आयकर अपीलीय अधिकरण, दिल्ली पीठें, नई दिल्ली
INCOME TAX APPELLATE TRIBUNAL, DELHI
BENCHES, NEW DELHI

BENCH: G

BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER

ITA 5731/DEL/2025 (निर्धारण वर्ष/Assessment Year: **2016-17**)		
RINGLETS TRADEX PVT LTD PLOT NO. 11, 3RD FLOOR, VILLAGE HAUZ KHAS, DELHI-110016	**Vs.**	**ASSISTANT COMMISSIONER OF INCOME TAX, CENTRAL CIRCLE-30** NCC DIT(S), JHANDEWALAN EXTN. JHANDEWALAN DELHI-110005
अपीलार्थी / **Appellant**		प्रत्यर्थी / **Respondent**
Permanent Account Number of Assessee:		**AAGCR2177Q**
अपीलार्थी द्वारा/Appellant represented by:		**Sh. Harshit Srivastava, CA**
प्रत्यर्थी द्वारा/Respondent represented by:		**Ms. Kirti Sankratyayan, CIT (DR)**

सुनवाई की तारीख / Date of conclusion of hearing:	**24-Aug-2026**
घोषणा की तारीख / Date of pronouncement:	**24-Aug-2026**

आदेश / ORDER

PER NAVEEN CHANDRA, ACCOUNTANT MEMBER:

This appeal is filed by the assessee against the order of Ld. Commissioner of Income Tax (Appeal)-30, Delhi dated 22.07.2025 arising from the assessment order dated 25.12.2019, passed by the Assessing Officer, ACIT, Central Circle-30, New Delhi (herein after referred as 'the AO') u/s 143(3) r.w.s 153A r.w.s 153C of the Act (herein after referred to as 'the Act') for the Assessment Year 2016-17.

www.taxcode.in

2. The Assessee has raised the following grounds of appeal:

1) *The Ld. CIT(A) and Ld. AO, both the officers have erred in not appreciating either the facts & circumstances of the case and has further erred in passing an order which is bad in law & on facts.*

2) *The Ld. CIT(A) and Ld. AO, both the officer have erred in making/confirming addition of Rs. 11,50,000/- by completely overlooking the facts, details and submissions filed by the appellant during the respective proceedings.*

3) *The Ld. CIT(A) and Ld. AO, both have erred in making/sustaining the impugned addition of Rs. 11,50,000 being the amount of alleged cash received by the appellant company from Mr. Devender Khurana without considering the submissions of the appellant that the appellant has not received any such amount from Mr. Devender Khurana during the year under consideration and further erred in not appreciating that no such amount has been paid by Mr. Devender Khurana also to the appellant.*

4) *The Ld. CIT(A) has further erred in sustaining the addition of Rs. 11,50,000 on account of alleged unexplained cash receipts, ignoring the facts that no incriminating material has been found as a result of search with respect to such addition.*

5) *The Ld. CIT(A) has erred in facts of the case, that addition of Rs. 11,50,000/- was made mechanically by Ld. AO on the basis of data compiled from the seized records and documents which does not appear to be authentic. The said addition was made by Ld. AO without getting it confirmed OR making any enquiry from the counter party Mr. Devender Khurana and has not made any effort to call OR seek any information in this regard under section 133(6) of the act especially when the appellant company has proved that the impugned amount has never been received by the appellant during the year under consideration. Further the Ld. CIT(A) simply stated in para no 9 of the appellate order that: "The AO was not obligated to conduct independent enquiries from third parties like Mr. Khurana when the document originates from assessee's own record.*

6) *The Ld. CIT(A) has rejected ground of the appellant company raised before him that no proper show cause notice was issued upon the appellant company with respect to additions made by the Ld. AO before passing assessment order dated 25/12/2019 hence the same deserve to be QUASHED. Further, both the officers have not appreciated the fact that failure to serve proper show cause notice is gross violation of principle of natural justice and is fatal to the proceedings under the Income-tax Act, 1961.*

