

| आयकर अपीलीय अधिकरण न्यायपीठ, मुंबई |
IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC " BENCH, MUMBAI

BEFORE SHRI NARENDRA KUMAR BILLAIYA, HON'BLE ACCOUNTANT MEMBER
&
SHRI SUNIL KUMAR SINGH, HON'BLE JUDICIAL MEMBER

I.T.A. Nos. 3260, 3259 & 3258/Mum/2023
(Assessment Years: 2010-11, 2011-12 & 2012-13)

J. K. Global, 89, Ground Floor, Gate No. 1, Pravashi Industrial Estate, off, Aarey Road, Goregaon, Mumbai [PAN:AAEFJ0751D]	Vs	Income Tax Officer, 31(2)(2), Mumbai
अपीलार्थी/ (Appellant)		प्रत्यर्थी/ (Respondent)

Assessee by :	Shri Haridas Bhat
Revenue by :	Shri R. R. Makwana, Sr. DR

सुनवाई की तारीख/**Date of Hearing** : 03.09.2024
घोषणा की तारीख /**Date of Pronouncement**: 05.09.2024

आदेश/ORDER

PER NARENDRA KUMAR BILLAIYA, AM

I.T.A. No. 3260/Mum/2023, 3259/Mum/2023 and 3258/Mum/2023 are 3 separate appeals by the assessee preferred against the 3 separate orders dated 25.07.2023 of Id. NFAC, Delhi pertaining to Assessment Years 2010-11, 2011-12 and 2012-13.

2. Since, the underline facts in the issues raised in the captioned appeals are identical, all these appeals were heard together and are disposed of by this common order for the sake of convenience and brevity.

3. The common addition in the captioned appeals relates to the unsecured loans taken during the year considered as unexplained u/s 68 of the Act and further addition of interest paid on such unsecured loans.

4. For the sake of conciseness and brevity, in AY 2010-11 unsecured loans have been taken from Ryan International of Rs. 25 lakhs, in AY 2011-12 from Casper Enterprises Pvt. Ltd of Rs. 5 lakhs and in AY 2012-13 Rs. 20 lakhs taken from Duke Business Pvt Ltd. The common cause for treating the unsecured loan as unexplained and added u/s 68 of the Act is the information received from DGIT (Investigation), Mumbai that Shri Pravin Kumar Jain through a web of concerns run and operated by him is engaged in providing accommodation entries in the nature of bogus unsecured loans, bogus share application etc through various paper entities and the assessee is one of the beneficiaries who has taken accommodation entry. Statement of Shri Pravin Kumar Jain was recorded u/s 132(4) of the Act wherein, he has categorically admitted that the entire business of accommodation entries is through him and Pankaj Jain and companies under their control, which are either owned by him or directly or indirectly controlled are paper companies with no real business transactions.

5. The coordinate bench in the appeal of Praveen Kumar Jain in ITA Nos. 7191/Mum/2018 to 7197/Mum/2018 for AY 2008-09 to 2014-15 had the occasion to consider the statement of Shri Praveen Kumar Jain which reads as under:-

“Q.65 Please give the list of all employees and other close associates who help you in carrying out your day to day activities.

Ans. Sir, I o my business activities with the help of my staff members. My staff members include the following people:

- 1. Sh Manish Jain looks after the accounts*
- 2. Sh. Sanath Upadhyaya looks after the accounts.*
- 3. Sh. Nilesh Parmar also looked after accounts but he quit the job about a year ago.*
- 4. Sh. Abhinandan Jain alias Monu looks after the banking transactions.*
- 5. Sh. Sushil Jain looks after banking transactions.*
- 6. Sh. Rashabh Babel looks after banking transactions.*
- 7. Sh. Uttam Hinger looks after the income tax returns.*
- 8. Sh.Prabhakar is a delivery boy.*
- 9. Sh. Shantaram is a delivery boy*
- 10. Sh. Digambar is a delivery boy*
- 11. Sh. Arjun is a delivery boy*

I have also appointed some close associates as Directors in my companies. Sh Manish Jain, Sh Abhinandan Jain, Sh Rishabh Babel, Sh Sanath, Sh Nilesh, Sh Sushil Jain, Sh Jitendra Tater, Sh Virendra Abani and Sh Pankaj Jain are directors in some of my companies.

