

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

**BEFORE SHRI C.N. PRASAD, JUDICIAL MEMBER
AND**

SHRI M. BALAGANESH, ACCOUNTANT MEMBER

**ITA No.1719/Del/2025
Assessment Year 2019-20**

Sarvo Technologies Ltd C/o Kapil Goel, Advocate F- 26/124, Sector -7, Rohini PAN No.AABCS8661D	Vs.	DCIT Central Circle 19 Delhi
Appellant		Respondent

Appellant	Dr. Kapil Goel, Advocate
Respondent	Sh. Mahes Kumar, CIT DR

Date of Hearing	14.01.2026
Date of Pronouncement	17.02.2026

ORDER

PER C.N. PRASAD, JM,

This appeal is filed by the assessee against the order of the Ld.Commissioner of Income Tax (Appeals)/NFAC dated 24.01.2025 for the A.Y. 2019-20.

2. The assessee has raised following grounds of appeal :

A) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is founded on unlawful, invalid and illegal impugned reopening action u/s 153C of 1961 Act (vide jurisdictional notice dated 24.04.2023)

B) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is founded on invalid satisfaction note recorded u/s 153C of 1961 Act.

C) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is without fulfillment of mandatory jurisdictional pre-conditions stipulated under the 1961 Act.

D) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is passed in arbitrary manner, without application of mind and is made in total violation of principle of natural justice.

E) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is passed without valid /requisite SCN issued to assessee.

F) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not quashing the impugned assessment order passed u/s 153C/143(3) dated 13.02.2024 which is passed without valid/requisite approval u/s 153D of 1961 Act;

G) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not deleting the sole sustained addition of Rs 31,79,100 on a/c of alleged bogus transaction with M/s DNC infrastructure Pvt Ltd

H) That Ld CIT-A vide impugned order passed us 250 dated 24.01.2025 erred in not holding that impugned asst framed u/s 153C/143(3) is ex facie contrary to mandate of 1961 Act and is in violation of CBDT DIN circular no. 19/2019 dated 14.08.2019.

3. The Ld. Counsel for the assessee referring to ground No.A and B of grounds of appeal submitted that since the

satisfaction note recorded u/s.153C is a combined and consolidated satisfaction note there is absolutely no application of mind by the authority, therefore, the same is bad in law and consequently the assessment framed based on such satisfaction note is also bad in law and void ab initio. The Ld. Counsel further referring to satisfaction note recorded u/s.153C r.w. 153A in the case of the assessee being other person submitted that this satisfaction note is a consolidated satisfaction note for the A.Ys. 2014-15 to 2020-21 and it is not year wise satisfaction pointingly the income and expenses pertaining to the assessee for each year which has bearing in determining of the total income of the assessee and therefore, such satisfaction note is bad in law. Reliance was placed on the following decisions :-

1. *M/s. Blue Ocean Travels Pvt. Ld. Vs. DCIT 3281/Del/2024 to 3287/Del/2024 dated 04.12.2024*
2. *3D Tradex P. Ltd. Vs. ADIT in ITA No.2065 to 2070/Del/2022 dated 12.02.2025*
3. *DCIT Vs. Sunil Kumar Sharma [2024] 469 ITR 271 (SC) Hon'ble Supreme Court affirming the Judgment of the Hon'ble Karnataka High Court in the case of DCIT Vs. Sunil Kumar 469 ITR 197*
4. *Saksham Commodities Ltd. 464 ITR 1 Delhi Vs. ITO (2024)*
5. *SLP dismissed by Hon'ble Supreme Court reported in ITO Vs. Forever Bodycare Industries 482 ITR 285*

4. On the other hand the Ld. DR supported the orders of the authorities below and strongly placed reliance on the decision of the Hon'ble Delhi High Court in the case of Indian National Congress Vs. DCIT (463 ITR 431). Referring

to this decision the Ld. DR submitted that the Hon'ble High Court held that a composite satisfaction would suffice the requirement u/s.153C of the Act provided it is embodied details of material gathered in course of search and pertaining to assessment years forming part of block as a whole. Therefore, the Ld. DR submitted that this decision is squarely apply to the facts of the assessee's case.