7) *The appellant craves leave to add, alter OR amend any of the grounds before OR at the time of hearing.*

3. Brief facts of the case are that a search and seizure operation was carried out at the business and residential premises of the Sukhija Group of restaurants at 22.10.2016 and subsequently, certain documents and records were found at their premises. The AO held that seized materials belonged to the assessee company and as a result of that the assessment of the assessee company has been made under section 153C/143(3) of the Act for the A.Y 2011-12 to 2017-18. The Assessing Officer has made the following additions:

(i) Rs.58,72,472/- being the notional gross profit at 70% of suppressed sale of Rs. 83,89,182/- and

(ii) Rs.11,50,000/- being the cash receipt treated as unexplained cash receipt under section 68 of the Act.

The Ld. AO further passed the order of assessment dated 25.12.2019 u/s 143(3) r.w.s. 153A r.w.s 153C of the Act.

4. Being aggrieved by the abovementioned impugned additions and order passed thereto, the assessee filed an appeal before Hon'ble CIT(A). The Ld. CIT(A) has allowed part of the appeal and deleted part of addition. The CIT(A) however, sustained the addition of Rs.11,50,000/- originally made by the Ld. AO on account of unexplained income from Devendra Khurana based on ledger found during the search in case of Sukhija Group of cases and passed appellate order dated 22.07.2025 u/s 250 of the Act.

5. Being aggrieved by order passed by Ld. CIT(A), the assessee is in appeal before us.

6. Before us, learned Counsel for the assessee submitted that the satisfaction note recorded for initiating proceedings under section 153C of the Act in the case of the assessee, a non-searched person, is invalid as the same has recorded that the documents seized in the course of search “belong” to the assessee.

7. Per contra, ld. DR relied on the order of the AO/CIT(A).

8. We have heard the rival submissions and perused the material available on record. For adjudicating the validity of proceedings initiated under section 153C of the Act on the ground that there is absence of any valid satisfaction being recorded as per law, it would be relevant to reproduce the Satisfaction note dated 26.09.2018 recorded by the AO of the assessee, i.e., non-searched person 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 Ringlets Tradex Private Limited
PAN: AAGCR2177Q

A search action u/s 132 of the I.T. Act, 1961 was carried out in the cases of Sukhija Group of cases, on 22.10.2016. It has been brought to the notice of the undersigned by the AO of Sh. Priyank Sukhija, Sh. Yashpal Ashok, Sh. Lokesh Sukhija, Smt. Sunita Sukhija, & Sh. Vijay Kumar (in this case the AO is same as undersigned) in whose cases action under section 132 of the Income tax Act was taken and various documents/books of account etc., found and seized during the course of search. During the assessment proceedings AO of the searched person ascertained from the seized material/documents that certain documents seized from the premises of the searched persons which is actually belongs/pertain to M/s Ringlets Tradex Private Limited the particulars/details of such seized documents, which belong/pertain to M/s Ringlets Tradex Private Limited are given in the table below.

Name and address of the person Searched	Details of documents seized.	
	Page No.	Description
Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija, Kannu Joshi House No-H54, Gali No-6, Vijay Vihar Ph-II, Som Bazar Road, Rohini, Delhi-110085	Annexure A-1	(I) Quite voluminous electronic records and physical records were gathered in the search action in the Sukhija Group of cases. Intensive analysis of digital data gathered in the search, more particularly the digital data gathered from the key employees of Sukhija group and digital data gathered from the office of Sukhija group at I-21, Basement, Lajpat Nagar-III, Delhi (premise code: PO), led to unraveling of vital information pertaining to investments made/money advanced by various persons to Sukhija group entities and money/return received by investors there from. The investment related data is mostly found recorded in tally accounting system. However, the tally data sets found in the electronic devices were found to be not fully complete and very organized. In view of the above, it took considerable efforts to analyze it with a view to cull out and collate the relevant information. On the basis of the electronic data seized as per Annexure A-1 of Panchanama dated 23.10.2016 prepared at House No.54, Gali No.-6, Vijay Vihar Phase-II, Rohini, Delhi(PER-3), Annexures HD-1, HD-2, PD-1 of panchanama dated 26.10.2016 from the premises I-21, Basement Lajpat Nagar-II, Delhi (PO), Annexure A-3 and A-4 of Panchnama dated 23.10.2016 from 119, Gali No.3, Mahavir Park, Bahadurgarh, Haryana (PERB-2) and Annexures B,C, D & E of panchanama dated 24.10.2016 prepared at Gali No.4, Ismalipur Village, Faridabad, Harayana (PERF-1), list of investors/lenders along with details of the money advanced by them to Sukhija Group and details of money received by them therefrom has been compiled. On examination and analysis of the data contained in these hard discs, pen drives members of Sukhija Family and other persons in difference restaurants of Sukhija Group emanated. Promoters of the Sukhija Group accepted advances from various persons in cash as well as through banking channels.
Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija I-21, Basement,	HD-1, HD-2 & PD-1	

