

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'B' Bench, Hyderabad**

**Before Shri Manjunatha G., Accountant Member**  
**and**  
**Shri Ravish Sood, Judicial Member**

आ.अपी.सं /**ITA No.1101, 1102, 1103, 1104 & 1105/Hyd/2025**  
(निर्धारण वर्ष/Assessment Years: 2012-13 to 2016-17)

Swastik Vegetable Oil Products Private Limited, Hyderabad. PAN: AADCS2224G	Vs.	Assistant Commissioner of Income Tax, Central Circle-2(1), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri Siddharth Toshnival, Advocate	
राजस्व द्वारा/Revenue by:	Dr. Sachin Kumar, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	13/11/2025	
घोषणा की तारीख/Date of Pronouncement:	21/01/2026	

आदेश / ORDER

**PER. RAVISH SOOD, J.M:**

The captioned appeals filed by the assessee company are directed against the respective orders passed by the CIT(Appeals), dated 19.03.2025, which in turn arises from the orders passed by the AO under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021, for the Assessment Years 2012-13 to 2016-17. As certain common issues are involved in the present appeals, therefore, the same are being taken up and disposed of vide a

consolidated order. We shall first take up the appeal for AY 2012-13 and the order therein passed shall apply *mutatis mutandis* for the purpose of disposing of the other appeals. The assessee company has assailed the impugned order of the CIT(Appeals) on the following grounds of appeal before us:

“1) That in the facts and circumstances of the case, the Learned Commissioner (Appeals) erred in not declaring the Proceedings u/s. 153C and the consequent Assessment Order passed u/s. 143(3) r/w Section 153C as invalid and bad in law.

2) That since no Books of Accounts or Documents pertaining to or containing any information relating to Appellant were seized in the search and seizure operations u/s 132, the Learned Commissioner (Appeals) erred in holding that Provision of Section 153C is applicable to Appellant.

3) That without prejudice to above, since there was no Satisfaction of the Assessing Officer of the Searched Person that any Books of Accounts or Documents seized in the search pertain to or contain any information relating to Appellant, the proceeding u/s 153C are without jurisdiction and bad in law and the Learned Commissioner (Appeals) erred in rejecting this plea of Appellant.

4) That the absence of Satisfaction of Assessing Officer of Searched Person that any Books of Accounts or Documents seized in the search pertain to or contain any information relating to Appellant renders the Satisfaction of Appellants Assessing Officer without jurisdiction and bad in law and the Learned Commissioner (Appeals) erred in rejecting this plea of Appellant

5) That without prejudice to above, since the Satisfaction of the Appellants Assessing Officer is recorded after the issue of Notice u/s 153C, the Notice issued u/s 153C is bad in law and the Learned Commissioner (Appeals) erred in rejecting this plea of Appellant.

6) That without prejudice to above, since the Proceedings u/s 153C were initiated on the basis of impounded material being six unsigned

loose sheets containing no reference of Appellant, the Learned Commissioner (Appeals) erred in rejecting Appellants contention that such loose sheets are not Books of Accounts or Documents based upon which proceedings u/s 153C can be initiated.

7) That without prejudice to above, the Learned Commissioner (Appeals) erred in sustaining the addition of Rs. 31,42,000/- as undisclosed sale consideration on sale of land

8) That the Learned Commissioner (Appeals) erred in rejecting the plea of Appellant that no amount over and above the consideration mentioned in the Sale Deed was received and the addition of Rs.31,42,000/- as Undisclosed Sale Consideration was made on the basis of unproved contents of loose sheets, ignoring the material evidence filed by Appellant.

9) That the finding of the Learned Commissioner (Appeals) that details in the loose sheets have property dimensions, sale value and other specifics aligning with property transactions of Appellant and Sworn Statement of the searched person corroborates the contents of loose sheets is erroneous and contrary to the facts and records of the case.

10) That without prejudice to above, the Order passed u/s 143(3) r/w section 153C is bad in law as the approval given u/s 153D for passing such Order is not in accordance with law which makes the Approval given u/s 153D and the Order passed u/s 143(3) r/w section 153C on the basis of such approval invalid.

11) The Appellant craves leave to add, amend or delete any Grounds of Appeal.”

2. Succinctly stated, the assessee company, which is engaged in the business of manufacturing vanaspati and edible oils, had e-filed its original return of income for the Assessment Year 2012-13 on 24.09.2013, declaring an income of Rs. Nil. The return of income filed by the assessee company was processed as such under section 143(1) of

the Act. Original assessment in the case of the assessee company was framed under section 143(3) of the Act, dated 26.02.2015, wherein its returned income was accepted.

3. Thereafter, the search and seizure operations under section 132 of the Act were conducted on 25.10.2017 in the case of “Shanawaz Group”. Based on certain loose sheets stated to have been seized during the said search, proceedings under section 153C of the Act were initiated against the assessee company and the assessment was framed after making an addition of Rs. 31,42,000/- on account of alleged suppression of sale consideration on the sale of land.

4. Aggrieved, the assessee company assailed the assessment order before the CIT(A) but without success. For the sake of clarity, the observations of the CIT(A) are culled out as under:

“6. Decision: the assessee filed its original return of income for the AY 2012-13 on 24/09/2013 declaring total income of Rs. NIL. A Search and Seizure operation under section 132 of the Act was conducted in the case of Shanawaz Group on 25.10.2017. During the course of search, certain information related to M/s. Swastik Vegetable Oil Products Private Limited was found and after recording satisfaction note, the said information was forwarded to the JAO for taking necessary action. Accordingly, a notice u/s.153C of the Act was issued on 24.03.2020 after recording satisfaction and served on the assessee by the JAO. Subsequently, the case was notified to the ACIT Central Circle-2(1), Hyderabad. In response to the notice u/s 153C, the assessee filed the return of income on 08.03.2021, admitting total loss of Rs.8,54,540/-. Subsequently, notices u/s.143(2) and 142(1) were issued to the assessee by the AO. After taking into account the

information filed by the assessee and information available on record, the Assessing Officer completed the assessment u/s.143(3) r.w.s 153C by making an addition of Rs.31,42,000/- towards difference in sale consideration.

6.1 Aggrieved with the order, the appellant filed the present appeal before the CIT(A), raising multiple grounds of appeal as mentioned in para-3 above. Besides regular grounds of appeal, the appellant has raised following two additional grounds which were admitted and are being adjudicated first:

#### 6.2 Ground of Appeal No. 1A

That the proceedings u/s 153C and Order passed u/s 143(3) r/w section 1530 is bad in law as there is no satisfaction of the Assessing Officer of the searched person as mandated u/s 153C(1) and the non-existence of such satisfaction renders the mandated u/s 153C(1) and the non-existence of such satisfaction renders the satisfaction of the appellants Assessing Officer without jurisdiction thus making the proceedings u/s 153C and consequent order passed u/s \_143(3) r/w section 153C bad in law.

#### Ground of Appeal No. 1B

That without prejudice to above, the order passed u/s 143(3) r/w section 1530 is also bad in law as the satisfaction of the Appellant's Assessing Officer is recorded after the issue of notice u/s 153C."

