u/s 151 of the IT Act, 1961</b>	
PAN: AANCS6450Q	AY: 2016-17	Dated: 30/03/2021	DIN & Document No : ITBA/AST/S/118/2020-21/1031958556(1)
<b>Name and Address of Assessee:</b> STANCE CONSUMER ELECTRONICS PRIVATE LIMITED			
Approving Authority Category		Range Assessment	
Income Escaped Amount >= 1 Lakh Income Escaping Assessment (Rs.)		Yes 39,27,750	
<b>Proposal Details:</b>			
Name of Officer		ATUL KUMAR SINGH	
Designation		WARD 24(1), DELHI/	
Date of Proposal		30/03/2021	
Reason(s) to Believe:		As per Annexure	
<b>Approval Details:</b>			
Name		UMESH TAKYAR	
Designation		RANGE 22, DELHI	
Approval Status		Approved	
Date of Approval		30/03/2021	
Remarks of approving authority		• After considering the reasons to believe as submitted by AO, requisite approval, u/s 151 of the I.T. Act, 1961 read with the taxation and other laws (relaxation and amendment for certain provisions) Act, 2020, to issue notice u/s 148 of the Act is hereby granted in this case.	
UMESH TAKYAR RANGE 22, DELHI			
<small>Note: If digitally signed, the date of digital signature may be taken as date of document.          C R BUILDING_ITO, 1P ESTATE, NEW DELHI, DELHI, Delhi, 110002          Email: DELHI.ADDLCIT22@INCOMETAX.GOV.IN.</small>			

AANC564500- STANCE CONSUMER ELECTRONICS PRIVATE LIMITED  
A.Y. 2016-17  
ITBA/AST/SF/102/20-21/103199856(1)

The assessee company has filed ~~ANNEXURE~~ income for A.Y. 2016-17 and declaring loss of Rs. 71,684/- vide acknowledgement no 485841171071016 on 07.10.2016. The return was process u/s 143(1) of the I.T. Act, 1961 on 16.10.2016. The status of the assessee company as per MCA site is **Active**. There was no earlier assessment u/s 143(3) for the assessee company for A.Y. 2016-17.

## 2. Information:

In case of assessee company, an information has been received from the Dy. Director of Income Tax (Inv.), Unit-1(1), Mumbai vide letter F.No. DDIT(Inv.)/Unit-1(1)/Information/SCEPL/2017-18 dated 16.03.2018 that during the F.Y. 2015-16, M/s Stance Consumer Electronics Pvt. Ltd. has entered into transaction amounting to Rs. 39,27,750/-with M/s Concise Exim Pvt. Ltd.

The details of bank transactions between M/s Concise Exim Pvt. Ltd. and M/s Stance Consumer Electronics Pvt. Ltd. is as under:-

S.No.	Date	Amount Received in concise Account	Amount transferred from concise Account
1.	26.02.2016	39,27,750/-	-
2.	08.03.2016	-	39,27,750/-

It appears that rotation of huge amount of funds have been taken place without any economic rationale M/s Stance Consumer Electronics Pvt. Ltd. is one of the company in network of companies which is engaged in rotation of huge amount of funds without any genuine economic rationale.

## 3. Analysis of information collected/received:

From the above mentioned information it is clear that the assessee company has entered into transaction amounting to Rs. 39,27,750/- with M/s Concise Exim Pvt. Ltd. during the F.Y. 2015-16 relevant to A.Y. 2016-17.

## 4. Enquiries made by the AO subsequent to information received:

AANC56450Q STANCE CONSUMER ELECTRONICS PRIVATE LIMITED  
A.Y. 2016-17  
ITBA/AST/9/118/2020-21/1031954656(1)

On receipt of information from the Investigation Wing, the return of the assessee company extracted from the ITD Module and the facts were verified from the return with reference to the information received.

**4. Findings of AO on the basis of information:**

A perusal of the return of A.Y. 2016-17 generated from the ITD Module shows that during the year under consideration, the assessee company has no business transaction with M/s concise Exim P. Ltd. , non traceable entity . this clearly established that these transaction is only on paper , no actual dealing materialized. The assessee company was used for rotation of money.

