

07.12.2025

To ,

**The Chairman
Security Exchange Board of India ,
“SEBI BHAWAN”
Plot No c4-a,G Block,
Mumbai-400051,(MH)**

**Subject: Immediate Cancellation and stop the illegal IPO of
Smartworks Coworking Spaces Ltd (SCSL) approval**

Stop- Stop- Stop- Stop -Stop- Stop- Stop- Stop

**Ref:- Serious Concerns Regarding Financial Irregularities and Fraud
at Smartworks Coworking Spaces Ltd (SCSL)****

****Respected Sir,****

We write to express our profound appreciation for SEBI's unwavering commitment to protecting small investors and maintaining the integrity of India's capital markets. Your recent decisive actions, particularly in high-profile cases like ****Jane Street****, have reinforced public trust in SEBI's professionalism and dedication to fair market practices.

However, we bring to your attention a matter of grave urgency involving ****Smartworks Coworking Spaces Pvt Ltd****, which has filed a Draft Red Herring Prospectus (DRHP) for an IPO of ****₹450 crores****. Disturbingly, credible sources indicate that Smartworks' management has engaged in:

1. ****Financial Irregularities****: Suspicious revenue recognition, undisclosed related-party transactions, and inflated occupancy metrics.
2. ****Governance Failures****: Abrupt changes in leadership, auditor independence concerns, and inadequate risk disclosures.
3. ****Defamatory Statements Against SEBI****: Shockingly, Smartworks' management specially Ghanshyam Sarda ****allegedly boasting that "SEBI , many political & bureaucrats is in my pocket" and "we will do as we wish,"**** implying undue influence over regulatory processes.

Sir, immediate attention the ****serious financial irregularities, fraudulent practices, and systemic scams**** orchestrated by ****Ghanshyam Sarda, and his son Niteesh Sarda, and their company Smartworks Coworking Spaces Ltd (SCSL)****. If timely action is not taken, I will be compelled to escalate this matter to ****all relevant authorities, media houses (print/electronic), and public interest organizations**** to expose this ****large-scale fraud involving public and bank funds****.

1. Historical Fraud by the Ghanshyam Sarda & Jagdish Sarda Family – A 30-Year Scam Legacy**

- Ghanshyam Sarda and Jagdish Sarda****** have a ****long history of duping banks and investors**:
 - In the past, they took ****crores in loans**** through companies like ****S.B. International Ltd**** and ****Standard Ferro Chrom Limited**** via public/private issues.
 - These funds were misappropriated, and the companies vanished without repaying banks or investors.
 - Personal guarantees were given for these loans, and now SBI has initiated auction proceedings for 94 Cr loan recovery cases(copy of auction letter attached)
- .
- Both promoters are blacklisted by banks for loan defaults.

- ****New Fronts for Old Scams****:

- Now, they are using their son Neetish Sarda (Jagdish's biological son, adopted by Ghanshyam) and son-in-law Harsh Binani as figureheads to repeat the same fraud through ****Smartworks Coworking Spaces Ltd****.
- "Ghanshyam Sarda is the mastermind" (a modern-day ****Natwarlal****) exploiting legal loopholes and manipulating the system.

2. Smartworks Coworking – Another Fraud in the Making

- Massive Debt (₹700+ Cr Loans) & No Assets:
 - SCSL has ****borrowed over ₹700 Cr from banks**** despite having ****no tangible assets**except loan for 24 cr of ICICI**.
 - The company has been ****running losses for 3 consecutive years****, yet banks recklessly lent unsecured funds.
- ****Upcoming IPO (₹450 Cr Public Issue – Opening 10th July 2025) – A Trap for Retail Investors****:
 - SCSL plans to raise ****₹450 Cr from the public**** through an IPO, despite:
 - ****No profitability**** (consistent losses).
 - ****No physical assets**** (business model based on rented properties).
 - ****Promoters' tainted history**** (blacklisted, loan defaults, ongoing recovery cases).
 - ****Insider Exit Scam****: Promoters ****sold 4% stake (₹181 Cr)**** post-DRHP filing, cashing out before the IPO.

****Key Issues Highlighted:****

1. **Indiscriminate Lending Without Adequate Security******

- SCSL has borrowed ****₹720 Crore**** from ****12 banks/NBFCs**** through term loans, working capital, and NCDs—****without tangible collateral****.
- Except for ICICI Bank (secured by ₹27 Cr FDs), most lenders extended unsecured loans, violating RBI's ****Loan-to-Value (LTV)**** norms.
- ****No personal guarantees or pledged shares**** were taken from promoters, exposing public funds to high risk. This will be next Neerav Modi/mahul chowksi scam **defrauding the bankers**

2. False and incomplete disclosures of income tax demands and tax evasions petitions/ re-assessments –in the RHP Smartworks Cowrking Spaces Ltd :

“The company has fraudulently disclosed that there is only 20 lacs outstanding demand against the company and only 1 proceedings going on. However the company and the Lead managers have suppressed the fact that Allegations have surfaced regarding survey report u/s 133 of the Income Tax Act where in the company is facing tax litigation to the tune of Rs 200 crores . further re-asessments have been opened for 5 years based on the statements of the promoter Mr Neetesh Sarda . All these facts has been suppressed by the lead mangers of the Public issue to fool the investors”.

So, the Immediate stop of SCSL's IPO (Scheduled: 10–14 July 2025) to ****protect retail investors****.

3. **Suspicious Financial Reporting & Accounting Fraud******

- SCSL reports ****positive EBITDA (₹736 Cr in FY24)**** but operates at ****heavy losses (₹47 Cr PAT loss)**** due to dubious accounting:
 - Capitalizing operational expenses as "Right-to-Use" assets to inflate EBITDA.
 - Depreciating costs artificially to mask cash-flow deficits.
 - Despite claimed profitability, SCSL remains ****dependent on fresh borrowing****, indicating financial misrepresentation.

4. **Violation of RBI Directives******

- Banks failed to:
 - Exchange borrower credit information (RBI Master Circular 2015).
 - Detect ****Early Warning Signals (EWS)**** like unsustainable debt or shell transactions.
 - Report suspicious inflows (likely ****benami money****) under KYC/PMLA norms.

- **Revenue-based financing** was blindly approved without assessing SCSL's **lack of owned real estate** (critical for a rental workspace business).

5. Promoter Exit Scam & Illicit Fund Routing

- Post-DRHP filing (Aug 2024), promoters **sold 4% stake (₹181 Cr)** via shadow LLPs (**NS Niketan & SNS Infrarealty**), pocketing profits.

- **Ghanshyam Sarda Group** (linked to SCSL) allegedly funneled black money through shell companies, as per **Income Tax Dept. reports (2022–24)**.

6. West Bengal Land Scam – ₹44 Cr Illicit Profit in 3.9 Years

- **Euclix acquired 37.53 acres** from **Haldia Development Authority (HDA)** in **2013** for **₹3.8 Cr** (lease basis).

- In **2017**, the same land was **leased** to Bengal Concessions Pvt Ltd for **₹48 Cr**—a **1,163% profit** in just 3 years 9 months.

- **No Commercial Justification:** The **disproportionate gain** suggests **criminal undervaluation**, causing **massive loss to WB Govt**.

- **Fund Trail:** Proceeds from this scam were **diverted into SCSL** via unsecured loans & equity investments.

sham litigation between Euclix and Snow Well Merchandise (common directors) was staged to **evade capital gains tax**.

7. Shell Company Network & Illicit Fund Routing

a) Euclix Shipbuilders, Beltas Merchants & NS Niketan LLP – A Fraudulent Web

- **Euclix Shipbuilders Pvt Ltd** (Sarda Group) granted **unsecured loans worth ₹25.57 Cr** to SCSL (₹9.82 Cr directly + ₹15.75 Cr via **NS Niketan LLP**).

- **Beltas Merchants Pvt Ltd** (another SCSL-linked entity) infused **₹7.15 Cr** into SCSL via NS Niketan LLP & SNS Infrarealty LLP.