6.2.1. During the appeal proceedings, the appellant filed submissions on the above additional grounds, the summary of the same is as below:

The appellant through additional grounds of appeal challenged the legal validity of the satisfaction recorded by the AO u/s 153C. In ground 1A, the appellant argued that the AO of the searched person did not explicitly record satisfaction that the seized material pertains to or relates to the appellant. In Ground 1B, the appellant contended that the notice u/s 153C was issued before the satisfaction was recorded by the AO.

The satisfaction note of the AO of the searched person mentions the seized material's relevance to the appellant's income for certain assessment years but failed to state that it directly pertains to the appellant. The appellant claimed that section 153C requires the satisfaction to explicitly confirm that the material belongs to or relates to the appellant, and its absence renders the proceedings invalid.

The appellant cited the Hon'ble Supreme Court rulings in CIT us. Calcutta Knitweaves and Super Malls P. Ltd. v. Pr. CIT, as well as CBDT Circular No. 24/2015, to argue that the satisfaction requirement must be met. It is further emphasized that only the jurisdictional AO of the appellant can determine the relationship between the seized material and the appellant.

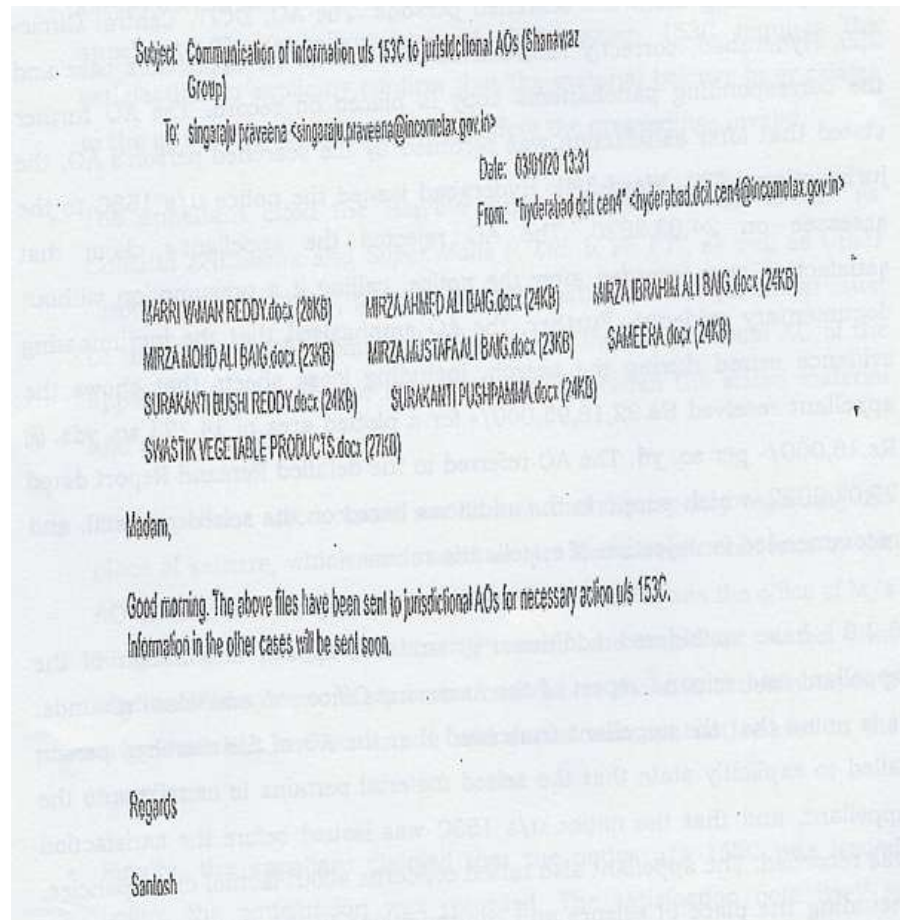
The appellant also pointed out to a factual discrepancy regarding the place of seizure, which was stated as Mr. Shahnawaj's residence by the AO of the searched person, but the actual location was the office of M/s Kings Radio Exim Pvt. Ltd. Further, the appellant noted that Mr. Shahnawaj's sworn statement contradicts the satisfaction note, as it suggested his involvement in real estate ventures not related to the appellant.

Finally, the appellant claimed that the notice u/s 153C was issued before the satisfaction was recorded. The satisfaction note itself is undated, and the appellant argued that this supports its contention that the satisfaction was recorded after the notice, making the proceedings legally invalid.

6.2.2 The Assessing Officer in his remand report dated 09.01.2024 on additional grounds of the appellant submitted that the satisfaction note elaborates that the seized documents contain information about payments made to the appellant for the sale of plots, which exceed the admitted deemed sale consideration. Hence, the AO has concluded that the seized material relates to the appellant. The AO also clarified that the panchanama was drawn for M/s Kings Radio Exim Pvt. Ltd. and Shri Shanawaz during the search, making them the searched persons. The AO, DCIT, Central Circle-2(2), Hyderabad, correctly recorded satisfaction in the appellant's case and the corresponding panchanama copy is placed on record. The AO further stated that after satisfaction was recorded by the searched person's AO, the jurisdictional ITO, Ward-3(4), Hyderabad issued the notice u/s 153C to the assessee on 24.03.2020. The AO rejected the appellant's claim that satisfaction was recorded after the notice, calling it a presumption without documentary evidence. Further, the AO emphasized that the incriminating evidence seized during the search, including loose sheets that shows the appellant received Rs.22,18,95,000/- for a plotted area of 14,793 sq. yds. @ Rs.15,000/- per sq. yd. The AO referred to the detailed Remand Report dated 29.07.2022, which supports the additions based on the seized material, and recommended for rejection of appellant's submission.

6.2.3 1 have considered additional grounds of appeal, submission of the appellant and remand report of the Assessing Officer on additional grounds.

It is noted that the appellant contended that the AO of the searched person failed to explicitly state that the seized material pertains to or relates to the appellant, and that the notice u/s 153C was issued before the satisfaction was recorded. The appellant also raised concerns about factual discrepancies, including the place of seizure and contradictions in the sworn statement of Mr. Shahinwaz. It is observed that the satisfaction note adequately explained the relevance of the seized documents to the appellant's income, and that the panchanama properly identified the searched persons. It is also further observed that after the satisfaction was recorded by the searched person's AO, the notice u/s 153C was issued on 24.03.2020. A scanned copy of e-mail communication with respect to forwarding of information u/s 153C in the case of M/s Swastik Vegetable Oil Products Pvt Ltd (AADCS2224G) sent by the DCIT Central Circle-2(2), Hyderabad to the jurisdictional AO along with scanned copy of proforma for recording satisfaction under section 153C dated 03.01.2020 in the appellant's case is placed below for ready reference:



**PROFORMA FOR RECORDING SATISFACTION UNDER SECTION 153C**  
(to be filled by the Assessing Officer of the person referred to in section 153A)