**5. Basis of reason to believe along with quantum of income escaped:**

Considering the above referred credible information received , subsequent analysis of the information and due application of mind, I have reason to believe that at least an amount of Rs. 39,27,750/- has escaped assessment for A.Y. 2016-17 and this is a fit case to re-open and squarely covered under provisions of section 147 of the I.T. Act 1961.

**6. Analysis of legal provisions of section 147/151:**

In this case no assessment u/s 143(3) of the I.T. Act, 1961 was done, therefore, in this case Clause (b) to Explanation 2 to Sec.147 is applicable.

The information available tantamount to non disclosure of material facts pertaining to such transactions which has not disclosed by the assessee earlier in true intent. Thus, this specific condition for re-opening is hereby fully filled in the instant case as assessee has failed to disclose such material facts on its own earlier. The case is squarely covered under provisions of section 147 of income Tax Act, 1961.

Accordingly, necessary approval under section 151 of the Income Tax Act, 1961 is solicited for issuance of notice u/s 148 of the I.T. Act for **A.Y. 2016-17**.

8. From the perusal of the reasons as reproduced above, it is observed that the reasons were recorded before reopening of the case of the assessee for the alleged transactions with M/s Concise Exim Pvt. Ltd. and based on this allegation, AO concluded that these transaction are rotation of money and, accordingly satisfaction was recorded of escapement of income of the transaction of Rs. 39,27,750/- carried out by the assessee company with M/s Concise Exim Pvt. Ltd. However, from the perusal of the reassessment order, we observed that in the assessment order, there is no whisper of the transactions with M/s Concise Exim Pvt. Ltd. nor any addition was made for the alleged transactions with M/s Concise Exim, which was made the sole basis for initiating reassessment proceedings in the case of assessee. In the reassessment order, addition is made u/s 68 of the Act for the consideration received from the sale of shares of M/s Prominent Agency Pvt. Ltd. from three companies by alleging the same as accommodation entries. Since, the AO has not made any addition with respect to the satisfaction recorded in the reasons recorded of the transaction with M/s Concise Exim Pvt. Ltd., the AO has no jurisdiction to go beyond the reasons recorded and cannot made the addition on the issue which are not forming part of the reasons recorded.

9. The Hon'ble Delhi High Court in the case of ***M/s Ranbaxy Laboratories Ltd. vs. CIT [2011] 336 ITR 136 (Dehi)*** has held as under:

*"In the present case, as is noted above, the Assessing Officer was satisfied with the justifications given by the assessee regarding the items viz. club fees, gifts and presents and provision for leave encashment, but, however, during the assessment proceedings, he found the deduction under sections 80HH and 80-1 as claimed by the assessee to be not admissible. He consequently while not making additions on those items of club fees, gifts and presents, etc. proceeded to make deductions under sections 80HH and 80-1 and accordingly reduced the claim on these accounts.*

*The very basis of initiation of proceedings for which reasons to believe were recorded were income escaping assessment in respect of items of club fees, gifts and presents, etc., but the same having not been done, the Assessing Officer proceeded to reduce the claim of deduction under sections 80HH and 80-1 which as per our discussion was not permissible. Had the Assessing Officer proceeded not to make disallowance in respect of the items of club fees, gifts and presents, etc., then in view of our discussion as above, he would have been justified as per Explanation 3 to reduce the claim of deduction under sections 80HH and 80-ID as well.*

*In view of our above discussions, the Tribunal was right in holding that the Assessing Officer had the jurisdiction to reassess issues other than the issues in respect of which proceedings are initiated but he was not so justified when the reasons for the initiation of those proceedings ceased to survive. Consequently, we answer the first part of question in affirmative in favour of revenue and the second part of the question against the revenue.”*

10. The Hon’ble Bombay High Court in the case of ***CIT vs. Jet Airways (I) Ltd. [2011] 331 ITR 236 (Bombay)*** has also expressed the same view. Thus, by respectfully following the aforesaid judgments of the Hon’ble Jurisdictional High Court and of the hon’ble Bombay High Court wherein it is held that the reassessment order passed by making additions beyond the reasons recorded is without jurisdiction when the Assessing Officer has not made any addition on the reasons recorded for initiating the reassessment proceedings. In the instant case, as observed above, the additions were made for the issues not forming part of the reasons recoded and no addition was made for the issue raised in the reason for reopening the assessment thus, we hold that the AO has exceeded his jurisdiction and made the additions beyond the satisfaction of escapement of income. Therefore, the reassessment order passed u/s 147/143(3) dt. 28.03.2022 is without jurisdiction and is quashed. Accordingly, Ground of appeal No. 3 of the assessee is allowed.