5. Heard rival contentions. In this case a combined and consolidated satisfaction note was recorded by the AO u/s.153C for the A.Ys 2014-15 to 2020-21 which is as under :-

Satisfaction note
for initiating proceedings under section
153C read with 153A of the Income Tax Act, 1961
in the case of
M/s Sarvo Technologies Limited (PAN:
AABCS8661D)

A search and seizure action u/s 132 and survey u/s 133A of the Income Tax Act, 1961 ("the Act") was initiated in the DNC Group of cases on 01.11.2019. Key persons covered in the search action u/s 132 of the Act were Sh. Manoj Vasudev Pardasany, M/s DNC Infrastructure Private Limited ("DNC"), M/s Annai Infra Developers Limited and Sh. Yogesh Gupta.

2 During the search and survey proceedings, documents (which includes digital data) were found and seized which belongs to/contained information therein that relates to a person (M / s Sarvo Technologies Limited (PAN: AABCS8661D)) who is a person other than the person referred to in section 153A of the Act.

3. Hence, such documents seized which belongs to/contains information that relates to that person (M / s Sarvo Technologies Limited (PAN: AABCS8661D)), has been handed over to the Assessing Officer (undersigned) having jurisdiction over (M / s) Sarvo Technologies Limited (PAN: AABCS8661D)) by the Assessing Officer of the persons covered in the search (undersigned in this case). The AO of the searched persons has recorded his satisfaction that the seized documents (which include digital data) belongs to/contains information therein that relates to (M / s Sarvo Technologies Limited (PAN: AABCS8661D)).

4. On perusal of such documents handed over, AO of the (M/s Sarvo Technologies Limited (PAN: AABCS8661D)), is satisfied that the documents belongs to/contains information therein that relates to a person (M / s) Sarvo Technologies Limited (PAN: AABCS8661D)) and have a bearing on the determination of the total income of (M / s Sarvo Technologies Limited (PAN: AABCS8661D)), for assessment years referred in the subsequent paras (AY 2014-15 to AY 2020-21).

5. Seized Material

5.1 Found at Premise Address: K Square 1-62/1/32, Kavuri Hills, Phase-I, SBI Building, 4th Floor, Madhapur, Hyderabad - 500023 which extracted from Tally data marked as Annexure A-11.

5.2 The relevant excerpt of Seized Material is reproduced as under:

DNC IPL (Telangana) 18-19
 Plot No : 11,13 & 13/1, #208, 2nd Floor,
 SBR Gatway, Opp : Cyber Gateway,
 Madhapur, Hitech City, Hyderabad - 500 081.

Sarvo Technologies Limited
 Ledger Account
 Plot No. B-105, Balaji Nagar,
 Off Suguna Khagaul Path , Dhanapur,
 Patna

1-Apr-18 to 31-Mar-19

Date	Particulars	Vch Type	Vch No.	Debit	Page 1 Credit
21-Dec-18	By TDS RECEIVABLE - 2018-19 On Account	Journal	304	18,700.00	18,700.00
	To (as per details)	Sales	STL/DNC02/18-19	11,03,300.00	
	SALES- LOCAL- 18% - BIHAR			33,000.00	
	CGST - OUTPUT - 9% - BIHAR			84,150.00	
	SGST - OUTPUT - 9% - BIHAR			84,150.00	
	New Ref STL/DNC02/18-19			11,03,300.00	
	By TDS RECEIVABLE - 2018-19 On Account	Journal	305	16,800.00	16,800.00
	To (as per details)	Sales	STL/DNC01/18-19	9,91,200.00	
	SALES- LOCAL- 18% - BIHAR			1,41,000.00	
	CGST - OUTPUT - 9% - BIHAR			75,600.00	
	SGST - OUTPUT - 9% - BIHAR			75,600.00	
	New Ref STL/DNC01/18-19			9,91,200.00	
24-Dec-18	By HDFC 50200034376731 Cheque On Account	Receipt	285	10,84,600.00	10,84,600.00
				10,84,600.00	
24-Jan-19	By HDFC 50200034376731 Cheque/DD On Account	Receipt	515	9,74,400.00	9,74,400.00
				9,74,400.00	
29-Jan-19	By HDFC 50200034376731 Cheque/DD On Account	Receipt	528	10,84,600.00	10,84,600.00
				10,84,600.00	
To	Closing Balance			20,94,500.00	31,79,100.00
				10,84,600.00	
				31,79,100.00	31,79,100.00

5.3 From the seized data, a ledger account of M/s. Sarvo Technologies Limited was found and seized. On perusal of the same, it is seen that M/s. Sarvo Technologies Limited had made transactions with M/s. DNC Infrastructure Private Limited during the FY 2018-19. It is pertinent to mention here that on the basis of search and subsequent enquiries conducted in case of M/s DNC Infrastructure Private Limited "(DNC)", it was found that the entity M/s DNC is a paper company, which used to siphon off funds through a network of other entities.