1	Name of the Group Searched	: SHANAWAZ GROUP
2	Name and PAN of the person referred to in section 153A	: SHRI SHANAWAZ
3	Date of initiation of search in the case of the person referred to in section 153A	: 25.10.2017
4	Name, address, and PAN of the person in whose case action under section 153C is proposed	: AADCS2224G Swastik Vegetable Oil Products Pvt. Ltd. 7-3-141, Gagan Pahad, Rajendranagar, Rangareddy Dist
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material (money/bullion/jewellery/other valuable article or thing/books of account/documents)	: Loose sheets are per Column (f) below
	(b) Description of the seized material	:
	(c) Address of premise/place from where such material was seized	: 19-3-1090, JAHANUMA, HYDERABAD
	(d) Date of seizure of such material	: 25.10.2017
	(e) Particulars of the relevant panchanama	: Panchanama dated 25.10.2017
	(f) Annexure/S. No./Page Number etc. (particulars to be specified)	: A/KR/OFF/03/1-6
6.	Relationship of the person referred to in S.No.2 with the person referred to in S.No.4	: The Person in Sno 4 is a business associate of person mentioned in SNo 2

7. Satisfaction of the Assessing officer of the person referred to in section 153A that the seized material referred to in S.No. 5 belong to the person referred to in S.No.4:

During the course for Search and Seizure in the residential premises of Shri Shanawaz, it was seen that the assessee was a business associate of Shri Shanawaz. One of the ventures done by the group is *Ameen Colony Venture* at Chandrayanagutta.

The company sold 15096 sq.yds. of plots during the FYs 2011-12 to 2015-16 for a total consideration of Rs.7,62,74,820/- and admitted deemed sale consideration of Rs.8,40,36,542/- as per the provisions of Sec. 50C for the purposes of computation of capital gains as per the following details.

::2::

Sl.No.	A.Y.	Land Extent (Syd)	Sale Consideration (Rs.)	Stamp Duty Value (Rs.)
1.	2016-17	132	8,16,320	8,16,320
2.	2015-16	1,144	58,88,000	73,78,880
3.	2014-15	6,883	3,97,15,500	4,32,38,423
4.	2013-14	6,538	2,84,40,000	2,97,59,919
5.	2012-13	399	14,15,000	28,43,000
	<b>TOTAL</b>	<b>15,096</b>	<b>7,62,74,820</b>	<b>8,40,36,542</b>

It was seen from the material impounded (vide copies of Annexure enclosed) at the time of search that the assessee was paid Rs.22,18,95,000/- (SUMMARY SHEET-PAGE 2 OF ENCLOSURE) for 14793 sq.yds. @ Rs.15,000/- per sq.yd. whereas the company admitted the sales at an average rate of Rs.5566/- per sq.yd.

The assessee company admitted sale consideration of Rs. Rs. 8,40,36,542/- in respect of sale of 15,096 sq.yds of land during the FYs 2011-12 to 2015-16 relevant for the asst. years 2012-13 to 2016-17 whereas the assessee received Rs.22,18,95,000/- for sale of 14,795 sq.yds. of land as per the seized documents mentioned above. While the plots were sold at the rate of Rs.15,000/- per sq.yd., the company admitted only about Rs.5566/- per sq.yd. on an average as per the stamp duty valuation. As such, the year-wise suppression of sale consideration is estimated taking the sale value of the plots at Rs.15,000/- per sq.yd. as mentioned in the seized material.

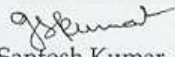
Sl. No.	A.Y.	Land Extent (Syd)	Sale consideration @ Rs.15,000/syd (Rs.)	Sale Consideration as per ROI (Rs.)	Difference (Rs.)
1.	2016-17	132	19,80,000	8,16,320	11,63,680
2.	2015-16	1,144	1,71,60,000	73,78,880	97,81,120
3.	2014-15	6,883	10,32,45,000	4,32,38,423	6,00,06,577
4.	2013-14	6,538	9,80,70,000	2,97,59,919	6,83,10,081
5.	2012-13	399	59,85,000	28,43,000	31,42,000
	<b>TOTAL</b>	<b>15,096</b>	<b>22,64,40,000</b>	<b>8,40,36,542</b>	<b>14,24,03,458</b>

By virtue of above analysis of information, I am satisfied that the transactions have a bearing on the determination of the total income of the assessee for AYs 2012-13 to 2016-17. As such, this is a fit case to invoke the provisions of section 153C.

8.	Assessment years involved	:	2012-13 to 2016-17
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1. Copy of relevant Panchanama enclosed
2. Copy of relevant documents enclosed (A/KR/OFF/03/1-6)

Name and Designation of the AO:

  
G Santosh Kumar  
Dy. Commissioner of Income tax  
Central Circle-2(2), HYDERABAD

Dated: 03.01.2020

Further, a scanned copy of satisfaction note recorded by the JAO is placed below:

**SATISFACTION OF THE ASSESSING OFFICER IN RESPECT OF INITIATION OF 153C PROCEEDINGS IN THE CASE OF M/s SWASTIK VEGETABLE OIL PRODUCTS PVT LTD. (PAN: AADCS2224G) – AY 2012-13.**

During the course of search operation in the residential premises of Shri Shanawaz, it was seen that the assessee was a business associate of Shri Shanawaz. One of the ventures done by the group is Ameen Colony Venture at Chandrayanagutta.

The company sold 399 Sq. Yds of plots during the FY 2011-12 for a total consideration of Rs.14,15,000/- and admitted deemed sale consideration of Rs.28,43,000/- as per provisions of Sec 50C for the purposes of computation of capital gains as per the following details.

S.No	AY	Land Extent (Sq Yd.)	Sale Consideration (Rs.)	Stamp Duty Value (Rs)
1.	2012-13	399	1415000	2843000

It was seen from the material impounded (vide copies of Annexure enclosed) at the time of search that the assessee was paid Rs.22,18,95,000/- (summary sheet-page 2 of enclosure) for 14793 Sq.Yds @ 15,000/- per Sq. Yd. whereas the company admitted the sales at an average rate of Rs. 5566/-per Sq. yd.

The assessee company admitted sale consideration of Rs. 28,43,000/- in respect of sale 399 Sq. Yds of land during the FY 2011-12 relevant for the AY 2012-13 whereas the assessee received Rs. 22,18,95,000/- for sale of 14,795/- Sq. Yds of land as per the seized documents mentioned above. While the plots were sold at the rate of Rs. 15,000/- per Sq. Yd., the company admitted only about Rs. 5566/- per Sq. Yd on an average as per the stamp duty valuation. As such, the year-wise suppression of sale consideration is estimated taking the sale value of the plots at Rs. 15,000/- per Sq. Yd as mentioned in the seized material.

S.No	AY	Land Extent (Sq. Yd)	Sale consideration @ Rs.15,000 per Sq.Yd (Rs.)	Sale consideration as per Rol (Rs.)	Difference (Rs.)
1.	2012-13	399	5985000	2843000	3142000

By virtue of above analysis of information, I am satisfied that the transactions have a bearing on the determination of the total income of the assessee for the AY 2012-13.