- **Key Link:**

- **Mr. AK Agarwal** is a **common director** in **Euclix & Beltas**, proving **interconnected control**.
- **Neetish Sarda** (son of Ghanshyam Sarda) is a **shareholder in Beltas & Director in SCSL**, confirming **promoter involvement**.
- **Fund Source:** Beltas received ₹80L & ₹50L from **Megacity Tie-Up & Great Barter** (both declared **shell companies** by IT Dept).

b) Aryadeep Real Estate & Pawanshiv Projects – More Dummy Infusions

- **₹8.88 Cr** was pumped into SCSL via **Aryadeep Real Estate & Pawanshiv Projects**, both **identified as shell companies** by the **Income Tax Department**.
- **Shocking Admission:** **Neetish Sarda** himself admitted that the **directors/shareholders of these entities were benami holders**, and actual control rested with **Sarda Group employees**.

8. Income Tax Dept Findings – Proposed ED Probe Under Benami Act

- **The IT Department's 2022 report** **explicitly recommended an ED investigation** under the Benami Transactions Act.
- **Key Findings:**
 - **No genuine business** in funding entities (Beltas, Aryadeep, Pawanshiv).
 - **Admissions by Neetish Sarda** confirming **benami holdings**.
 - **Layered transactions** to **whitewash black money** into SCSL.

9. MCA's Section 210 Investigation – Serious Corporate Fraud

- SCSL admitted in its **SEBI filing** (Addendum: 30.12.2024) that **24 linked companies** (including group firms **Vision Computech & Jagadhatri Vyapaar**) are under **MCA's Section 210 probe**.
- **Significance:**
 - **Section 210 investigations** are ordered **only after prima facie fraud is established** (post-Section 206/207 inquiries).
 - Indicates **serious financial misconduct** at SCSL.

10. IPO – A Tool to Legitimize Illicit Money & Dump Shares on Public**

- SCSL has ****already filed its Draft Red Herring Prospectus (RHP)****.
- ****Promoters sold 4% stake (₹181 Cr)**** post-DRHP, ****cashing out before IPO****.
- ****IPO Funds at Risk:**** If the ****fraud is exposed post-listing****, ****retail investors will suffer massive losses****.

11. Regulatory Failures – Banks & RBI Ignored Red Flags**

- ****12 banks lent ₹720 Cr**** without: Adequate collateral** (only ICICI secured loans).
 - ****Checking shell company inflows**** (violating RBI's KYC/AML norms).
 - ****Reporting suspicious transactions**** (EWS framework ignored).
- **Banks ignored RBI's fraud detection mandates****, enabling SCSL's Ponzi-like operations.
- ****No action taken**** against shell entities laundering money into SCSL.
- ****MCA/SEBI/RBI must investigate****:
 - ****Falsified financials**** (Section 447, Companies Act).
 - ****Benami transactions**** (Prohibition Act).
 - ****Banking negligence**** (RBI's EWS framework).

Urgent Prayers in Public Interest**

1. Immediate Stop of SCSL's IPO (Scheduled: 10–14 July 2025) to **protect retail investors****.**

2. **SFIO/ED/CBI Probe**** into:**

- ****Benami transactions**** (PMLA, Benami Act).
- ****West Bengal land scam**** (criminal conspiracy).
- ****Banking lapses**** (RBI to penalize erring lenders).

3. **SEBI Audit**** of SCSL's financials & IPO disclosures.**

4. ****MCA to Expedite Section 210 Findings**** & take ****strong action****. 1. ****Forensic Audit**** of SCSL's books, loan sanctions, and fund trails.
5. ****RBI Penalties**** on erring banks for reckless lending.
6. ****SEBI Intervention**** to freeze SCSL's IPO plans .

Conclusion**

SCSL is not a legitimate business but a ****front for laundering black money**** through ****shell companies, fraudulent land deals, and manipulated financials****. Allowing its IPO ****without investigation**** would be a ****grave injustice to public investors****. ****We urge SEBI, RBI, and MCA to act swiftly before irreversible damage occurs.****

Urgent Actions Required:**

This case exemplifies ****collusion between corporates, banks, and bureaucrats**** to defraud public institutions. Immediate intervention is critical to prevent another ****DHFL-like collapse****.

****Attachments:****

- Annexures: Loan details, IT Dept. reports, land scam documents.

Yours Sincerely,*

Kumar Kalwar

Copy to :-

1. **Hon'ble President of India**
2. **Hon'ble Vice President of India**
3. **Hon'ble Prime Minister of India,**

- 4. Hon'ble Smt. Nirmala Sitharaman
Minister of Finance,**
- 5. Secretary, Revenue & Finance**
- 6. Director Central Board Of Direct Taxes**
- 7. Hon'ble Shri Arjun Ram Meghwal**
- 8. Hon'ble Governor,
The reserve Bank of India**
- 9. All Deputy Governor,
The reserve Bank of India**
- 10. All executive Director, Reserve Bank Of India**
- 11. All SEBI, Whole Time Director**
- 12. Secretry ,Ministry Law and Justice**
- 13. Hon,ble Chief Justice, Supreme Court Of India,**
- 14. All Hon,ble Judges of Supreme Court Of India,**
- 15 . Financial Express,News**

ANNEXURE-1

Details of Charge as per MCA records of Smartworks Coworking Spaces Ltd (No proper security by any bank, except by ICICI Bank at serial No.3)									
SI	SRN	Charge ID	Charge Holder	Date of latest Charge	Amount	Facility	Interest Rate (%)	Tenure (months)	EMI (Monthly)*
1	AB2580362	101037873	Indian Bank	30-01-2025	35,00,00,000	Term Loan	9.85	60	74,10,667
2	AB2305895	101038251	Kotak Mahindra Bank Ltd	15-01-2025	40,00,00,000	Term loan & Working capital	9.30	48	1,00,11,200
3	AB3565588	101031872	ICICI Bank Ltd	17-04-2025	30,00,00,000	Working Capital	9.20	12	2,62,63,200
4	AA6212130	100826930	DBS Bank India Ltd	17-11-2023	20,00,00,000		9.60	24	91,92,133
5	AA3962105	100756532	TATA Capital Financial Services Ltd	03-08-2023	40,00,00,000	Term Loan	10.75	36	1,30,48,267
6	AA3934916	100760207	Equentia Financial Services Pvt Ltd	27-07-2023	20,00,00,000	Working Capital & Term Loan	11.50	24	93,68,000
7	AA3310374	100751805	Aditya Birla Finance Ltd	30-06-2023	70,00,00,000	Term Loan	10.50	84	1,18,02,467
8	AA1683852	100690621	Indian Bank	14-03-2023	72,00,00,000	Term Loan	9.35	60	1,50,68,640
9	AA1539675	100687996	Catalyst Trusteeship Ltd	02-03-2023	1,25,00,00,000	Secured NCDs	15.25	48	3,49,46,667
10	AA1080241	100625466	DBS Bank India Ltd	10-11-2022	40,00,00,000	Term Loan	9.50	36	1,28,13,067
11	AA1082753	100625514	TATA Capital Financial Services Ltd	13-10-2022	25,00,00,000	Term Loan	10.85	36	81,67,000
12	AB2806439	100333685	HDFC Bank Ltd	21-02-2025	2,03,17,00,000		9.25	60	4,24,21,896
			Total		7,20,17,00,000				20,05,13,203

* EMI has been derived by IW using online calculator (inclusive of Principal & Interest)

Verification Details

Personal Details					
PAN	AAWCS5258F		DoB/ Incorporation		17-12-2015
Name	SMARTWORKS COWORKING SPACES PVT LTD				
Address	NA				
State	Delhi	Pincode		110024	
Email	-		Mobile	-	
Jurisdictional PCIT	-				
Information Details					
Information FY	Information Source Type	Information Source Description	Information Type	Information Description	Information Value
2016-17	TEP	UNEXPLAINED CREDIT	Others	TEP	17,12,95,660
2017-18	TEP	UNEXPLAINED CREDIT	Others	TEP	2,80,00,000
2018-19	TEP	UNEXPLAINED CREDIT	Others	TEP	5,13,00,000
Verification Details					
Nature of Verification		Enquiry			
Verification Result					
Actionable AY	Result Type	Result Description	Result Value	Remarks	
2017-18	Others	UNEXPLAINED CREDIT	17,12,95,660	REFER TO AO	
2018-19	Others	UNEXPLAINED CREDIT	2,80,00,000	REFER TO AO	
2019-20	Others	UNEXPLAINED CREDIT	5,13,00,000	REFER TO AO	
Documents					
S.No.	Document Type	Document Description	Remarks	Document Name	Size (KB)
1	VERPT	REFER TO AO	-	SMART WORK.pdf	1325
2	VERPT	REFER TO AO	-	NEETISH SARDA.rar	5835