Q.114. I am showing you statement of Sh.Pankaj Kumar Jain, Director in Sumukh Commercials Pvt Ltd, recorded on oath u/s 132(4) of the Income Tax Act, 1961 during search proceedings u/s 132 at C/512, Ostwal Onyx, Jwal pek, Bhayander, Thane on 03.10.2013. Please go through it.

Ans. Sir, I have gone through the statement of Sh. Pankaj Kumar Jain recorded on oath u/s 132(4) on 03.10.2013.

Q.115 In his statement, Sh Pankaj Jain has clearly stated that he is just a namesake director in various companies run by you. He has not performed any function in those in the capacity of director and his function is restricted to RTGS and cash transfers. Further he has pointed out that there is no genuine business Activity being carried out in those companies. Please comment on the same.

Ans. Sir, I fully agree with the statement of Sh.Pankaj Jain He was namesake director and all companies in which Pankaj is Director are controlled by me

Q.116 I am showing you statement of Shri Nilesh Parmar, your employee, recorded on oath u/s 131 of the Income Tax Act, 1961 during enquiry at 343, 4th Floor, Scindia House, Ballard Pier, Mumbai on 02.10.2013. Please go through it.

Ans. Sir, I have gone through the statement of Shri Nilesh Parmar recorded on oath u/s 131 on 02.10.2013.

Q.117 I am showing you statement of Shri Nilesh Parmar recorded on oath on 02.10.2013 wherein reply to Q.15 to 20 he has stated that regarding concerns owned by you, there is no godown, vault or warehouse where stock is maintained. He has never seen any physical movement of stock in any of the concerns mentioned. He has never seen any customer come to the office of Praveen Jain for negotiating the price of goods / material. That there is no employee working in any of the concerns mentioned and that no genuine business activity is carried out in any of the said concerns. Also, the concerns are merely engaged in providing accommodation entries of sale, purchase and bogus loans and advances to various parties.

Please comment on the same.

Ans Sir, I agree with the statement of Shri Nilesh Parmar. We are just in the business of providing accommodation entries. Hence, there is no need to maintain goods, godown, vault or warehouse.

Q.63 Please give the complete list of all the companies in which either you or your close associates/family members are directors along with the complete list of companies under your control

Sir, I am a Director in the following companies:

- 1. Anchal Properties Pvt Ltd*
- 2. Easy Mercantile Pvt Ltd*
- 3. Nakshatra Business Pvt Ltd*
- 4. Olive Overseas Pvt Ltd*
- 5. Picadily Overseas Pvt Ltd*
- 6. PIM Trading (1) Pvt Ltd*
- 7. Raghunandab Reyons Ltd*
- 8. Riddhi Siddhi Multitude Pvt Ltd*
- 9. Sanjivani Enviro Protection Ltd*
- 10 SBI Training India Pvt Ltd*

11. *Sumith Commercial Pvt Ltd*
12. *Spine Infotech Pvt Ltd*
13. *Angel Softlang Pvt Ltd*

With the following companies and other entities, I am not formally associated but, these are managed and controlled by me

Sr.No. Name of Company

1. *Aalla Diamond Industries Limited*
2. *Ansh Merchandise Pvt Ltd*
3. *Atharv Business Pvt Ltd*
4. *Bhagyashree Gems Pvt Ltd*
5. *Casper Enterprise Pvt Ltd* 6. *Duke Business Pvt Ltd* ✓
7. *Flak Trading Co Pvt Ltd*
8. *Jahanavi Gems Pvt Ltd*
9. *Javde india Impex Ltd* 10. *Josh Trading Pvt Ltd*
11. *Kush Hindustan Entertainment Ltd*
12. *Pragati Gems Pvt Ltd*
13. *Spurti Computech Pvt Ltd*
14. *Tanika Commodities Pvt Ltd*
15. *Trangular Infocom Pvt Ltd*
16. *Vanguard Jewels Ltd*
17. *Viraj Mercantile Pvt Ltd*
18. *Yaswh V Jewels Ltd*
19. *Anan Diamonds*
20. *Arihant Corporation*
21. *Ganesh Trading Co*
22. *Jasoda Exports*
23. *Kailash International*
24. *KLI Diamond*
25. *Kunal Gems*
26. *Kush International*
27. *Mahalxmi Corporation*
28. *Mahalxmi Trading Co*
29. *Minal Corporation*
30. *Mohit International*
31. *Natasha Enterprises*
32. *Paras Gems*
33. *Pratik Impex*
34. *R S Enterprises*
35. *Raj Export*