As per the provisions of Sec 153C, whereas the Assessing Officer is satisfied that –

- (a) Any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to;  
OR  
(b) Any books of account or documents, seized or requisitioned, pertains or pertain to, or any information contained therein, relates to, a person other than the person referred to

in section 153A, then the books of account or documents or assets, seized or requisitioned shall be handed over to the assessing officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if, that Assessing Officer is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and for the relevant assessment year or years referred to in sub-section (1) of section 153A:

As per the above provisions of Sec 153C, being the jurisdictional officer of M/s Swastik Vegetable Oil Products Pvt Ltd, I am satisfied that the information contained in the seized document pertains to M/s Swastik vegetable Oil Products Pvt Ltd and it has a bearing on the determination of total income of the assessee for the AY 2012-13. Accordingly, a notice u/s 153C is issued on 24.03.2020.

Y. HARIPRASADA RAO  
Income Tax Officer  
Ward-3(4), Hyderabad.

The appellant is contending that the absence of satisfaction recorded by the AO of the searched person renders the proceedings u/s 153C invalid. However, on perusal of the relevant records in possession of the Assessing

Officer, it is seen that the AO i.e., DCIT Central Circle-2(2), Hyderabad had communicated through e-mail to the jurisdictional AO with respect to passing of information u/s 153C in the case of appellant along with satisfaction duly recorded in compliance with the provisions of section 153C of the IT Act on 03.01.2020. It is also seen that the incriminating evidence seized, including records showing payments to the appellant which supported the additions based on the seized material, was also shared with the AO (JAO). Hence, the existence of the satisfaction recorded by the AO of the searched person before initiating proceedings u/s 153C substantiates the validity of the order passed u/s 143(3) rws 153C dated 31.05.2021.

It is seen from the record that the satisfaction has been recorded on 24.03.2020 and notice u/s 153C is issued on the same i.e., on 24.03.2020. The satisfaction note has been supplied to the appellant on 20.04.2020 on the request of the appellant. However, the appellant has erroneously treated the date of communication of satisfaction note to the appellant as the date on which satisfaction was recorded, which is factually incorrect

In light of the above, the additional ground no.1A & 18 raised by the appellant are without merit. Hence, the additional ground no.1A & 1B are dismissed.

6.3. In ground nos.2, 3, 4, and 6 the appellant has challenged the validity of proceedings initiated u/s 153C and raised various objections as under:

That no documents or books of accounts pertaining or containing any information relating to appellant was found in the search.

That the assessment was concluded and unabated on the relevant date in terms of first proviso to section 153C r/w section 153A and no incriminating material pertaining or containing any information relating to appellant was found in the search, the Assessing Officer erred in not repeating the concluded assessment.

That the six loose sheets found during the search are unsigned and handwritten, contain no reference of appellant,

That order passed u/s 153C is bad in law as the same was passed without disposing the objection of appellant to the proceeding u/s 1530.

Since, all these grounds are connected, the same are being adjudicated together.

6.3.1. During the course of appeal proceedings, the appellant submitted consolidated written submissions on 11.10.2024, the essence of which is summarized as under:

The six loose sheets found during the search do not mention the appellant's name, buyer's name, or any details of the land, making them irrelevant to the appellant.

The handwriting on the loose sheets does not belong to the appellant's employees or directors, and the AO has not provided evidence to establish a connection between the loose sheets and the appellant.

The satisfaction note fails to reveal how the loose sheets are linked to the appellant, given the absence of key details and supporting evidence, such as sworn statements.

The satisfaction note incorrectly mentioned the place of seizure as Mr. Shahnawaj's residence, while the loose sheets were actually seized from the office of Kings Radio Exim Pvt. Ltd.

Since no incriminating material was found, the appellant argued that the concluded assessment should have been repeated, in line with section 153C.

The appellant argued that the loose sheets are "non-speaking" documents and cannot be used in the assessment without proving their relevance through admissible evidence.

The appellant cited case laws, including a Hon'ble Supreme Court's decision, to argue that entries in loose sheets are not admissible unless they are part of regularly kept books of account.

6.3.2. I have considered the grounds of appeal, submission of the appellant and the seized material and remand reports. The findings with respect to the validity of notice proceedings u/s 153C are given as under:

As can be seen from the remand report that the seized loose sheets contained details of transactions directly linked to the property owned by the appellant which has not been disputed by the appellant and the appellant itself has disclosed capital gain on the sale of sale land by considering the 50C value of land as full value consideration. Though, the appellant argued that no incriminating documents belonging to the appellant were found, however, AO demonstrated that the content in the loose sheets related to sale consideration for the appellant's land transactions. The land has been sold through GPA holder after subdividing it into various plots over the years. In all these sale deeds, the GPA holder is consenting party and the appellant is represented thorough its partner/Director who was the owner as per the document. The details in the seized loose sheets have property dimensions, sale values, and other specifics aligning with the appellant's property transactions. Further corroborative evidence, including sworn statements of Shri Shanawaj Khan, substantiate that the transactions were linked to the appellant. Hence, nexus between the appellant and the material seized is sufficiently established.

Thus, it is observed that while the loose sheets were unsigned, their content could not be dismissed outright, especially when corroborated by other material like sworn statements and sale deeds. The details in the loose sheets aligned with recorded transactions, strengthening their evidentiary value.

ii) With respect to the arguments that assessment was concluded and unabated; no incriminating material pertaining to the appellant was found, it is noted that the AO is justified invoking section 153C by pointing out that the seized material constituted incriminating evidence revealing suppressed sale consideration. The AO also clarified that the details in the loose sheets provided specific and actionable information about undisclosed income, meeting the threshold for reopening the assessment u/s 153C.

iii) Further, with respect to the discrepancies in satisfaction note pointed out by the appellant have been effectively addressed by the AO in the remand report as under:

"During the course of Search proceedings, the PANCHANAMA was drawn in the name of M/s Kings Radio Exim Pvt. Ltd and Shri Shanawaz, Kings Garden Function Palace Beside Rhythu Bazar Falaknuma Road Madina Colony Hyderabad, Hence, the AO being DCIT, Central Circle-2(2), Hyderabad has correctly recorded satisfaction in the case of assessee. The objections raised by the assessee may be summarily rejected."

Thus, the seized material qualified as incriminating, as it provided details of unaccounted sale consideration. Thus, the provision u/s 153C are rightly invoked, and the claim that the appellant that assessment was concluded without basis is rejected.

iv) With respect to the argument of the assessee that order passed under section 153C without disposing objections raised by the appellant, the AO argued that the objections raised by the appellant were addressed during the assessment proceedings and subsequently in the remand report. The remand report clarified that procedural requirements were adhered to and that the objections were addressed, if any, were addressed at remand report stage. The AO's actions are in compliance with the principles of natural justice, as the appellant was afforded ample opportunity to present its case.

Thus, it is clear that, the AO initiated proceedings under section 1530 based on seized loose sheets, claiming these documents pertained to the assessee. The AO recorded satisfaction after receiving seized material and satisfaction recorded by the searched person AO. Based in the seized material and satisfaction note of the searched person, the AO examined the seized material, linked the seized material to the assessee, based on its contents and also recorded septate satisfaction u/s 153 before issue of notice.

Thus, the discussion above makes it clear that the appellant's objections lacked merit, as the seized material and corroborative evidence sufficiently

linked the appellant to the transactions in question. The proceedings under section 1530 and the assessment order are upheld as valid and legally compliant. Hence, the ground nos.2, 3, 4, and 6 are dismissed.