Final Investigation report in the case of Sh Ghanshyam Sarda and Neetish Sarda & M/s Smartworks Coworking Spaces Pvt Ltd and others

Various TEPs have been received against M/s Smartworks Coworking Spaces Pvt Ltd. and its founders (TEPs [20010050-B, 20070034-B, 20010338-B, 20120017-B, 20121031-B, 20121647-B, 20120139-B, 21018538-B, 2106293620-A, 2109313645-A, 2110328061-B, 2110328054-B, 2110328372-B, 2202382870-B, 18116574-B & 18127526-B) on various dates. TEPs is also received under PMO reference 'A' category against Sh Ghanshyam Sarda and Neetish Sarda vide CBDT letter F.No.291/15/2020-Dir(Inv.IV) dated 12.04.2021 and F.No.291/15/2020-DIR(Inv.IV)/843 dt.23/08/2021. The allegations in TEPs have been examined in detail on the basis of material available on record, physical enquiries and examination of the key persons.

2. Before delving into the allegations, a brief profile of the company is presented as under:-

M/s Smartworks Coworking Spaces Private Limited, (incorporated on 17.12.2015) is engaged in providing coworking spaces to various established corporates and start-ups based in Delhi/NCR, Bangalore, Mumbai, Pune, Kolkata, Chennai and Hyderabad. The company is owned by its director/ promoters Sh. Neetish Sarda (PAN BHHP59569R) and Sh. Harsh Binani (AXAPB0469K), who are also the key managerial persons in the company alongwith Smt. Saumya Sarda (PAN BHHP59549F) Sh. Neetish Sarda is son of Sh. Ghanshyam Sarda, promoter of Sarda group of industries (Jute industry), Kolkata.

Key Financials of M/s SMARTWORKS COWORKING SPACES PRIVATE LIMITED are presented as under:-

F.Y.	Issued/ Subscribed Share Capital	Securities Premium Reserve	Short Term Borrowings	Total Equity and Liabilities	Turnover	GTI	Taxable Income
2017-18	71,36,75,000	8,67,37,500	NIL	82,33,06,945	33,82,85,039	0	0
2018-19	71,36,75,000	8,67,37,500	27,53,00,000	201,32,78,673	101,57,43,005	0	0
2019-20	95,57,55,580	206,64,89,557	7,85,00,000	571,79,29,156	257,55,19,576	0	0

3.The allegations made in the TEPs alongwith the analysis are discussed below:-

Allegation 1

- The capital of the company M/s Smartworks Coworking Spaces Pvt Ltd increased from Rs. 1 lakh to more than Rs. 100 crores in just 4 years
- Black money was routed through Hawala and Shell companies and shares were allotted in those account in which black money was transferred resulted in huge revenue loss to the Government.
- It is also alleged as "Ghanshyam Sarda and Neetish Sarda are owners of more than 150 companies and directors of these companies are their employees, drivers, peons and even those people who do not exist. They are owners of following entities which are dummy concerns who have provided accommodation entries to M/s Smartworks Coworking Spaces Private Limited.

On detailed examination of the various companies associated with Sarda Group and its key promoters, it is found that many entities are registered at a single address. Further on field enquiries of many Kolkata based companies, it was found that those companies were not available at the addresses declared in the ITRs.

On examination of Books of Accounts, it is observed that M/s Smartworks Coworking Spaces Private Limited has received huge funds from multiple entities in the form of share capital and unsecured loans that too within a short span of time. Further from the shareholding status of M/s Smartworks Coworking Spaces Private Limited it is seen that M/s SNS Infrarealty LLP & M/s NS Niketan LLP are the two main shareholders, which are in fact group entities of Sarda Group. Also, these two entities have been specifically created for introduction of funds in M/s Smartworks Coworking Spaces Private Limited as their incorporation took place on 07/02/2017 and 08/02/2017 respectively while funds started flowing on 13/02/2017.

4. On perusal of the various submissions filed on record, it is noticed that M/s SNS Infrarealty LLP has invested Rs. 36,57,58,659/- in M/s Smartworks Coworking Spaces Pvt Ltd while M/s NS Niketan LLP has provided funds of Rs.57,38,87,006/- starting from F.Y. 2016-17 to till date in the form of share capital. Detailed year wise analysis of the funds received by M/s SNS Infrarealty LLP and M/s NS Niketan LLP from various company is mentioned below :

Funds Received by	Amount	FY	Funds Given by	FY	Amount	Funds Received by
M/s SNS Infrarealty LLP	9,99,50,000	2016-17	M/s Vision Comptech Integrators Ltd	2016-17	9,99,50,000	M/s NS Niketan LLP
	8,78,65,000	2017-18	M/s Aryadeep Realestate Pvt Ltd	2017-18	13,97,65,000	
	4,38,00,000	2017-18	M/s Rego Chemicals Pvt Ltd	2017-18	4,50,00,000	
	40,00,000	2017-18	M/s Nilliampathy Tracon Pvt Ltd	2017-18	35,00,000	
	1,50,00,000	2017-18	M/s Blackcherry Commosale Pvt Ltd	-	-	
	75,00,000	2017-18	Kamal Singh Jain HUF	-	-	
	25,00,000	2017-18	Bimal Singh Jain HUF	-	-	
	25,00,000	2017-18	M/s Beltas Merchants Pvt Ltd	2017-18	5,65,00,000	
	1,50,00,000	2019-20	M/s Pawanshiv Projects Pvt Ltd	-	-	
	7,90,00,000	2019-20	M/s Euclix Shipbuilders Pvt Ltd	2017-18	3,75,00,000	
	-	-	M/s ICM Finance Pvt Ltd	2019-20	12,00,00,000	
	-	-	M/s Cuckoo Fiscal Services Ltd	2017-18	2,00,00,000	
	-	-	M/s Sunbeam Vanijya Pvt Ltd	2017-18	1,00,00,000	
	-	-	M/s Agarapara Jute Mills Ltd	2017-18	2,50,00,000	
	1,50,00,000	2019-20		2017-18	2,00,00,000	

The source of funds and genuineness of the transactions with the various entities controlled and managed by Sarda Group was examined after giving adequate opportunity to the company and confronting the replies from various entities (placed on record) with its managing director, Sh. Neetish Sarda. The statement of Sh. Neetish Sarda was recorded u/s 131(1A) of the Income Tax Act, 1961 on 22.04.2022.

5. Examination of sources of funds by various companies for providing loans is discussed below:-

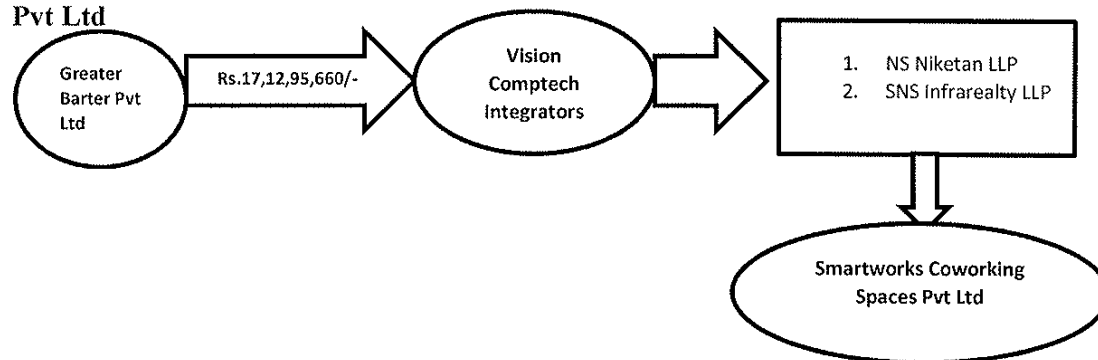
5.1 M/s Vision Comptech Integrators Ltd

It has been submitted that the source of funds from M/s Vision Comptech Integrators Ltd. is the Reserves of over Rs. 35 crores which it used to deploy as partners contribution to both M/s SNS Infrealty LLP & M/s NS Niketan LLP. Further, during the period of the investment M/s Vision Comptech Integrators Ltd has also taken a debt on its book through Indiabulls initially and subsequently loan was taken over by HDFC of approximately of Rs. 35 crores. M/s Vision Comptech Integrators Ltd has made payments to M/s Smartworks Coworking Spaces Pvt Ltd during the period FY 2016-17 & FY 2017-18. **It is noted that M/s Vision Comptech Integrators Ltd has received an un-secured loan of Rs.17,12,95,660/- in the F.Y. 2016-17 from M/s Great Barter Pvt Ltd.**