Lajpat Nagar-III, Delhi-110014 **Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija, Vipin Kumar** 119, Gali No.-3, Mahavir Park, Bahdurgarh, Haryana	Annexure A-3 & A-4	These pen drives contains Daily day book, Tally data, Excel sheet of share distribution to partners/shareholders pertaining to Sukhija Group of companies and other miscellaneous workings. During the recording of statement of Sh. Vijay Kumar he had confirmed that the Pen Drives found from his premises pertain to Sukhija Group of companies. The above seized material contains tally records/transactions in the case of various entities of Sukhija Group including restaurants Light Action Camera (unit of M/s Ringlets Tradex Private Limited) or in the name of unit (M/s Ringlets Tradex Private Limited) and are available for the period May 2015 to October 2016 as per the following details :-
Sh. Vijay Kumar Gali No. 4, Ismailpur Village, Faridabad, Haryana.	Annexure 'B' consists of Pen Drives from B-1 to B-13, Annexure - C, D & E	
Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija, Mohit Kumar K-27, Lajpat Nagar-II, Delhi-110014	Annexure A-7	
Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija Plot No. 19, Sector-91,	Annexure A-1 to A-7	Sale figures found from the Tally data in the above mentioned seized material and same was not shown by the assessee in its return of income. As per difference between amount of the sales figure found in the tally data and sales figure shown by the assessee in its ITR clearly established that the profit to the extent of Rs.**83,89,182**/- was suppressed by the assessee for the purpose of taxation through showing less sales in the return of income as compared to actual sales figure found in the tally data. Financial year wise details of the sales figure found in the tally data and sales as per showing in the ITR on that basis sales suppression established in the assessee case are given as under:-

Month	Day Book	PCR	Bill	CCSR	POS	Tally	DVAT	ST
May 2015 to June 2015	×	✓	×	×	×	✓	✓	✓
July 2015 to Sept 2015	×	×	×	×	×	✓	✓	✓
Oct 2015 to Dec 2015	×	×	×	×	×	✓	✓	✓
Jan 2016 to Mar 2016	×	×	×	×	×	✓	✓	✓
April 2016 to June 2016	×	×	×	×	×	×	×	✓
July 2016	×	×	×	×	×	×	×	×
Aug 2016 to Sept 2016	✓	×	×	×	×	✓	×	×
October 2016 *(Refer note 5)*	✓	×	×	×	×	✓	×	×

Financial	Max Sales as	Sales as per	Profit	Sales	Profit

Surya Nagar, Phase-II, Faridabad, Haryana **Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija** J-480, Gali no.-11, 4the Pusta, Kartar Nagar, Delhi-110053	Annexure A-1	

Year	per Report or tally amount (In Rs.) (A)	ITR (In Rs.) (B)	suppression as per ITR (In Rs.) (A-B)	as per DVAT (In Rs.) (C)	suppression as per DVAT (in Rs) (A-C)
2015-16	3,05,18,819.00	2,21,29,637.00	83,89,182.00		
2016-17	39,87,866.00 (Q2)	NA	NA	*Nil return filed*	39,87,866.00 (Q2)
Total			**83,89,182.00**		**39,87,866.00**