6.4. In ground no.5, the appellant has contested the validity of addition of Rs.31,42,000/- as undisclosed consideration from sale of land.

6.4.1 During the course of assessment proceedings, the AO observed that the assessee was a business associate of Shri Shanawaz and one of the ventures done by the group was Ameen Colony Venture at Chandrayanagutta. The project was developed after converting the factory land into various plots and selling them to different customers. The AO had seen from the material seized at the time of search that the assessee was paid Rs.22,18,95,000/- for various assessment years towards sale of 14,793 sq. yards of land @ Rs.15,000/- per sq. yard. During the year, the AO after verification noticed that the assessee-company sold 399 sq. yards of plot during the FY 2011-12 relevant to AY 2012-13 for a total consideration of Rs.14,15,000/- and admitted deemed sale consideration of Rs.28,43,000/- as per provisions of section 50C of the IT Act for the purpose of computation of capital gains. In this regard, the AO placed relevant extract of information received, in his assessment order, which is reproduced above in para 4 of this order. From the relevant extract of the information, the AO worked out the suppression of sale consideration for the year under consideration after taking into account the sale consideration @ Rs. 15,000/- per sq. yd.

SNo	AY	Land sold during the year (sq. yd)	Sale consideration @ Rs.15,000/- per sq. yd	Sale consideration admitted in the ROI	Difference
1	2012-13	399	59,85,000	28,43,000	31,42,000

6.4.2 During the course of assessment proceedings, the AO asked the assessee to explain as to why the difference in sale consideration to the tune of Rs.31,42,000/- should not be treated as its income for the year under consideration, but the assessee had not submitted any information in this regard. In the absence of information, the AO treated the difference in sale consideration to the tune of Rs.31,42,000/- as income of the assessee for the year under consideration and accordingly added to the total income of the assessee.

6.4.3 During the course of appeal proceedings, the appellant submitted that it has not received any amount beyond the consideration mentioned in the sale deeds, with the sale consideration properly documented in the books of accounts, which serve as prima facie proof of the transaction u/s 34 of the Indian Evidence Act. The appellant further argued that the onus is on the person alleging otherwise to provide evidence, which the AO has failed to do. The appellant also referred to the Hon'ble Supreme Court's decision in KP

Varghese v ITO, stating that a fictional receipt cannot be considered valid without concrete evidence.

6.4.4 The appellant also submitted that the land in question was acquired in 1971 and transferred to the appellant's partnership firm in 1990, with a subsequent GPA executed by family members in favour of GPA holders who executed the sale deeds. The appellant further submitted that the AO did not present any evidence linking the loose sheets to the appellant's receipt of additional sale consideration and the AO's reliance on a sworn statement from Mr. Shahnawaj is also not agreed, as the statement does not support the claim that the appellant is a business associate of Mr. Shahnawaj or involved in the Ameen Colony venture. The appellant also refuted the claim that plot numbers mentioned in the loose sheets match those on the sale deeds. Based on these facts, the appellant contended that the assessment order u/s 153C is legally bad in law and prayed for deletion of the addition made.

6.4.5 I have gone through the assessment order, seized material, submissions of the appellant, remand report and rejoinder of the appellant. It is observed that the material seized during the search, including the sworn statements, indicates substantial evidence that the land sold in the Ameen Colony venture at Chandrayanagutta was indeed owned by M/s. Swastik Vegetable Oil Products Pvt. Ltd. It is also noted that the land was sold by the company, with the sale deeds properly executed by the relevant parties, Smt. Jasoda Bai Bhangadia and Sri Srivallabh Toshniwal, who were signatories to the sale deed. The loose sheets seized during the search in detailed information including plot numbers, date of sale, sale rate, and corresponding sale consideration, which matches the details recorded in the sale deeds.

6.4.6 Further, the appellant's claim that it did not receive any consideration beyond what was mentioned in the sale deeds is inconsistent with the evidence gathered during the search. The seized documents, including the sworn statement of Mr. Shanawaz, provide clear indication of the additional consideration paid, further corroborating the material found. The appellant's effort to refute the connection between the seized loose sheets and the transactions in question is not substantiated. Therefore, given the alignment of the seized evidence with the sale deeds, the appellant's defence is found to be not sufficient and failed to refute the established facts. Therefore, the addition of Rs.31,42,000/- as undisclosed income, based on the suppression of sale consideration, is justified. Accordingly, the ground no.5 is dismissed.

6.5 The ground no.7 is general in nature and hence need no separate adjudication.

7.0 In the result, the appeal is dismissed.”

5. The assessee company aggrieved with the CIT(A) order has carried the matter in appeal before us.

6. We have heard the Ld. Authorised Representatives of both parties, perused the orders of the authorities below and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by the Ld. AR to drive home his contentions.

7. Shri. Siddharth Toshniwal, Advocate, the Ld. Authorised Representative (for short, "AR") for the assessee company, at the threshold of hearing of the appeal assailed the validity of the jurisdiction assumed by the AO for framing the impugned assessment. Elaborating on his contention, the Ld. AR submitted that the assumption of jurisdiction under section 153C itself is bad in law for want of valid satisfaction and incriminating material. The Ld. AR to support his contention that no assessment under Section 153C could be framed in the absence of incriminating material had relied on the judgment of the Hon'ble High Court of Bombay in the case of Underwater Services Co. Ltd. Vs. ACIT (2022) 448 ITR 691 (Bom). Also, the Ld. AR had pressed into service various judicial pronouncements on the aspect of recording of satisfaction under section 153C of the Act, viz. (i). CIT Vs. Calcutta

Knitwears, Ludhiana (2014) 362 ITR 673 (SC); (ii). Pr. CIT Vs. Milia Tracon P. Ltd. (2025) 473 ITR 155 (Cal); (iii). CIT Vs. SRM Systems & Software Ltd. (2025) 475 ITR 387 (Mad); (iv). CIT Vs. Radhey Shyam Bansal (2011) 337 ITR 217 (Del). Also, the Ld. AR had relied on the CBDT Circular No. 20/2015, dated 31.12.2015/.

8. Alternatively, it was vehemently submitted by the Ld. AR that the assessment framed is vitiated for non-compliance with the mandatory requirement of obtaining a proper and valid approval under section 153D of the Act, inasmuch as a single, omnibus approval was granted by the Additional Commissioner of Income-tax, Central Range-2, Hyderabad for multiple assessment years, i.e., AY 2012-13 to AY 2016-17, which clearly demonstrated the non-application of mind on his part. The Ld. AR to buttress his contention has relied upon certain judgments, viz. (i). ACIT Vs. Serajjuddin & Co. (2023) 454 ITR 312 (Orissa); (ii). Pr. CIT Vs. Shiv Kumar Nayyar (2024) 467 ITR 186 (Delhi); (iii). Inderchand Bajaj Vs. DCIT (2025) 126 ITR (Trib) 500 (Delhi); and (iv). Maleckunnel Philip Varghese Vs. DCIT, Central Circle, ITA No. 243/Ctk/2025.