5.4 In respect of M/s DNC, the following investigations revealed that it was a bogus entity :

Sh. Paras Mal Lodha (who was searched twice by the Directorate of Income Tax Investigation, Delhi) was found to be actively involved in arranging accommodation entries and hawala transactions. It was further learnt during the course of search on HP/MB Group a part of its project was awarded to DNC.

The scanned copies of the GST Registration Certificate and a cancelled cheque of DNC were also found in the Whatsapp messages of Sh. Paras Mal Lodha during the course of search on him on 07.04.2019. The presence of such messages in respect of DNC with a Hawala/Entry Operator who had done siphoning off of funds in earlier EPC contracts of HP group also raised suspicion with respect to the EPC Contract awarded by the group to M/s DNC Infrastructure Private Limited.

It is relevant to mention here that investigations were also carried out in the case of DNC by the Hyderabad Zonal Unit of the Directorate General of Goods and Service Tax Intelligence (regarding DNC). The incident report No. 116/2019-20-GST dated 25.10.2019 filed by the Unit revealed that DNC was involved in wrongful claim of Input Tax Credit as it is was without receipt of commensurate material or services. The commensurate material or services. The relevant extract of their incident report is being reproduced below :-

3. Scrutiny of documents recovered so far from M/s DNC and their GSTR-2A returns revealed that they have received GST invoices worth Rs 293.74 Crores from fictitious firms such as M/s 5 Star Infracon India Pvt Ltd (GSTIN: 36AABCZ0282H1ZB), M/s RSCB Enterprises (GSTIN: 36AAVFR3191A1Z1), M/s Aarfa Projects Ltd (GSTIN: 36AADCV7695Q1Z7), M/s Windroot Infrabuild Pvt Ltd (GSTIN: 36AABCU9079K1ZO), M/s Caxton Enterprises (GSTIN: 36AALFC2650D1ZQ), M/s Allways Town Planners Pvt Ltd (GSTIN: 36AAPCA0158F1ZR), M/s Uniview Infracon Private Limited (GSTIN: 36AAWCS6779D1ZJ), M/s Groomwell Infrastructure Consulting Private Limited (GSTIN: 36AACCNG153C1ZQ), M/s Ambient Real Estates Limited (GSTIN: 36AAGCB9805M1Z8) and M/s Suave Corporation India Private Limited (GSTIN: 36AARCS8383A1ZY), who are already under investigation by the DGGI-HZU for issuing invoices without any actual supply of goods/services.

In his statement to GST authorities, MD of the M/s. DNC – Sh. Dirishala Naresh Chaudhary had accepted to wrongful availment of ITC and reversed ITC in some cases. The report of the Hyderabad Zonal Unit of the Directorate General of GST Intelligence further concluded that even the payments claimed to be made to suppliers of materials were also found to be bogus along with sub-contractors. No supply of any material had actually taken place by these suppliers.

In the wake of this background, the search and survey actions were carried in case of DNC. Also, search & seizure action u/s 132, was conducted at the residence of its Managing Director, Mr. Dirishala Naresh Chowdary on 01.11.2019.

To ascertain if any activity of DNC was genuine, investigations were carried to ascertain that DNC did not actually provide any genuine supply of work/services and funds were merely siphoned off.

During the search, statement of Mr. Dirishala Naresh Chowdary, Managing Director of DNC, was recorded on oath and was asked to provide the details of the work being carried out by DNC for various projects along with details regarding the selection of the sub-contractor parties for these projects and nature of work carried out by them. No satisfactory answer could be provided.

(i) Mr. Dirishala Naresh Chowdary was not even aware of the sub-contractors and how the selection of these sub-contractors was done for carrying out this project worth over a hundred crore, which is not realistic.

(ii) No proofs of any work being carried out by the sub-contractors was made available by DNC during the search.

(iii) No details regarding the projects and even key employees could be provided.