Fund Flow of M/s Vision Comptech Integrators Ltd:-

F.Y	Name of the party to whom fund provided by M/s Vision Comptech	Amounts provided
2016-17	NS Niketan LLP	9,99,50,000
2017-18	NS Niketan LLP	13,35,00,000
2017-18	NS Niketan LLP	15,000
2017-18	NS Niketan LLP	62,50,000
Total		23,97,15,000
2016-17	SNS Infrealty LLP	9,99,50,000
2017-18	SNS Infrealty LLP	7,30,00,000
2017-18	SNS Infrealty LLP	15,000
2017-18	SNS Infrealty LLP	1,48,50,000
Total		18,78,15,000
F.Y	Name of the party from whom fund received by M/s Vision Comptech	Amounts received
2016-17	M/s Great Barter Pvt Ltd	17,12,95,660

Funds flow from Great Barter Pvt Ltd to M/s Smartworks Coworking Spaces Pvt Ltd



As per the bank statement of M/s Vision Comptech Integrators Ltd the amount received from M/s Great Barter Pvt Ltd. has been subsequently transferred mostly to M/s Smartworks Coworking Spaces Pvt Ltd and on few occasions to M/s NS Niketan LLP. In the list of shell entities received from SFIO M/s Great Barter Pvt Ltd has been confirmed as a shell entity and therefore, the funds received from M/s Great Barter Pvt Ltd are suspicious. The same was confronted to Sh. Neetish Sarda during his statement dated 22.04.2022 and he has agreed that M/s Great Barter Pvt Ltd is undergoing proceedings in respect of being alleged to be a Shell entity. Summons u/s 131 were issued to M/s Great Barter Pvt Ltd., however, till date no reply has been received in spite of reminders.

Shareholding, directorship and financial profile of M/s Great Barter Pvt Ltd was also analysed from the ITRs (*Refer Annexure-I*) and it is gathered that M/s Great Barter Pvt Ltd is not doing any business and the directors are non-filers.

Financial Profile of M/s Great Barter Pvt Ltd:-

A.Y.	Name & PAN	Address	Total asset	Total Revenue	GTI
2020-21	Great Barter Private Limited, PAN: AACCG5440R	21A, 3RD FLOOR SHAKESPEARE SARAN WB- 700017	169398425	0	0
2019-20			169713851	0	0
2018-19			275370554	0	0
2020-21	Dhrubajit Banerjee, ALXPB6387P	Non- filers			
2019-20	Sarbesh Kumar Jain, ALUPJ8122B	Non- filers from 2013-14 onwards			
2018-19					

Name of the companies from whom funds received by M/s Great Barter Pvt Ltd:-

Name of the company from whom funds received by M/s Great Barter Pvt Ltd	Remarks

M/s Goldsmith Merchandise Pvt Ltd	This entity is in confirmed list of shell company which was shared by SFIO.
M/s Dedico Vyapaar Pvt Ltd	This entity is in derived list of shell company which was shared by SFIO.
M/s JiwanJyoti Distributors Pvt Ltd	This entity is in confirmed list of shell company which was shared by SFIO.
M/s Dolphin Vintrade Pvt Ltd	This entity is in derived list of shell company which was shared by SFIO.
M/s Midcap Merchants Pvt Ltd	This entity is in confirmed list of shell company which was shared by SFIO.
M/s Megacity Tieup Pvt Ltd	This entity is in derived list of shell company which was shared by SFIO.

Financial profile of above entities are in Annexure-I.

Hence, M/s Great Barter Pvt Ltd is a paper entity/ shell entity used for the purposes of routing unaccounted money. The company has taken the plea that the funds so received from M/s Great Barter Pvt Ltd by M/s Vision Comptech Integrators Ltd has been paid back in the same year itself however, the Company has failed to provide nexus of the funds received from M/s Great Barter in M/s Smartworks with those of the funds returned back. Genuineness of the funds received from M/s Great Barter Pvt Ltd is not proven and the same is liable to be treated as unexplained credits. **Accordingly, an addition u/s 68 of the Income Tax Act, 1961 is proposed to be made in the hands of M/s Smartworks Coworking Spaces Pvt Ltd for AY 2017-18 against the unexplained credits of Rs.17,12,95,660/- for the sums received from both M/s SNS Infrarealty LLP & M/s NS Niketan LLP as they have shown the source as M/s Great Barter Pvt Ltd, a proven shell entity. Also, any interest paid by M/s Smartworks Coworking Spaces Pvt Ltd on such capital should be disallowed for the relevant years.**

5.2 M/s Aryadeep Realestate Pvt Ltd & M/s Pawanshiv Projects Pvt Ltd

M/s Aryadeep Realestate Pvt Ltd has provided funds of Rs. 8,88,00,000 to M/s NS Niketan LLP and M/s SNS Infrarealty LLP which were declared as one of the sources of fund for investing in M/s Smartworks Coworking Spaces Pvt Ltd.

Sh. Neetish Sarda was requested to explain the source of funds in Aryadeep Realestate in response to which it was submitted as follows:-

"Yes, I know M/s AryadeepRealestate Pvt Ltd. The company is in the business of real-estate and got into a development agreement with a company name M/s Roma Builder Pvt Ltd and received an amount of Rs. 10 crore as non –refundable interest free security deposit out of which it invested

Rs 4.5 cores in M/s NS Niketan LLP. The copy of the agreement and details of the M/s AryadeepRealestate Pvt Ltd has been submitted to you."

Similar agreement has been entered with M/s Pawanshiv Projects Pvt Ltd also and in the similar manner the money so received has been utilised to invest Rs. 7.9 Cr in FY 2019-20 in M/s Smartworks Coworking Spaces Pvt Ltd through M/s SNS Infra Realty LLP.

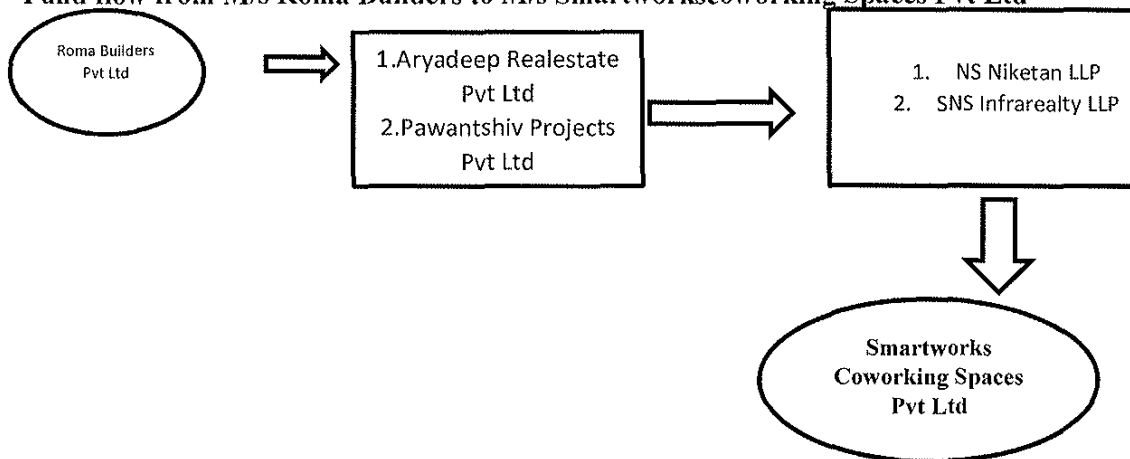
Thus, in case of M/s Aryadeep Realestate, source of Rs. 10 crore is stated to be non-refundable interest free security deposit received from a company name M/s Roma Builder Pvt Ltd for a development agreement. However, on being confronted about the details of the project during the course of statement, Sh. Neetish Sarda was found to be unaware of the status of the project. Another aspect which is noticeable from his reply is that the project has not been yet started and running late/ delayed. The reason cited is that of Covid-19 outbreak. However, on perusal of the agreement between M/s AryadeepRealestate Pvt Ltd and M/s Roma Builders Pvt Ltd placed on record, it is noticed that the agreement has been entered into on **07.12.2017** and as per the clause 4.1.4 of the agreement the construction of 'Warehousing/logistic hub' shall be completed within a period of 3 years from the date of commencement this agreement. Similarly with M/s Pawanshiv Projects Pvt Ltd the agreement was entered by M/s Roma Builders Pvt Ltd on **09.09.2017**. There is the lack of clarity on the part of the response from Sh. Neetish Sarda regarding the reasons for delay. While the Covid-19 outbreak started in India at the end of March 2020 when things came to a halt because of Lockdowns, the project under question could have been brought at the final stage of completion during the period from December 2017 to December 2019 (a period of 2 years). Sh. Neetish Sarda in his statement failed to provide the quantified details of completion status and reasonable justification for the 'delay' mentioned by him. The same narrative has been repeated in the case of the development agreement between M/s Pawanshiv Projects Pvt Ltd and M/s Roma Builders Pvt Ltd.