9. Per Contra, the learned Departmental Representative (for short, "DR") relied upon the orders of the lower authorities and submitted that the AO, based on the incriminating documents pertaining to the

assessee, had after a proper recording of satisfaction as required per the mandate of Section 153C of the Act, validly assumed jurisdiction and framed the assessment vide his order passed under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021. Also, the Ld. DR submitted that as the AO, after validly obtaining the approval under section 153D of the Act, had framed the assessment, therefore, the same cannot be held to be invalid on that count.

10. We have given thoughtful consideration to the contentions advanced by the Ld. Authorised Representatives of both parties in the backdrop of the orders of the authorities below.

11. We shall first deal with the Ld. AR's challenge to the validity of the jurisdiction assumed by the AO under Section 153C of the Act. The Ld. AR's primary contention is that as no valid satisfaction was recorded by the AO of the searched person, and the seized loose sheets neither belonged to nor pertained to the assessee company, therefore, the initiation of proceedings under section 153C was without jurisdiction.

12. On a careful examination of the factual matrix of the present case, we find that the contention of the Ld. AR does not merit acceptance. As observed by us hereinabove, the search and seizure proceedings under

section 132 of the Act were carried out on 25.10.2017 in the case of “Shanawaz Group”. During the course of the said search proceedings, loose sheets and summary statements relating to the sale of plots in “Ameen Colony Venture, Chandrayanagutta” were found and seized. The seized material specifically contained the plot-wise details, viz. extent of land, rate per square yard, total consideration, and summary of payments made to the land owner. Ostensibly, the land forming part of the aforesaid venture, viz. “Ameen Colony Venture” (supra) belonged to the assessee company, and the latter itself had disclosed capital gains arising from the sale of plots out of the same land in its return of income for the relevant assessment year by invoking the deeming provisions of section 50C of the Act. We, thus, in the backdrop of the aforesaid facts, are of a firm conviction that the nexus between the seized material and the assessee’s land transaction stands established on record.

13. Apart from that, we find that the satisfaction note prepared by the AO of the searched person clearly records that the seized material revealed receipt of consideration at Rs. 15,000/- per sq. yard as against the lower consideration disclosed by the assessee company. Also, we find that the satisfaction note along with the seized documents was duly forwarded to the jurisdictional AO of the assessee company through

official communication prior to the issuance of notice under section 153C of the Act. The jurisdictional Assessing Officer had, thereafter, independently recorded his own satisfaction and issued notice to the assessee company under section 153C of the Act.

14. Apropos the Ld. AR's contention that the "loose sheets" are "dumb documents" and thus, are devoid of evidentiary value, we are afraid that the same cannot be accepted in the backdrop of the facts discernible from the record. We say so for the reason that, unlike a situation where loose sheets are completely unconnected or anonymous, the seized material in the present case before us stands corroborated by the admitted sale of land by the assessee company itself, the matching plot details, and the consistent pattern of transactions spread over multiple years. We may herein observe that what is required under section 153C of the Act is a prima facie satisfaction that the seized material pertains to or relates to the assessee and has a bearing on the determination of its income, and not a conclusive proof of undisclosed income.

15. We find that the **Hon'ble Supreme Court** in **CIT vs. Calcutta Knitweaves Ltd. (2014) 362 ITR 673 (SC)**, has held that recording of satisfaction is a *sine qua non* for assumption of jurisdiction under the corresponding search provisions, but it has also been clarified that such


satisfaction need not be in a particular form and has to be examined from the overall substance of the record. In the present case, the existence of satisfaction by both the searched person's Assessing Officer and the jurisdictional Assessing Officer is borne out from the record, Page Nos. 78 – 82 of APB.

16. We therefore hold that, in the backdrop of the facts of the case, the initiation of proceedings under section 153C of the Act in the case before us cannot be faulted. Accordingly, the Ld. AR's contentions, based on which he has challenged the validity of the jurisdiction assumed by the AO under section 153C of the Act, being devoid and bereft of any substance, are rejected. The **Grounds of appeal Nos. 1 to 9** are dismissed.

17. We shall now take up the assessee's challenge to the assessment on the ground of invalid approval under section 153D of the Act.

18. On a perusal of Section 153D of the Act, we find that the same mandates that no assessment order under sections 153A or 153C shall be passed without the prior approval of the Joint Commissioner. The said statutory safeguard is intended to ensure that assessments pursuant to search proceedings are subjected to effective supervisory scrutiny.

19. On perusal of the approval of the Additional CIT, Central Range-2, Hyderabad dated 31/05/2021 under section 153D of the Act, Page 114 of APB, it is noticed that the Additional Commissioner of Income-tax has accorded a single, consolidated approval covering multiple assessment years i.e. AY 2012-13 to AY 2016-17, i.e., including the year under appeal, and that too in a routine and mechanical manner. For the sake of clarity, we herein cull out the approval granted by the Addl. CIT, Central Range-2, Hyderabad, which reads as under:

  
**OFFICE OF THE**  
**ADDL. COMMISSIONER OF INCOME TAX, CENTRAL RANGE-2,**  
**6<sup>th</sup> Floor, AAYAKAR BHAWAN, BASHEER BAGH, HYDERABAD - 500004.**  
**PH. No.: 040-23426017/20; E-mail: hyderabad.addlcit.cen2@incometax.gov.in**  
**F.No.Addl.CIT-CR-2/153D/CC-2(1)/2020-21** **Date: 31-05-2021**

To,  
The Asst. Commissioner of Income Tax,  
Central Circle-2(1), Hyderabad.

Sub: Approval u/s.153D of the I.T. Act, 1961 for completion of assessment in the case of M/s. Swastik Vegetable Oil Products Pvt. Ltd. (PAN: AADCS2224G) – A.Y. 2012-13 to 2016-17 – Reg.  
Ref: Your letter seeking for approval in F.No.ACIT/CC-2(1)/AMR/2020-21 dated 28/05/2021.

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Please refer to the above.

2. Approval is hereby accorded u/s. 153D of the Income Tax Act, 1961 for completion of assessment in the following case:

S. No.	Name of the assessee	PAN	A.Y.	Order u/s.	Income Returned (Rs)	Assessed Income (Rs.)
1	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2012-13	143(3) r.w.s 153C of the I.T. Act	(8,54,540)/-	22,87,460/-
2	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2013-14	143(3) r.w.s 153C of the I.T. Act	15,72,810/-	6,98,82,890/-
3	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2014-15	143(3) r.w.s 153C of the I.T. Act	1,66,260/-	6,01,72,837/-
4	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2015-16	143(3) r.w.s 153C of the I.T. Act	8,28,430/-	1,06,09,550/-
5	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2016-17	143(3) r.w.s 153C of the I.T. Act	NIL	11,63,680/-

3. Copy of the final assessment orders passed should be submitted to this office for record.

4. The assessment records for the A.Y 2012-13 to A.Y. 2016-17 are returned herewith.

  
(R. S. ARVINDHAKSHAN)  
Addl. Commissioner of Income Tax,  
Central Range-2, Hyderabad

Encl: Records in 5 vols.

20. We shall, in the backdrop of the aforesaid approval granted by the Addl. CIT, Central Range-2, Hyderabad, deal with the claim of the assessee company that in the absence of a valid approval, the assessment order passed by the A.O under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021, is invalid and bad in law.