- 36. Ryan International
- 37. Seven Star Gems
- 38. Suraj Gems
- 39. Taj Impex"

6. On perusal of the aforementioned statement showed that in the list of companies given the accommodation entries names of Duke Business Pvt. Ltd, Casper Enterprises Pvt. Ltd and Ryan International are mentioned which means that as per the order of the coordinate bench it has been established that these companies were providing accommodation entries through unsecured loans claimed to have been borrowed from these companies by the assessee during the year under consideration as unexplained and rightly added u/s 68 of the Act. The relevant findings of the coordinate bench reads as under:-

"17. It is also brought to the notice of the Bench by the Ld.DR for the Revenue that in hundreds of cases, Shri Pravin Kumar Jain has provided accommodation entry for unsecured loans, bogus share application money, etc. without carrying out any real business, but operating through dummy / paper companies. So in these circumstances, we are of the considered view that the Assessing Officer as well as Ld.CIT(A have rightly quantified the unaccounted commission earned by the assesseees during the year under consideration from 54 companies which is nothing but a huge network of unlawful business to evade the tax for companies operating through them and by the assessee themselves also. Rather, they are in to money laundering.

18. In view of what has been discussed above, we are of the considered view that Assessing Officer as well as Ld.CIT(A) have passed / confirmed legally valid orders to which assessee has failed to controvert by putting in appearance. Assessee has challenged the impugned order passed by Ld.CIT(A) on generic grounds which he has failed to prove by putting in appearance, by producing any evidence and by assisting the Bench despite availing numerous opportunities. Consequently, we find no illegality or perversity in the impugned order passed by Ld.CIT(A), hence, aforesaid appeals filed by both the assessees, namely, Shri Pravin Kumar Jain and Shri Pankaj Jain are hereby dismissed.

19. Since addition of Rs. 12,39,00,000/- in hands of Casper Enterprises Pvt Ltd is on protective basis, the substantive addition having already made in the hands of Shri Pravin Kumar Jain, the addition of Rs.99,56,560/- in case of Casper Enterprises Pvt Ltd is confirmed."

7. Considering the facts of the case in toto and in the light of the decisions of the coordinate bench (supra), we have no hesitation in confirming the addition made u/s 68 of the Act for the captioned Assessment years. The contention of the Id. counsel that the loans have been re-paid during the year under consideration therefore the set off of the same should also be given to the assessee does not hold any water as it has been established that the impugned loans were nothing but accommodation entries and the repayment is also nothing but return of accommodation entries therefore, the money which has been brought

in the garb of unsecured loan is nothing but the unaccounted money of the assessee and the repayment of the same does not make any sense.

8. In the light of the decision of the coordinate bench the additions are confirmed for all the assessment years under consideration since the loan amount has been treated as unaccounted money of the assessee for payment of interest of such loan amount claimed as unexplained and added by the AO is also confirmed.

9. In the result, the captioned appeals of the assessee are dismissed.

Order pronounced in the Court on 05th September, 2024 at Mumbai.

Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER

Sd/-
(NARENDRA KUMAR BILLAIYA)
ACCOUNTANT MEMBER

Mumbai, Dated: 05/09/2024
**AK NEDT, Sr. PS*

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि , आयकर अपीलीय अधिकरण, मुंबई /DR,ITAT, Mumbai,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER,
TRUE COPY

Assistant Registrar
आयकर अपीलीय अधिकरण
ITAT, Mumbai