From further, action in case of Yogesh Gupta (found as an entry operator) and M/s Shree Gold, proofs of accommodation entry activity of DNC was further found. Relevant excerpt of the statement of Sh. Yerram Kishore:

Q.22	On perusal of Sale Register of Shree Gold from 01.04.2018 to till date, (Exhibit-3 to the statement), it has been noticed that you have shown sale of Gold to M/s DNC Infrastructure Pvt Ltd on different dates during FY 2018-19 and FY 2019-20. Please furnish complete ledger of M/s DNC Infrastructure Pvt Ltd in your books of account.
Ans.	I am furnishing ledger of M/s DNC Infrastructure Pvt Ltd in the books of account of Shree Gold for FY 2018-19 and FY 2019-20. Placed as exhibit-4 to the statement. We have received from the company Rs 12.70 Cr between 03.04.2019 to 09.04.2019 and Rs 13.13 Cr between 13.11.2018 to 10.12.2018.
Q.23	Please explain in detail how and when the delivery of said gold, as mentioned in above questioned, was made to M/s DNC Infrastructure Pvt Ltd? Please furnish invoices along with delivery receipts for the gold delivery, if any.
Ans.	The said gold was never delivered to M/s DNC Infrastructure Pvt Ltd. The MD of this company Mr Naresh Chowdhary was in need of cash so he contacted us for the same. His company transferred funds through RTGS to Shree Gold as per ledger provided by me earlier. In response to fund received from the company we paid cash of Rs 25.83 Cr (after deduction of my commission) to Mr Naresh Chowdhary, MD of M/s DNC Infrastructure Pvt Ltd on different dates. Although I took delivery receipts from M/s DNC Infrastructure Pvt Ltd but in actuality no gold delivery was made to the company or its director. I am furnishing invoices. (Exhibit-5)

Analysis of the bank account statement of M/s DNC further revealed that immediately after receipt of funds from MB Power (Madhya Pradesh) Ltd., the same were transferred to several Delhi based entities such as 5 Star Infracon Pvt. Ltd., Always Town Planners Private Limited, Planwell Industries Corporation Private Limited etc. which were found to be non-existent at their registered address during field investigations which raised further doubts over the genuineness of transactions between MB Power (Madhya Pradesh) Ltd. and DNC Infrastructure Pvt. Ltd. and that the same represented siphoning off of funds from the project.

6. Therefore, in view of the above findings, I am satisfied that seized documents/digital data and

information contained therein, relate to/pertain to M/s Sarvo Technologies Limited and have a bearing on the determination of total income of this person. 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 Act for the AYs 2014-15 to 2020-21.

6. The question as to whether a consolidated satisfaction note recorded by the AO is a valid satisfaction note for initiation of proceedings u/s.153C of the Act for consideration came up before various courts including the Hon'ble Jurisdictional High court.

7. We observed that the coordinate Bench of the Tribunal in the case of SRS Pancharatan Diamonds (P) Ltd. Vs. DCIT to whom both of us are parties considering the decision of the Hon'ble Delhi High Court in the case of Saksham Commodities Vs. ITO (supra) held that also the decision in the case of Indian National Congress Vs. DCIT (supra) held that in view of the divergent views expressed by the jurisdictional High Court, and following the decision of the Hon'ble Supreme Court in the case of M/s. Vegetables Products reporting in (88 ITR 192) held that a consolidated satisfaction note recorded for several assessment years is bad in law and fatal to assessments. We have followed the decision of the Hon'ble Jurisdictional High court in the case of Saksha Commodities Ltd. reported in (464 ITR 1) and the decision of the Karnataka High Court in the case of Sunil Kumar Sharma (supra) which upheld that recording of consolidated satisfaction note for various assessment years would become total to

the very assumption of jurisdiction by the AO and consequently framing of assessment u/s.153C is bad in law and void ab initio.

8. Thus, respectfully following the decision of the coordinate Bench in the case of SRS Panchratan Diamonds Pvt. Ltd. Vs. DCIT in ITA No. 218 to 219/Del/2023 dated 14.11.2023, we hold that consolidated satisfaction note resulted in the case of the assessee for A.Y.2014-15 to 2020-21 is bad in law and consequently the assessment framed u/s.143(3) r.w. 153C of the Act for the A.Y.2019-20 is bad in law and void ab initio and the same hereby quashed. Ground No.A and B are allowed.

9. Since we have quashed the assessment on legal ground all other grounds on merit need not be adjudicated as they become only academic in nature and therefore, they are left open.

10. In the result, the appeal of the assessee is partly allowed as indicated above.

Order pronounced in the open court on 17.02.2026.

Sd/-
[M. BALAGANESH]
ACCOUNTANT MEMBER
Dated:17.02.2026
M. Balaganesh, A.C.

Sd/-
[C.N. PRASAD]
JUDICIAL MEMBER

Copy forwarded to:

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

Asst. Registrar,
ITAT, New Delhi