21. Before proceeding further, we deem it apposite to cull out the provisions of Section 153D of the Act as had been made available on the statute vide the Finance Act, 2007 w.e.f. 01.06.2007, as under:

"153D. No order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (b) of subsection (1) of section 153A or the assessment year referred to in clause (b) of sub-section (1) of section 153B, except with the prior approval of the Joint Commissioner:

**Provided** that nothing contained in this section shall apply where the assessment or reassessment order, as the case may be, is required to be passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner under sub-section (12) of section 144BA."

It transpires on a careful perusal of Section 153D of the Act that the same establishes a critical procedural safeguard in the assessment and reassessment process contemplated under sections 153A(1)(b) and 153B(1)(b) of the Act. As per the aforesaid safeguard made available on

the statute by the legislature in all its wisdom, no order of assessment or reassessment, inter alia, pursuant to search & seizure proceedings conducted on the assessee shall be passed by an A.O. below the rank of Joint Commissioner without obtaining the prior approval of the Joint Commissioner. We find that the primary objective of Section 153D is to introduce a higher degree of scrutiny of an assessment order framed pursuant to search proceedings. It is not merely a procedural step but a substantive legal requirement as underscored by the Central Board of Direct Taxes (CBDT) in Circular No.3 of 2008, dated 12.3.2008. The purpose of incorporating the aforesaid statutory provision is to prevent arbitrary or biased decisions by introducing a layer of accountability in the assessment process.

22. We find that the **Hon'ble High Court of Delhi** in the case of **Pr. CIT Vs. Anuj Bansal (2024) 165 taxmann.com 2 (Del)** and the **Hon'ble High Court of Allahabad** in the cases of **Pr. CIT Vs. Sapna Gupta (2023) 147 taxmann.com 288 (All)** and **Pr. CIT Vs. Siddharth Gupta (2023) 450 ITR 534 (All)**, while approving the view taken by the Tribunal, has held that the approving authority is required to apply his independent mind to the material on record for "each assessment year" in respect of "each assessee" separately. Also, it was observed that in case approval

was granted in a mechanical manner without application of mind by the Jt. CIT, then the same vitiated the assessment order. For the sake of clarity, we deem it apposite to cull out the observations of the Hon'ble High Court in Pr. CIT Vs. Sapna Gupta (supra), as under:

**“9.** Considering the submissions of the learned counsel for the parties and having perused the order of the Tribunal, in view of the undisputed facts before us about the manner in which the approval to the draft assessment order was granted under section 153D for the assessment proceedings, by a letter dated 30-12-2017 in 85 cases placed before the approving authority in a single day, we are required to examine as to whether a substantial question of law arises for consideration before us so as to admit the present appeal.

**10.** To answer the same, we are required to go through the relevant provisions of the Income-tax Act. Section 132 provides the procedure for search and seizure operations in consequence of the information in possession of the Income-tax Authorities. Section 153A prescribes assessment in case of search or requisition. Section 153A provides that in the case of a person where a search is initiated under section 132, the Assessing Officer shall issue notice to such person requiring him to furnish within such period, as may be specified in the notice, the return of income in respect of each assessment year falling within six assessment years (and for the relevant assessment year or years) referred to in clause (b), in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and the provisions of this Act shall, so far as may apply accordingly as if such return were a return required to be furnished under section 139.

**11.** Section 153D of the Act relevant for our purposes is to be noted hereinafter:

*153D "Prior approval necessary for assessment in cases of search or requisition.—No order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (b) of [sub-section (1) of] section 153A or the assessment year referred to in clause (b) of sub-section (1) of section 153B, except with the prior approval of the Joint Commissioner."*

Provided that nothing contained in this section shall apply where the assessment or reassessment order, as the case may be, is required to be passed by the Assessing Officer with the prior approval of the [Principal Commissioner or] Commissioner under sub-section (12) of section 144BA.

**12.** The Tribunal while quashing the assessment order had relied upon its earlier decision in *Navin Jain (supra)* wherein a detailed discussion has been made with regard to the requirement of prior approval of superior authority on the draft assessment order under section 153D, before passing the assessment order by the Assessing Officer. It was noted that the word 'approval' though has not been defined in the Income-tax Act but the general meaning of the word 'approval' in Black's Law Dictionary, 6th Edition was to be seen. The decision of the Apex Court in *Vijayadevi Navalkishore Bhartia v. Land Acquisition Officer* [2003] 5 SCC 83 wherein the distinction between Approving Authority and Appellate Authority was drawn, had been noted. The decision of the High Court of Gauhati in *Dharampal Satyapal Ltd. v. Union of India* 2019 (366) ELT 253 has been noted to record that grant of approval means due application of mind on the subject matter approved which satisfies all the legal and procedural requirements. There is an exhaustive discussion on the requirement of prior approval under section 153D of the Act and it was noted that the requirement of approval cannot be treated as mere formality and the mandate of the Act that the Approving Authority has to act in a judicious manner by due application of mind in a manner of a quasi judicial authority, has been considered.

**13.** It was held therein that if an approval has been granted by the Approving Authority in a mechanical manner without application of mind then the very purpose of obtaining approval under section 153D of the Act and mandate of the enactment by the legislature will be defeated. **For granting approval under section 153D of the Act, the Approving Authority shall have to apply independent mind to the material on record for "each assessment year" in respect of "each assessee" separately. The words 'each assessment year' used in Section 153D and 153A have been considered to hold that effective and proper meaning has to be given so that underlying legislative intent as per scheme of assessment of Section 153A to 153D is fulfilled.** It was held that the "approval" as contemplated under 153D of the Act, requires the approving authority, *i.e.* Joint Commissioner to verify the issues raised by the Assessing Officer in the draft assessment order and apply his mind to ascertain as to whether the required procedure has been followed by the Assessing Officer or not in framing the assessment. The approval, thus, cannot be a mere formality and, in any case, cannot be a mechanical exercise of power.

**14.** It was noted that the obligations of the approval of the Approving Authority serves two purposes:

- |     |   |
|-----|---|
| (i) | On the one hand, he has to apply his mind to ensure the interest of the revenue against any omission or negligence by the Assessing Officer in taxing right income in the hands of right person and in right assessment year. |
|-----|---|

(ii)	On the other hand, superior authority is also responsible and duty-bound to do justice with the tax-payer by granting protection against arbitrary or creating baseless tax liability on the assessee.
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**15.** The Tribunal has further noted that the provisions contained in sections 153A to section 153D provide for separate notice to be given to assessee for assessment for each year as specified in section 153A of the Act; the assessee has to file separate ITR for each year as specified in section 153A of the Act; separate assessment orders are to be passed for each year as specified in section 153A of the Act.