As discussed above, on the basis of data contained in the hard discs, pen drives diaries etc. seized during the search operations carried out in Sukhija Group, it was ascertained that M/s Kohinoor Styles Pvt. Ltd. had received unaccounted income/money as per the details of total receipts including opening balance credit, cash receipts, bank receipts and journal vouchers relating to the assessee company given as under:

Entity name	Financial year	Total receipts incl. op bal cr., cash receipts, bank receipts, journal vouchers (in Rs.)
Ringlets Tradex Private limited	2013-14	500000
	2014-15	3000000
	2015-16	4425000

During the search and seizure action, it was detected from the diaries maintained by employee of Sukhija group Smt. Kamla Joshi alias Kannu (seized as Annexure K5 of panchnama dated 26.10.2016 prepared at I-21, Basement, Lajpat Nagar-III, Delhi-110014) and the print outs of the cash book from 02.06.2016 to 16.10.2016 which was taken out from the pen drive seized from the office of the Sukhija Group that the various entities of the Sukhija group had taken accommodation entries in the form of non-genuine commodity exchange profits. On this aspect, statement on oath of Smt. Kamla Joshi was recorded u/s. 132(4) of the Act during the search and seizure action on 23-10-2016. Relevant part of her statement is reproduced as below-

Q.24 I am showing page no.8 to you of the same cash book as mentioned in Q.23 above. The narration of this entry says that a payment of Rs.2612500 has been given to Mohit sir for entry round w.r.t. Boom Box café, Khan Market. Kindly explain the above entry.

Ans: I have seen the relevant entry on page no. 8. On directions from Sh. Y. P. Ashok, I gave the above amount of Rs.2612500 in cash to Sh. Mohit Kr. CA. The same amount was subsequently received back in the bank account of Boom Box café, Khan Market after a few days. *However, I am not sure whether it was received in the account of Boom Box café or any other restaurant of Sukhija.*

This statement of Kamla Joshi was confronted to Sh. Yash Pal Ashok during his statement on oath recorded u/s. 132(4) of the Act on 25-10-2016, **in which he accepted to having given cash for taking cheque.**Relevant part of the statement

Is re-produced below-

"Q.23 I am showing you the answer to Q.24 of the statement of Mrs. Kamla Joshi (kannu) u/s 132(4) of the IT Act at I-21, basement, Lajpat Nagar-3, New Delhi on 24-10-2016 which is as under-
"---Q.24....
Kindly confirm.
Ans.- Yes, the above statement is correct. I had given the above cash to Mohit which was returned to me in cheque. I don't remember by what name the cheque was received."

Some of the screenshots of such entries made in the Kannu's diary / tally dataseized as K4 and K5(Diaries) and PD-1 of Annexure A of the panchnama dated 26.10.2016 prepared at I-21, basement, Lajpat Nagar-3, New Delhi are as under-

19-8-2014 By Mohit Sir *schooler to reality*	Payment	237		13,50,000.00
17-3-2015 By Lokesh Sukhija *bank againts chq fr entry mohit sir*	Payment	1410		42,90,500.00
23-3-2015 By C Block Const. A/c *ashwani chadda 625 vijay sound 8 rent ac*	Payment	1416		14,25,000.00
28-3-2015 By Pppppppp Pure Punjab *for entry round pp to kk anand lp panku bhai*	Payment	1482		8,35,000.00

Kannu Dairy
Cash Book 1-Jul-2014 to 8-Sep-2016 Page 4

Date	Particulars	Vch Type	Vch No.	Debit	Credit
1-12-2015	By Opening Balance				1,70,09,300.00
21-1-2016	By NNN BLOCK Const. A/c *given to mohit sir for entry round 2090000 rcvd n block ac and exp by chq rcm a/c*	Payment	1211		20,00,000.00
10-3-2016	By Entry Exp. *mohite sir sir entry*	Payment	1416		90,000.00