The companies- M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd have claimed to utilise non-refundable security deposits so received to make investments in M/s Smartworks Coworking Spaces Pvt Ltd through SNS Infra Realty LLP & NS Niketan LLP creates ample reasons to believe that the money so received from M/s Roma Builders Pvt Ltd was diverted to M/s Smartworks Coworking Spaces Pvt Ltd through a web of murky fictitious transactions.

Also, what M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd have provided to M/s Roma Builders Pvt Ltd is the right to construct logistic and warehousing hub thereby exploiting the land area located at 2, B.T. Road in the district of North 24 Parganas, Kolkata as part of the development agreement. The said land has been taken on long term lease from Titagarh PLC. Therefore, the moment when both the development agreements have been executed and the consideration received, the amounts should have been offered to taxation either as Capital gains or business income depending on the treatment of the long term lease agreement over the land in the respective books of accounts of M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd. However, both of them failed to do so and treated the same as an advance in the capital account and avoided paying tax on the same.

Another interesting fact noticed in respect of M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd is the frequent change of shareholders in both the entities. On being confronted, Sh. Neetish Sarda agreed that the persons who had been shareholders of M/s Aryadeep Realestate Pvt Ltd. were employee directors and nominees of the shareholders of group. Documentary evidences of the entire share transfer were requested however, the same were not provided. In the TEP itself it has been alleged that the Sarda Group is using dummy directors/shareholders to run the suspicious entities to route unaccounted money creates solid ground to suspect that the shareholders are benami shareholders. It has also been mentioned by Sh. Neetish Sarda that they are the employees and are nominee shareholders which is nothing but a way of appointing Benami Shareholders. Further, this office has analysed the shareholding and directorship over the years for both M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd (*Refer Annexure-I*).

Fund flow from M/s Roma Builders to M/s Smartworkscoworking Spaces Pvt Ltd



From the financial profiling it is seen that many of the shareholders and directors are common for successive years and many of them have been found to be employees of Sarda group companies. This proves the allegation that the group has been indulging in practices of placing dummy directors and benami shareholders for their ultimate benefit. Therefore, a separate Benami reference is proposed to be made in the case of M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd under the PBPT Act, 1986 to the jurisdictional BPU Unit, Kolkata.

Under the circumstances the amounts of Rs. 10 crores received by M/s Aryadeep Realestate Pvt Ltd and Rs.7.9 Cr. received by M/s Pawanshiv Projects Pvt Ltd from M/s Roma Builders Pvt. Ltd. are liable to be added back to the income of M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd respectively for the AY 2018-19 under the relevant provisions of the Income Tax Act, 1961.

5.3 M/s NilliampathyTracon Pvt Ltd and M/s Blackcherry Commosale Pvt Ltd

M/s SNS Infra Realty LLP received the following amounts which were utilised to provide money to M/s Smartworks Coworking Spaces Pvt Ltd.:-

Sl No	Name of the entity which provided Funds	FY	Amount (Rs)
1	M/s NilliampathyTacon Pvt Ltd	2017-18	1,50,00,000
2	M/s Blackcherry Commosale Pvt Ltd	2017-18	75,00,000

Financial profile of NilliampathyTacon Pvt Ltd(PAN: AABCN0114C).

A.Y.	Address	Total asset	Total Revenue	GTI
2020-21	187, RABINDRA SARANI	117004503	42572559	0
2019-20	WB- 700007	141663177	26664181	16492591
2018-19		121167462	10491788	0
2017-18		123832622	12286943	0

On perusal of the replies received from M/s Nilliampathy Tacon Pvt Ltd, it has been stated that funds received from M/s Nilliampathy Tacon Pvt Ltd were on account of realisation of the FD proceeds from Karur Vysay Bank, but the source of this FD and the banking transaction of the same are not provided. **Therefore, an amount of Rs. 1,50,00,000 is liable to be added in the hands of M/s Smartworks Coworking Spaces Pvt Ltd for AY 2018-19 as unexplained credit u/s 68 of the Income Tax Act, 1961. Also any interest paid by M/s Smartworks Coworking Spaces Pvt Ltd is liable to be disallowed for relevant years.**

5.4 M/s Beltas Merchants Pvt Ltd

On perusal of the replies received regarding the sources of funds of M/s Beltas Merchants Pvt Ltd and the statement of Sh. Neetish Sarda, it has been submitted-

"M/s Beltas Merchants Pvt Ltd is a group entity which is an NBFC of the group and has a net worth of approximately 8 crores. The details will be submitted on 26.04.2022"

As mentioned earlier from 2017-18 to 2018-19 a total of Rs. 7,15,00,000 have been received from M/s Beltas Merchants Pvt Ltd through M/s NS Niketan LLP and M/s SNS Infrareality LLP which ultimately benefited M/s Smartworks Coworking Spaces Pvt Ltd

From the ITR profiling (*Refer Annexure-2*) it is seen that M/s Beltas Merchants Pvt Ltd had no income during the said period and it had only current and non-current liabilities which had been used to provide unsecured loans in the form of short term loans and advances to its related entities only.

The ITR profile of M/s Beltas Merchants Pvt Ltd from FY 2016-17 to FY 2019-20

F.Y.	Investments in Unlisted Equities	Total Short-term loans and advances	Total Assets	Total Current Liabilities	Total Revenue from operations	Total Non-current liabilities	GTI
2016-17	53293570	171090998	224794451	101426459	0	29189638	0
2017-18	49298206	498093143	552357775	21119780	0	438769067	0
2018-19	49410406	488329802	540726552	0	0	420921510	0
2019-20	46277120	299453122	482370089	0	0	268436479	0

Even though the company was having net worth as mentioned by Sh. Neetish Sarda in his statement but on perusal of the details filed with the reply of M/s Beltas Merchants Pvt Ltd the following is noticed:

From the perusal of bank statement of M/s Beltas Merchants Pvt Ltd it has been found that it received funds from M/s Megacity Tieup Pvt Ltd of Rs.80,00,000/- & Rs. 50,00,000/- from M/s Great Barter Pvt Ltd and transferred the same to NS Niketan amounting to Rs.1,30,00,000/-. From ITRs of the M/s Megacity Tie-up for the F.Y. 2016-17 to 2018-19 it has been found that this entity has no substantial revenue and very less GTI. Also, the entity M/s Megacity Tieup Pvt Ltd is in the derived list of shell entities. So, the funds of worth of Rs.80,00,000/- are found to be fictitious. Further, M/s Great Barter which is a shell entity as mentioned earlier, from whom NS Niketan received Rs.50,00,000/- is found to be fictitious. Therefore, the funds worth of Rs.1,30,00,000/- received by NS Niketan from the above two entities are non genuine.