11. Since we have already allowed the legal ground of appeal No.3 taken by the assessee, the other grounds of appeal taken on merits of the additions are not adjudicated.

12. In the result, appeal of the assessee in ITA No. 2791/Del/2025 for AY 2016-17 is allowed.

**ITA No.2792/Del/2025 for Assessment Year 2017-18**

13. Brief facts of the case are that assessee has filed its return of income on 29.10.2017, declaring total income of Rs.1,10,662/-. The case of the assessee was taken up for scrutiny and the assessment order was passed u/s 143(3) of the Act dated 17.12.2019 wherein the addition of Rs.12,00,000/- was made u/s 68 of the Act on account of funds received from M/s Navyuga Consultancy Pvt. Ltd. and further Rs.1,45,00,000/- received from the sale of shares of M/s Prominent Agency Pvt. Ltd. to M/s Vandam Technologies Private Limited as unexplained credits and made addition u/s 68 of the Act. Accordingly, the total income of the assessee was assessed at Rs.1,58,10,662/-. The AO further made protective addition of Rs. 1,45,00,000/- as short term capital gains with the observation that it will become substantive addition in case addition u/s 68 is deleted by the appellate authorities.

14. Against the said order, assessee filed appeal before the Ld. CIT(A) who vide order dated 29.03.2025, has partly allowed the appeal of the assessee, wherein both the additions u/s 68 were confirmed and protective addition made as short term capital gains was deleted.

15. Aggrieved by the order of Id. CIT(A), assessee preferred the present appeal before the Tribunal by raising following grounds of appeal:

- “1. That the order dated 29.03.2025 passed u/s 250 of the Act by the Commissioner of Income Tax (Appeals)-30, New Delhi is against law and facts on the file in as much as he was not justified to uphold the action of the Ld. Assessing Officer, Income Tax Department, NFAC in adding back a sum of Rs.12,00,000/- received from M/s Navyuga Consultancy Pvt Ltd by invoking the provisions of Section 68 of the Act and applying the provisions of Section 115BBE of the Act thereto.*
- 2. That the order dated 29.03.2025 passed u/s 250 of the Act by the Commissioner of Income Tax (Appeals)-30, New Delhi is against law and facts on the file in as much as he was not justified to uphold the action of the Ld. Assessing Officer, Income Tax Department, NFAC in adding back a sum of Rs. 1,45,00,000/- received from M/s Prominent Agency Pvt Ltd on account of sale of shares by treating the same as an alleged unexplained cash credit u/s 68 of the Act and applying the provisions of Section 115BBE of the Act thereto.*
- 3. That the Appellant craves to add, amend, alter, modify or delete any or all of the grounds of appeal before or at the time of hearing.”*

16. Heard both the parties and perused the materials available on record. The claim of the assessee is that during the course of reassessment proceedings, identity and creditworthiness of both the parties were established by filing their confirmations and the acknowledge of their return of income. The Ld. AR of the assessee further claims that in the case of M/s Navyuga Consultancy Pvt. Ltd. the assessment for Assessment Year 2017-18 was completed u/s 143(3) wherein after considering the facts of the case, income declared was accepted and no adverse interference was drawn with respect to the amount given to assessee company. We observed that by filing the confirmations and copy of ITR, assessee has proved the identity of both the parties. The assessee has received of Rs.12,00,000/- from M/s Navyuga Consultancy Pvt. Ltd, through banking channel and the copy of the bank statements of the said parties is also filed. From the perusal of the bank statements,

it is observed that there was sufficient balance available while transferring the funds to the assessee. Besides this, the company M/s Navyuga Consultancy Pvt. Ltd. has filed its return of income declaring total income of Rs.83,25,176/- and the said income stood accepted by the Department in the order passed u/s 143(3) of the Act. Looking to these facts, in our considered opinion, the identity as well as creditworthiness of the company M/s Navyuga Consultancy Pvt. Ltd. is established and, therefore, the amount received from the said company cannot be held as unexplained cash credit and, thus, the addition made on this account is hereby deleted. Ground of appeal No.1 of the assessee is allowed.