The modus operandi was further explained by the in-house CA of the group, Sh. Mohit Kumar. Relevant part of statement on oath of Sh. Mohit Kumar recorded u/s. 131 of the Act on 8-9-2017 is as follows-

Q.15 I am showing you page no. 8 of Tally data named Kannu Diary which is a cash book for the period June 2016 to October 2016. The same was

		maintained by Smt Kamla (Kannu) Joshi employee of Shri Yash Pal Ashok. On this dairy in Page No. 8, It is written BBBB BBC KM with amount Rs. 2612500 and narration of the same is given as "Given to Mohit Sir for Round Entry". Please explain the same. **Ans: The same was given to one person referred in past by me for providing entries in the shape of commodity profit. Right now I don't remember the name of the person.** The same was referred by me once when I was working with Sukhija group. However, I had left the group in 2015 but the entry was made in my name because of my that reference only. Q.16 Please state in which companies/restaurants these kind of entries were taken in the past and what was the modus operandi of the same? **Ans:Sir, when I was working with Sukhija, some of the restaurants were running into loss. However, to make the payments of expenditures which are to be paid through bank only, they need money in the bank account. Therefore, the cash was paid to entry operator and cheque was obtained from him in the form of profit from commodity exchange transaction. The same has been disclosed in ITR as Other Income.** Q.17 Please state the name of the entry operator and also state the companies/entities of Sukhija Group in which this kind of entries were taken? Ans: I don't remember the name of entry operator. I arranged entry for Milano (1Cafe lounge) in the FY 2012-13 only. However, after that further entries in different entities were arranged by Sh. Vijay Kumar, Accountant of Sh. Yash Pal Ashok. When this statement was confronted to Shri Yash Pal Ashok, he failed to provide any explanation on the same. Relevant part of his statement on oath recorded u/s. 131 of the Act on 27-9-2017 is reproduced as under- Q.20 What is the nature of income booked in the accounts of various restaurants as "Other Income". **Ans: I don't remember the same.** Q.21 Please state whether any accommodation entry was taken in any of the restaurant in any of the year by you through your CA Mr. Mohit Kumar. Ans: **(No reply was given by Sh. Y.P. Ashok).** Q.22 I am showing you the cash book of Smt Kamla Joshi and her statement recorded during the course of search and seizure operation on 23-10-2016. The same is reproduced below- "Q.8 I am showing page no. 8 to you of the same cash book as mentioned in question no. 23 above. The narration of this entry says that a payment of Rs.2612500 has been given to Mohit sir for entry round w.r.t. Boom Box café Khan Market. Kindly explain the above entry. Ans. I have seen the relevant entry on page no.8 on directions from Sh. YP Ashok, I gave the above amount of Rs. 2612500 in cash to Sh. Mohit Kr. CA. the same amount was subsequently received back in the bank account of Boom Box Café, khan Market. after a few days, However, I am not sure whether it was received in the accounts of Boom Box café or any other restaurant of Sukhija Group. Further, I am showing you statement of Mohit Kumar, CA recorded on 8-9-2017 in my office. Relevant part of statement is reproduced below- Q.15 I am showing you page no. 8 of Tally data named Kannu Diary which is a cash book for the period June 2016 to October 2016. The same was