Therefore, the amount of Rs. 1,30,00,000 received from M/s Beltas Merchant Pvt Ltd through various dummy companies is liable to be added to the income of M/s Smartworks Coworking Spaces Pvt Ltd. u/s 68 of the IT Act as unexplained credits for the AY 2018-19. Also, any interest paid by M/s Smartworks Coworking Spaces Pvt Ltd thereof should be disallowed for relevant years.

5.5 M/s Euclix Ship Builders Ltd:- M/s Euclix Ship Builders Ltd it is noticed that the entity had given an unsecured loan of Rs. 9,82,52,916 to M/s Smartworks Coworking Spaces Pvt Ltd in FY 2018-19. Further, M/s Euclix Shipbuilders Pvt Ltd has also provided the following funds to M/s NS Niketan LLP which have been stated to be the source of investments made in M/s Smartworks Coworking Spaces Pvt Ltd by M/s NS Niketan LLP:-

FY	Amount (Rs.)
2017-18	3,75,00,000
2019-20	12,00,00,000
Total	15,75,00,000

Regarding the sources of funds Sh. Neetish Sardar submitted in his statement the following:

"Yes, I am aware of M/s Euclix Shipbuilders Pvt Ltd, the entity has owned a land in Haldia district of West Bengal which is having a total area of 37.53 acres, the said land was sold to a company named M/s Bengal Concession Pvt Ltd. which is in the business of laying gas pipe lines through India and in Bangladesh, The land was sold to M/s Bengal Concession Pvt Ltd. at a price of approx. 40 crores out of which the certain portion was investment in M/s NS Niketan LLP. The details have been submitted."

Interestingly, there is a legal dispute in respect of the project against which the funds were received from M/s Bengal Concession Pvt Ltd. The same is reflected in the audited financials of M/s Euclix Shipbuilders Pvt Ltd as shown below:

<p style="text-align: center;">EUCLIX SHIPBUILDERS LIMITED CIN: U35111WB2007PLC116741 Victoria Park, 9th Floor, Plot No.- GN-37/2, Salt Lake, Sector V, Kolkata - 700 091</p>	
<p style="text-align: center;">NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020</p>	
Amount in Rupees	
<p>(H) Disputed Transfer of Immovable Property at Haldia</p> <p>A plot of land of approximately 37.53 acres was acquired for construction of a factory complex for a shipyard project at Haldia in the financial year 2013-14 by long term lease of 90 years from Haldia Development Authority. The initial expenditure for the project, including pre-operative expenses, and civil work was incurred and capitalized in the earlier years in due course.</p> <p>Thus, the Company was the leasehold owner of a plot of 37.53 acres of land situated at Mouza Matiranchak and Gazipur belonging to the Government of West Bengal under the Haldia Development Authority, together with boundary walls and fences and other appurtenances. By a registered Deed of Assignment dated January 16, 2019, executed between the Governor, Government of West Bengal, this Company and Bengal Concessions Private Limited, the entire leasehold property was assigned in favour of Bengal Concessions Private Limited, absolutely and forever together with all structures and facilities and the Company has relinquished all its rights, titles and interest in the said leasehold property for a consideration of Rs. 402,500,000/- received by the Company. The capital receipt has been disclosed under the head "Other Long-term Liabilities" in the Balance Sheet.</p> <p>Immediately thereafter, on or around May 2, 2019, Snow Well Merchandise LLP filed a lawsuit at the Court of the Learned Civil Judge (Senior Division) at Haldia, being T.S. No. 75 of 2019, disputing the above transfer praying for specific performance of transfer/ assignment of the aforesaid immovable property in its own name instead of Bengal Concessions Private Limited, together with mandatory injunction to the above transfer made and also claiming damages of Rs. 30,62,50,000/-. In the said lawsuit, the petitioner has alleged that the Company had agreed to transfer / assign the immovable property for a consideration of Rs. 21.00 Crores and a sum of Rs. 17,50,000/- was already deposited with the Company for the purpose. The deposit of Rs. 17,50,000/- from Snow Well Merchandise LLP has been disclosed in the Balance Sheet under the head "Other Long-term Liabilities" and the disputed and denied damages has been disclosed as "Contingent Liabilities" in the Balance Sheet.</p> <p>Further, a commission and / or brokerage of Rs. 48,300,000/- was paid to Sunbeam Vanija Private Limited for successful negotiation and execution of this transfer deal with Bengal Concessions Private Limited. The commission has been disclosed as "Other Current Assets" in the Balance Sheet instead of being considered as an expense in view of the above dispute and legal complications.</p> <p>In view of the above circumstances, a complex legal situation has arisen which is open to diverse and conflicting legal interpretations and is sub-judice. The management has therefore kept the accounting thereof in abeyance, until the legal position is conclusively ascertained and clarified so that the proper and correct accounting entries are incorporated in the books of account which are acceptable in law.</p> <p>There has been no change in the status of the situation in the current year</p>	

Sh. Neetish Sardar was requested to provide the details regarding the legal dispute of the funds received from M/s Bengal Concession Pvt Ltd by M/s Euclix Shipbuilders Pvt Ltd.

"As per the best of my knowledge the money has been completely received by Euclix Shipbuilders and I do not have any knowledge about the said dispute."

However, from the notes to account of the audited financials of M/s Euclix Shipbuilders Pvt Ltd for the FY 2019-20 it is noticed that M/s Snow Well Merchandise LLP had filed a lawsuit challenging the assignment of leasehold land to M/s Bengal Concession Pvt Ltd. It is to be mentioned that based on this assignment of leasehold land M/s Euclix Shipbuilders Pvt Ltd received an amount of Rs. 40,25,00,000 which was subsequently used to fund M/s Smartworks Coworking Spaces Pvt Ltd either directly or through M/s NS Niketan LLP. However, on perusal of the shareholding status of M/s Snow Well Merchandise LLP during FY 2019-20 when the law suit was filed as per the ITR for AY 2020-21 it is noticed that M/s Snow Well Merchandise LLP is a group entity like M/s Euclix Shipbuilders Pvt Ltd of the Sardar Group.

SI No	Name of the Partner of the LLP	Partnership
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		Percentage (%)
1	Sh. Ghanshyam Sarda	22
2	Smt. Neeta Sarda	22
3	Sh. Neetish Sarda	11
4	Smt. Saumya Sarda	11
5	M/s YashdeepTrexim Pvt Ltd	11
6	M/s Beltas Merchants Pvt Ltd	11
7	M/s JagadhatriVyapaar Pvt Ltd	1
8	M/s Millenium Securities Pvt Ltd	11

It is strange that a lawsuit is filed against one of its own group concerns in respect of the assignment of leasehold land. Considering the facts of shareholding details and the reply of Sh. Neetish Sarda, it is understood that the legal dispute has been artificially created to evade taxability of the funds received from M/s Bengal Concession Pvt Ltd and invest the same in M/s Smartworks Coworking Spaces Pvt Ltd.

M/s Bengal Concession Pvt Ltd was also requested to provide the details vide summon dated 11.05.2022. From the perusal of documents furnished by M/s Bengal Concession, it has been found that a Lease agreement was signed between Government of West Bengal and M/s Euclix Shipbuilders Pvt Ltd on 18.11.2013. The lease was signed for the purpose of building a factory for the manufacture of SHIPYARD Project in the land situated District PurbaMadenipur, Matiramchak& Gazipur, JLNo.03&04, Police Station Sutahat for consideration of the premium of Rs. 3,75,30,000/-. The lease was signed for leasehold for the 99 years. According to the lease agreement the lessee (M/s Euclix Ship Builders Pvt Ltd) shall pay the rent of the demised premises to the CEO, Haldia Development Authority at the rate of 0.25% of the land value subject to a minimum of Rs.1,000/- per acre per annum. Amount of lease rent shall increase@5% each year. Lease rent shall be paid by 31st March of each year. Thereafter another Memorandum of Understanding was signed between M/s Bengal Concessions Pvt Ltd (BCPL) and M/s Euclix Shipbuilders Ltd on 30.08.2017 through which M/s Euclix Shipbuilders Pvt Ltd transfered its leasehold rights to M/s Bengal Concession with sale consideration of Rs. 37,50,00,000/-.