17. Regarding addition of Rs.1,45,00,000/-, being consideration received from the sale of shares of M/s Prominent Agency Pvt. Ltd. to M/s Vandam Technologies Pvt. Ltd. alleged as unexplained credit, the Assessing Officer in para 8 of the order observed that has received premium of Rs.1,45,00,000/- and no valuation report was filed for valuation of shares of M/s. Prominent Agencies Pvt. Ltd. at Rs.300/- per shares. In case the AO has doubts about the value of the shares sold by the assessee, the addition should have been made in section 56(2) however, the AO has made the addition by treating the said sale consideration as unexplained cash credit u/s 68 of the Act which stood confirmed by ld. CIT(A). It is further observed that in order to establish the genuineness of the transaction and creditworthiness of the buyer namely M/s Vandam Technologies Pvt. Ltd., assessee filed its confirmation and bank statement for the relevant period when funds were transferred to assessee and also filed copy of its ITR. It is further observed that assessee has sold shares to M/s Vandam Technologies Pvt. Ltd. which were purchased by it for Rs. 300/- only thus, no profit nor any loss was occurred to the assessee from the sale of shares of Prominent Agency (P) Ltd. The assessee submits before the ld. CIT(A) that the value

of the shares sold was worked out at Rs.38.21 per share and as per Explanation to section 56(2)(viib) of the Act, fair market value of the shares is defined which reads as under:-

**56 (1)**.....

**(2) (viib)**

.....

**(Explanation For the purposes of this clause,-**

**(a) the fair market value of the shares shall be the value-**

**(i) as may be determined in accordance with such method as may be prescribed;**

*or*

**(ii) as may be substantiated by the company to the satisfaction of the Assessing Officer, based on the value, on the date of issue of shares, of its assets, including intangible assets being goodwill, know-how, patents, copyrights, trademarks, licenses, franchises or my other business or commercial rights of similar nature, whichever is higher;**

18. From the above, it is evident that the fair market value is to be taken either of the two “whichever is higher”. In the instant case, the assessee has sold the shares at Rs. 300/- per share whereas according to the Net Asset Value (NAV) method, it comes to Rs. 38.21 per share. Since, the sale price is higher than the valuation as per NAV, in terms of Explanation to clause (viib) to sub-section (2) to section 56 of the Act no addition could be made.

19. Once it is admitted that the said sum of Rs. 1.50 crores was the consideration received by the assessee from the sale of shares owned by it, no addition could be made u/s 68 of the Act by treating the same unexplained credit more particularly when the assessee has been able to establish the identity of the buyer. Since, the Id. CIT(A) deleted the alternate addition made by the AO as Short term capital gains of Rs. 1.45 crores and no appeal is filed by the revenue against the same, the issue of

treating the sale consideration of such sale as unexplained does not arise. Accordingly, the addition of Rs.1,45,00,000/- made u/s 68 of the Act is hereby deleted. Ground of appeal No.2 raised by the assessee is thus allowed.

20. In the result appeal of the assessee for **AY 2017-18** in **ITA No. 2792/DEL/2025** is allowed.

21. In the final result, both the appeals of the assessee in **ITA No. 2791/DEL/2025** for **AY 2016-17** and **ITA No. 2792/Del/2025** for **AY 2017-18** are allowed.

Order pronounced in the open court 13.02.2026.

*Sd/-*

**(ANUBHAV SHARMA)**  
**JUDICIAL MEMBER**

*Sd/-*

**(MANISH AGARWAL)**  
**ACCOUNTANT MEMBER**

Dated:13.02.2026

*\*Amit Kumar, Sr. PS\**

Copy forwarded to:

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

ASSISTANT REGISTRAR  
ITAT NEW DELHI