		maintained by Smt Kamla (Kannu) Joshi employee of Shri Yash Pal Ashok. On this dairy in Page No. 8, it is written BBBB BBC KM with amount Rs. 2612500 and narration of the same is given as "Given to Mohit Sir for Round Entry". Please explain the same. *Ans: The same was given to one person referred in past by me for providing entries in the shape of commodity profit. Right now I don't remember the name of the person. The same was referred by me once when I was working with Sukhija group. However, I had left the group in 2015 but the entry was made in my name because of my that reference only.* *Q.16 Please state in which companies/restaurants these kind of entries were taken in the past and what was the modus operandi of the same?* *Ans: Sir, when I was working with Sukhija, some of the restauran0ts were running into loss. However, to make the payments of expenditures which are to be paid through bank only, they need money in the bank account. Therefore the cash was paid to entry operator and cheque was obtained from him in the form of profit from commodity exchange transaction. The same has been disclosed in ITR as Other Income.* *Q.17 Please state the name of the entry operator and also state the companies/entities of Sukhija Group in which this kind of entries were taken?* *Ans: I don't remember the name of entry operator. I arranged entry for Milano (1Cafe lounge) in the FY 2012-13 only. However, after that further entries in different entities were arranged by Sh. Vijay Kumar, Accountant of Sh. Yash Pal Ashok.* ***Please comment on the same.*** ***Ans: I don't remember.*** Financial year-wise details of such 'Other Income' booked by the assessee is as under: <table><tr><th>Restaurant name</th><th>Entity Name</th><th>Other income booked in A.Y.</th></tr><tr><td></td><td></td><td>2016-17</td></tr><tr><td>Light Camera Action</td><td>Ringlet Tradex Pvt. Ltd.</td><td>4619750</td></tr></table>
Yash Pal Ashok, Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija I-21, Basement, Lajpat Nagar-III, Delhi-110014	Annexure M-15 Page-4	This page contain the details of Unsecured Loans in the Books of Ringlets Tradex Private Limited.
-do-	Annexure M-15 Page-12	This page contain the Monthly Summary of Prateek Kochar in the books of Ringlets Tradex Private Limited for the period of 01.04.2015 to 31.03.2016.
Yash Pal Ashok,	Annexure A-14	These pages contain the Lease Deed between Ravinder Singh and M/s Ringlets Traders Pvt. Ltd.

Sunita Sukhija, Priyank Sukhija, Lokesh Sukhija F-6, Ground Floor, Maharani Bagh, Delhi	Page-14-28	
-DO-	A-6 Page 49-59	These pages contain the copy of Agreement for Distribution of Services between Rupee i Pay Solutions Private Ltd. and Light Camera Action (a unit of Ringlets Tradex Pvt. Ltd.). It is a mobile app for making payments,

In view of the above facts, the AO of the searched persons has recorded his satisfaction that the following documents belong to the assessee i.e. M/s Ringlets Tradex Private Limited.

The Jurisdiction over the case of M/s Ringlets Tradex Private Limited has been centralized with ACIT, Central Circle-17, New Delhi u/s 127 of the I.T. Act vide order No. Pr.CIT-7/Centr/113/77/2018-19/790 dated 30.08.2018 of Pr.CIT-07, New Delhi.

The said satisfaction note prepared by the AO of the person searched has been kept on record. I am satisfied that the documents mentioned above found & seized from the premises of Sh. Priyank Sukhija, Sh. Yashpal Ashok, Sh. Lokesh Sukhija, Smt. Sunita Sukhija, Sh. Mohit Kumar, Smt. Kannu Joshi, Sh. Vipin Kumar & Sh. Vijay Kumar belong to M/s Ringlets Tradex Private Limited and have a bearing on the determination of total income of M/s Ringlets Tradex Private Limited 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. 2011-12 to 2016-17

Accordingly, notices u/s 153C r.w.s. 153A are issued as per provisions of the I.T. Act, 1961 for the A.Y. 2011-12 to 2016-17.

Date: 26.09.2018

(R.N. MEENA)
Asstt. Commissioner of Income Tax
Central Circle-17, New Delhi

9. From the perusal of the above satisfaction note, the admitted fact in the instant case that emerges, is that the proceedings u/s 153C flowed from the search conducted on 22.10.2016 on Sukhija Group of cases and the assessee is a non-searched person. Another

uncontroverted fact is that the AO of the assessee, the non-searched person, has recorded the satisfaction note on 26.09.2018 wherein he has recorded that the documents found and seized ***"belong to"*** the assessee, M/s Ringlets Tradex Pvt Ltd and have a bearing on the determination of total income of the assessee for the relevant assessment years. The question for determination is whether such satisfaction note enables the AO to assume a valid jurisdiction u/s 153C of the Act.