However, from the reply received from M/s Bengal Concessions Pvt Ltd there was an agreement between M/s Euclix Shipbuilders Ltd and M/s Bengal Concessions Pvt Ltd. in respect of the lease agreement M/s Bengal Concessions Pvt Ltd has made total amounts of Rs.47,59,50,000/- to M/s Euclix Shipbuilders Ltd excluding security deposits. The details of financial transactions are as under:-

S.No.	Nature of Transaction	A.Y	Amount paid
1	Security deposits	2018-19	3,75,00,000
2	Security deposits	2018-19	5,00,00,000
3	Security deposits	2019-20	10,00,00,000
4	Security deposit refund	2019-20	18,75,00,000
5	Consideration paid for sale/transfer and	2019-20	28,74,50,000

6	assignment of lease hold rights	2019-20	18,75,00,000
	Total sale consideration		Rs.47,59,50,000/-

From the perusal of documents furnished by M/s Euclix Shipbuilders, it has been found that M/s Euclix Shipbuilders has shown the aforesaid land as tangible assets worth of Rs. 4,28,57,038/- in its audited balance sheet.

7. Tangible Assets

Euclix Shipbuilders & Logistics Ltd.

2016

Description of Assets	GROSS BLOCK				DEPRECIATION ON STRAIGHT LINE METHOD					WRITTEN DOWN VALUE	
	Opening Balance on 01.04.16	Additions during the year	Disposal/adjustment during the year	Closing Balance on 31.03.17	USEFUL LIFE (YEARS)	As at 01.04.16	For the year	On sale/ disposal during the year	As at 31.03.17	As at 31.03.17	As at 31.03.16
Land:											
Leasehold Land at Haldia	42,857,038			42,857,038						42,857,038	42,857,038
Factory Building:											
Walls and Fences	30,060,894			30,060,894	5	2,075,516	5,711,570		7,787,086	22,273,808	27,985,3
Plant & Equipment:											
Computers & Peripherals	6,900			6,900	3	6,555			6,555	345	3
Total	72,924,832			72,924,832		2,082,071	5,711,570		7,793,641	65,131,191	70,842,761
Previous Year	42,863,938	30,060,894		72,924,832		6,555	2,075,516		2,082,071	70,842,761	42,857,3

8. Capital Work-In-Progress

Description of Assets	GROSS BLOCK			TRANSFER TO FIXED ASSETS ON BEING PUT TO USE				WRITTEN DOWN VALUE	
	Opening Balance on 01.04.16	Additions during the year	Disposal/adjustment during the year	Closing Balance on 31.03.17	As at 01.04.15	For the year	On sale/disposal during the year	As at 31.03.17	As at 31.03.16
For Ship Building Yard Project									
Expenses during construction period		485,760		485,760					
Interest during construction period									
Total		485,760		485,760				485,760	
Previous Year	13,360,894	96,990		13,457,883			13,457,883	13,457,883	13,360,8

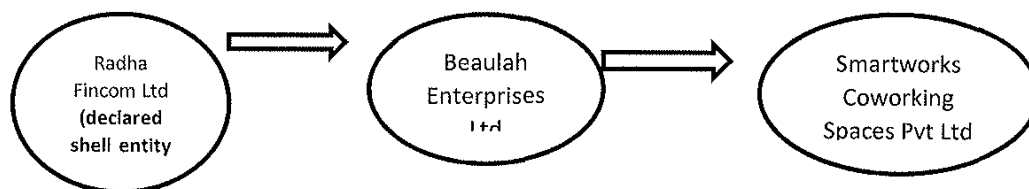
Thus, there exist clear liability on M/s Euclix Shipbuilders Pvt Ltd to declare the proceeds of the land as capital gains but M/s Euclix Shipbuilders Pvt Ltd has failed to do so instead they have adopted the dubious practice of showing the same as a legal dispute and avoided paying the due taxes on the same. **Under the circumstances the consideration amount of Rs. 47,49,50,000 liable for taxation in the hands of M/s Euclix Shipbuilders Pvt Ltd for AY 2019-20 u/s 45 of the Income Tax Act, 1961 with the cost of acquisition being Rs. 4,28,57,038 and full value of consideration being Rs. 47,49,50,000.**

5.6 M/s Beaulah Enterprises Ltd:- M/s Beaulah Enterprises Ltd has invested Rs. 2.30 crore in M/s Smartworks Coworking Spaces Pvt Ltd as unsecured loan in FY 2018-19. However, on the perusal of bank accounts of M/s Beaulah Enterprises Ltd it is seen that the fund has actually been received from M/s Radha Fin Com Ltd which is in the confirmed list of shell entities. The analysis of the Bank statement of M/s Beaulah Enterprises Ltd is shown below:

FUNDS RECEIVED FROM	DATE	CREDIT	FUNDS TRANSFERRED TO	DATE	CREDIT
Radha Fin Com Ltd	22.04.2019	2000000	Smart Work Business Centre P Ltd	22.04.2019	2000059

Radha Fin Com Ltd	25.04.2019	1500000	Smart Work Business Centre P Ltd	25.04.2019	1500059
Radha Fin Com Ltd	26.04.2019	1300000	Smart Work Business Centre P Ltd	26.04.2019	1500059
Radha Fin Com Ltd	30.04.2019	3500000	Smart Work Business Centre P Ltd	30.04.2019	3500059
Radha Fin Com Ltd	02.05.2019	2500000	Smart Work Business Centre P Ltd	02.05.2019	3000059
			Smart Work Business Centre P Ltd	02.05.2019	3000059
			Smart Work Business Centre P Ltd	06.05.2019	1600059
Radha Fin Com Ltd	22.05.2019	3000000	Smart Work Business Centre P Ltd	22.05.2019	4000059
Radha Fin Com Ltd	29.03.2019	1500000	Smart Work Business Centre P Ltd	29.03.2019	2500059
TOTAL		1,53,00,000	TOTAL		2,26,00,531

Fund flow from M/s Radha Fincom Ltd to M/s Smartworks Coworkding Spaces Pvt Ltd



Sh. Neetish Sardha was asked to explain these transactions in his statement u/s 131(1A).

From his response, it is quite evident that amount of Rs.1,53,00,000 was received by M/s Beulah Enterprises Ltd from M/s Radha Fin Com Ltd which is a declared shell entity. Subsequently similar amounts have been transferred on the same day to M/s Smart Work Business Centre P Ltd which is the then name of M/s Smartworks Coworking Spaces Pvt Ltd. Thus, M/s Beulah Enterprises Ltd acted as a conduit to bring unaccounted money to M/s Smartworks Coworking Spaces Pvt Ltd. **Therefore, the amount of Rs. 1,53,00,000 received from M/s Beulah Enterprises Ltd is liable to be added to the income of M/s Smartworks Coworking Spaces Pvt Ltd during the AY 2019-20 relevant to FY 2018-19 u/s 68 of the Income Tax Act, 1961 as unexplained credits. Also any interest paid by M/s Smartworks Coworking Spaces Pvt Ltd thereof should be disallowed for relevant years.**

5.7 Other Funds received by M/s Smartworks Coworking Spaces Pvt Ltd

During the investigation, the company had furnished a list of companies from whom the assessee company had taken unsecured loans. From the list, few companies have been found to have no creditworthiness to give unsecured loans to the assessee company. The details are:

SL.No.	Name	PAN	A.Y	Amount of loans given to M/s Smartworks Coworking Spaces Pvt Ltd (Rs.)
1	Mirador Commercial Private Limited	AABCN7805Q	2019-20	10,00,000
2	P T Infrastructure Private Limited	AAECP4622Q	2019-20	1,50,00,000
3	Shree Ambika Automobile Private Limited	AAMCS6054M	2019-20	2,00,00,000
		Total		Rs. 3,60,00,000

ITR Profiling of companies are as under:-

SL.No.	Name	PAN	A.Y	Amount of loans given to M/s Smartworks Coworking Spaces Pvt Ltd (Rs.)	Total Asset (Rs.)	Total Revenue (Rs.)	GTI (Rs.)
1	Mirador Commercial Private Limited	AABCN7805Q	2020-21	-	52,86,30,801	0	0
			2019-20	10,00,000	53,20,31,457	0	0
			2018-19	-	54,33,72,992	67,25,457	0
2	P T Infrastructure Private Limited	AAECP4622Q	2020-21	-	25704716	15,61,650	137891
			2019-20	1,50,00,000	3,69,03,711	40,16,141	2,02,326
			2018-19	-	1,88,59,795	11,55,460	52,316
3	Shree Ambika Automobile Private Limited	AAMCS6054M	2020-21	-	3,11,71,422	15,05,875	1,36,726
			2019-20	2,00,00,000	6,20,12,838	19,91,262	2,40,106
			2018-19	-	5,86,27,964	27,88,100	2,39,435
		Total		Rs. 3,60,00,000			

The credentials of those companies have been verified from their ITRs. (Refer Annexure-1). Those companies have very nominal revenue compared to the unsecured loans given to assessee company and are operating as conduits for routing of funds.