10. Prior to the amendment by Finance Act, 2015 in section 153C of the Act, strict threshold of "***belong to"*** governed the validity of assumption of jurisdiction under Section 153C for both valuable assets and documents sized which led the Courts to hold that a document merely mentioning a third party's name did not mean it ***belonged*** to them as concrete proof of ownership or property was mandatory. For searches conducted after June 1, 2015, the Finance Act, 2015 has significantly modified the language of Section 153C of the Income Tax Act to distinguish between physical assets and documentary evidence. For the Valuable Assets such as "money, bullion, or jewellery", the qualifying expression ***"belongs to"*** was retained u/s 153C(1)(a) of the Act. Whereas for evidence such as "Books of Account/Documents", the scope was widened by substituting ***"belongs to"*** in section 153C(1)(b) of the Act with the requirements that they ***"pertain or pertain to"*** or

that any information contained therein ***"relates to"*** the other person. Legal interpretation of the phrase "***Belong to"*** denotes that the assets are the absolute property of the non-searched entity whereas "***Pertain to"*** or ***"relates to"*** denotes a functional nexus, subject matter link, or contextual reference to the entity's transactions and the statute does not recognize that both the phrases are interchangeable. Thus the jurisdictional dictate, after 2015, of using ***"Belongs to***" for seized documents, is that it does not accurately deploy the new statutory text. The judicial precedence, after 01.06.2015, requires that the satisfaction note under Section 153C must echo the specific statutory language assigned to the type of material seized. After June 1, 2015, where the satisfaction note solely records, u/s 153C(1)(b), that seized books/documents ***"belong to***" a third party, it would lead to an invalid or defective assumption of jurisdiction. The Assessing Officer must explicitly record that the books of account or documents ***"pertain to"*** or contain information that ***"relates to"*** the third party, rather than relying on the pre-amendment ***"belongs to"*** test. The aforesaid distinction was clearly brought out in the case of ***Prashant Premchand Bafna V ACIT*** in ITA(SS)A 11 and 12/Pun/2022 for AY 2017-18 and 2018-19 dated 08.04.2025, wherein the third Member held that where the requisite satisfaction was not recorded in terms of clause (b) of

153C(1), the initiation of proceedings u/s 153C is not in accordance with law and is void ab initio.

11. In such facts and circumstances, in the instant case, we find that the AO has recorded satisfaction based on the incorrect premise that seized documents ***"belong to"*** the assessee, a third party. The failure to state that the documents seized, ***"pertained to"*** or ***"related to"***, as mandated in section 153C(1)(b), has rendered the aforesaid satisfaction note dated 26.09.2018 fundamentally vitiated. Consequently, we hold the said satisfaction note is legally defective rendering the assumption of jurisdiction under Section 153C unsustainable in the eyes of law. We, accordingly, quash the notice u/s 153C as well as order under section 153C of the Act. The appeal is allowed in aforesaid terms.

12. In the result, appeal filed by the assessee in ITA No.5731/Del/2025 is allowed.

Order pronounced in the open court on 24th Aug 2026.

Sd/-	**Sd/-**
SATBEER SINGH GODARA **JUDICIAL MEMBER**	**NAVEEN CHANDRA** **ACCOUNTANT MEMBER**

Delhi
Dated: 08.10.2026

*Priti Yadav, Sr. PS**

Copy to:

1	**RINGLETS TRADEX PVT LTD,** **PLOT NO. 11, 3RD FLOOR, VILLAGE HAUZ KHAS,** **DELHI-110016,** **DELHI**
2	**ASSISTANT COMMISSIONER OF INCOME TAX, CENTRAL CIRCLE-30,** **NCC DIT(S), JHANDEWALAN EXTN.** **JHANDEWALAN,** **DELHI-110005, DELHI**
3	THE PCIT / CIT,
4	THE D.R., ITAT, DELHI BENCH
5	GUARD FILE

TRUE COPY

ASSISTANT REGISTRAR
I.T.A.T., DELHI

www.taxcode.in