Therefore, an amount of Rs. 3,60,00,000 is liable to be added in the hands of M/s Smartworks Coworking Spaces Pvt Ltd for FY 2018-19 as unexplained credit u/s 68 of the Income Tax Act, 1961. Also any interest paid by M/s Smartworks Coworking Spaces Pvt Ltd thereof should be disallowed for relevant years. Further commission income @5% on Rs. 3,60,00,000/- amounting to Rs.18,00,000/- should be added in the hand of M/s MIRADOR COMMERCIAL PRIVATE LIMITED(Rs.50,000/-), M/s P T INFRASTRUCTURE PRIVATE LIMITED (Rs.7,50,000/-) & M/s SHREE AMBIKA AUTOMOBILE PRIVATE LIMITED(Rs.10,00,000/-) respectively for the AY. 2019-20 relevant to F.Y. 2018-19.

14/12

6. Various funds received by M/s Smartworks Coworking Spaces Pvt Ltd directly and indirectly through other group entities have been extensively investigated. It is seen that the Sarda Group adopted various means to introduce their unaccounted money generated from other businesses over the years into M/s Smartworks Coworking Spaces Pvt Ltd. including use of various Shell entities, putting benami shareholders in group companies and subsequently giving funds to M/s Smartworks Coworking Spaces Pvt Ltd. Incorporation of M/s SNS INFRAREALTY LLP & M/s NS NIKETAN LLP, as holding companies, was a well-designed strategy for the purposed of routing funds, through various group entities which had unaccounted money. In view of the above findings additions are proposed on account of unexplained transactions as per Annexure in the hand of various entities.

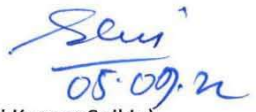
As discussed above the details of Additions proposed are as under:-

F.Y.	Entity in which Addition is proposed	PAN	Reason	Addition (Rs.)	Section
2016-17	M/s Smartworks Coworking Spaces Pvt Ltd	AAWCS5258F	Amount was received from Great Barter Pvt Ltd which is a shell entity. The entities Vision Comptech Integrators Ltd, SNS INFRAREALTY LLP and NS NIKETAN LLP have been used as conduits. No reply received till date from Great Barter Pvt Ltd	17,12,95,660	68
2017-18	M/s Smartworks Coworking Spaces Pvt Ltd	AAWCS5258F	The amount has been received from Nilliampathy Tracon Pvt Ltd through SNS INFRAREALTY LLP. Nilliampathy Tracon has shown the source as an FD with Karur Vysya Bank. However, the same is not shown in the bank statement and for showing the payment trail to SNS only a part of the bank statement is being provided. Therefore, the source of FD is not proven beyond doubt.	1,50,00,000	68
2017-18	M/s Smartworks Coworking Spaces Pvt Ltd	AAWCS5258F	From the perusal of bank statement of M/s Beltas Merchants Pvt Ltd it has been found that it received funds from M/s Megacity Tieup Pvt Ltd of Rs.80,00,000/- & Rs. 50,00,000/- from M/s Great Barter Pvt Ltd and transferred the same to NS Niketan amounting to Rs.1,30,00,000/-. From ITRs of the M/s Megacity Tie-up for the F.Y. 2016-17 to 2018-19 it has been found that this entity has no substantial revenue and very less GTI. Also, the entity M/s Megacity Tieup Pvt Ltd is in the derived list of shell entities. So, the funds of worth of Rs.80,00,000/- are found to be fictitious. Further, M/s Great Barter which is a shell entity as mentioned earlier, from whom NS Niketan received Rs.50,00,000/- is found to be fictitious. Therefore, the funds worth of Rs.1,30,00,000/- received by NS Niketan from the above two entities are non genuine.	1,30,00,000	68
2018-19	M/s Euclix Shipbuilders Pvt Ltd	AABCE7894G	Euclix Shipbuilders Pvt Ltd has owned a land in Haldia district of West Bengal which is having a total area of 37.53 acres, the said land was sold to a company named M/s Bengal	47,49,50,000	45

			Concession Pvt Ltd. which is in the business of laying gas pipe lines through India and in Bangladesh, Euclix Shipbuilders Pvt Ltd was supposed to declare the proceeds of the same as capital gains but Euclix Shipbuilders Pvt Ltd has failed to do so instead they have adopted the dubious practice of showing the same as a legal dispute created artificially through one of the group entities of Sarda named Snow well LLP and avoided paying the due taxes on the same. Euclix Shipbuilders has given a total of Rs 40,25,00,000/- to Smartworks both directly and indirectly.		
2018-19	M/s Smartworks Coworking Spaces Pvt Ltd	AAWCS5258F	M/s Beaulah Enterprises Ltd has invested Rs. 2.30 crore in M/s Smartworks Coworking Spaces Pvt Ltd as unsecured loan in FY 2018-19. However, on the perusal of bank accounts of M/s Beaulah Enterprises Ltd it is seen that the fund has actually been received from M/s Radha Fin Com Ltd which is in the confirmed list of shell entities. From the statement of Sh. Neetish Sarda, it is evident that amount of Rs.1,53,00,000 was received by M/s Beaulah Enterprises Ltd from M/s Radha Fin Com Ltd which is a declared shell entity. Subsequently similar amounts have been transferred on the same day to M/s Smart Work Business Centre P Ltd which is the then name of M/s Smartworks Coworking Spaces Pvt Ltd.	1,53,00,000	68
2018-19	M/s Smartworks Coworking Spaces Pvt Ltd	AAWCS5258F	During the investigation, the company had furnished a list of companies from whom the assessee company had taken unsecured loans. [Mirador Commercial Private Limited of Rs.10,00,000/-, M/s P T Infrastructure Private Limited of Rs.1,50,00,000/-, M/s Shree Ambika Automobile Private Limited of Rs.2,00,00,000/-,] From the list, few companies have been found to have no creditworthiness to give unsecured loans to the assessee company. The credentials of those companies have been verified from their ITRs. Those companies have very nominal revenue compared to the unsecured loans given to assessee company. Therefore, an amount of Rs. 3,60,00,000 is liable to be added in the hands of M/s Smartworks Coworking Spaces Pvt Ltd for FY 2018-19 as unexplained credit.	3,60,00,000	68
2018-19	M/S Mirador Commercial Private Limited	AABCN7805Q	Commission income @5% on Rs.10,00,000/- which was given to the assessee company.	50,000	Income from other sources
2018-19	M/S P T Infrastructure Private Limited	AAECP4622Q	Commission income @5% on Rs.1,50,00,000/- which was given to the assessee company.	7,50,000	Income from other sources
2018-19	M/S Shree Ambika Automobile Private Limited	AAMCS6054M	Commission income @5% on Rs.2,00,00,000/- which was given to the assessee company.	10,00,000	Income from other sources
2017-18	Aryadeep	AAKCA3624R	M/s Aryadeep Realstate Pvt Ltd & M/s	10,00,00,000	AO will

			respective books of accounts of M/s Aryadeep Realestate Pvt Ltd and M/s Pawanshiv Projects Pvt Ltd. However, it failed to do so and treated the same as an advance in the capital account and avoided paying tax on the same.		
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This issues with the prior approval of DGIT(Inv), New Delhi.


 (Seuj Kumar Saikia)
 Dy. Director of Income Tax(Inv.)
 Unit-1(4), New Delhi.