**16.** It was observed that this is an important concept mentioned in Section 153A of the Act, which is peculiar to the scheme of the said Section. Keeping in view of this basic fundamental features of Section 153A, **if Section 153D is scrutinized, then, it would become manifest that an important phrase is employed in the text of Section 153D, which is "each assessment year". The reading of the provisions in Section 153A and 153D conjointly makes it clear that separate approval of draft assessment order for each year is to be obtained under section 153D of the Income-tax Act.** In its erudite judgement with the discussion on the legislative intent of Section 153A to 153D and the meaning of the "approval" as defined in Black's Law Dictionary as also the decisions of the Apex Court in the case of *Sahara India(Firm) v. CIT* [2008] 169 Taxman 328/300 ITR 403 (SC) where the discussion on the requirement of prior approval of Chief Commissioner or Commissioner in terms of provision of Section 142(2A) of the Act had been made, it was noted that the Apex Court has held therein that the requirement of previous approval of the Chief Commissioner or Commissioner in terms of the said provision being an in-built protection against arbitrary or unjust exercise of power by the Assessing Officer casts a very heavy duty on the said high ranking authority to see that the approval envisaged in the section is not turned into an empty ritual. The Apex Court has held therein that the approval must be granted only on the basis of material available on record and the approval must reflect the application of mind to the facts of the case.

**17.** The above discussion made in the judgement of Tribunal dated 3-8-2021 in the case of *Navin Jain (supra)* has been relied by the Tribunal, in the instant case, to arrive at the conclusion that the mechanical approval under section 153D of the Act would vitiate the entire proceedings in the instant case.

**18.** For the reasoning given in the case of *Navin Jain (supra)*, as extracted in the impugned order passed by the Tribunal, as noted above, there cannot be any two opinion to the requirement of prior approval of the Joint Commissioner to the draft assessment order prepared by the Assessing Officer, as per the mandate of Section 153D of the Income-tax Act.

**19.** The approval of draft assessment order being an in-built protection against any arbitrary or unjust exercise of power by the Assessing Officer, cannot be said to be a mechanical exercise, without application of

independent mind by the Approving Authority on the material placed before it and the reasoning given in the assessment order. It is admitted by Sri Gaurav Mahajan, learned counsel for the appellant-revenue that the approval order is an administrative exercise of power on the part of the Approving Authority but it is sought to be submitted that mere fact that the approval was in existence on the date of the passing of the assessment order, it could not have been vitiated. This submission is found to be a fallacy, in as much as, the prior approval of superior authority means that it should appraise the material before it so as to appreciate on factual and legal aspects to ascertain that the entire material has been examined by the Assessing Authority before preparing the draft assessment order. It is trite in law that the approval must be granted only on the basis of material available on record and the approval must reflect the application of mind to the facts of the case. The requirement of approval under section 153D is pre-requisite to pass an order of assessment or re-assessment.

**Section 153D requires that the Assessing Officer shall obtain prior approval of the Joint Commissioner in respect of "each assessment year" referred to in clause (b) of sub-section (1) of section 153A which provides for assessment in case of search under section 132. Section 153A(1)(a) requires that the assessee on a notice issued to him by the Assessing Officer would be required to furnish the return of income in respect of "each assessment year" falling within six assessment years (and for the relevant assessment year or years), referred to in clause (b) of sub-section (1) of section 153A.** The proviso to section 153A further provides for assessment of the total income in respect of each assessment year falling within such six assessment years (and for the relevant assessment year or years).

**20.** The careful and conjoint reading of Section 153A(1) and Section 153D leave no room for doubt that approval with respect to "each assessment year" is to be obtained by the Assessing Officer on the draft assessment order before passing the assessment order under section 153A.

**21.** In the instant case, the draft assessment order in 85 cases, *i.e.* for 85 assessment years placed before the Approving Authority on 30-12-2017 was approved on same day *i.e.* 30-12-2017, which not only included the cases of respondent-assessee but the cases of other groups as well. It is humanly impossible to go through the records of 85 cases in one day to apply independent mind to appraise the material before the Approving Authority. The conclusion drawn by the Tribunal that it was a mechanical exercise of power, therefore, cannot be said to be perverse or contrary to the material on record.

**22.** As the facts are admitted before us, the questions of law framed on the factual issues related to the findings recorded by the Assessing Officer are not open to agitate within the scope of the present appeal being in the nature of second appeal. No substantial question of law arises for consideration before us.

23. The Appeal is dismissed being devoid of merit.”

(emphasis supplied by us)

23. Also, we find that the **Hon’ble High Court of Delhi in Pr. CIT Vs. Shiv Kummat Nayyar (2024) 467 ITR 186 (Delhi)**, has taken a similar view and observed that approval under Section 153D of the Act has to be separately granted by the competent authority for each assessment year. The observations of the Hon’ble High Court are culled out as under:

“9. We have heard the learned counsels appearing on behalf of the parties and perused the record.

10. Before embarking upon the analysis of the factual scenario of the instant appeal, we deem it apposite to examine the underlying intent of the relevant provision of the Act *i.e.*, section 153D, which is culled out as under:-

*"153-D. Prior approval necessary for assessment in cases or requisition. — No order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (b) of [sub-section (1) of section 153-A] or the assessment year referred to in clause (b) of sub-section (1) of Section 153-B, except with the prior approval of the Joint Commissioner :*

**Provided** that nothing contained in this section shall apply where the assessment or reassessment order, as the case may be, is required to be passed by the Assessing Officer with the prior approval of the [Principal Commissioner or Commissioner] under sub-section (12) of Section 144-BA."

11. **A plain reading of the aforesaid provision evinces an uncontrived position of law that the approval under Section 153D of the Act has to be granted for "each assessment year" referred to in clause (b) of sub-section (1) of Section 153A of the Act.** It is beneficial to refer to the decision of the High Court of Judicature at Allahabad in the case of *Pr. CIT v. Sapna Gupta* [2023] 147 taxmann.com 288/[2022 SCC OnLine All 1294] which captures with precision the scope of the concerned provision and more significantly, the import of the phrase- "each assessment year" used in the

language of Section 153D of the Act. The relevant paragraphs of the said decision are reproduced as under:-

"13. It was held therein that if an approval has been granted by the Approving Authority in a mechanical manner without application of mind then the very purpose of obtaining approval under Section 153D of the Act and mandate of the enactment by the legislature will be defeated. *For granting approval under Section 153D of the Act, the Approving Authority shall have to apply independent mind to the material on record for "each assessment year" in respect of "each assessee" separately. The words 'each assessment year' used in Section 153D and 153A have been considered to hold that effective and proper meaning has to be given so that underlying legislative intent as per scheme of assessment of Section 153A to 153D is fulfilled.* It was held that the "approval" as contemplated under 153D of the Act, requires the approving authority, i.e. Joint Commissioner to verify the issues raised by the Assessing Officer in the draft assessment order and apply his mind to ascertain as to whether the required procedure has been followed by the Assessing Officer or not in framing the assessment. The approval, thus, cannot be a mere formality and, in any case, cannot be a mechanical exercise of power.

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19. *The careful and conjoint reading of Section 153A(1) and Section 153D leave no room for doubt that approval with respect to "each assessment year" is to be obtained by the Assessing Officer on the draft assessment order before passing the assessment order under Section 153A."*

[Emphasis supplied]

**12.** It is observed that the Court in the case of *Sapna Gupta (supra)* refused to interdict the order of the ITAT, which had held that the approval under Section 153D of the Act therein was granted without any independent application of mind. The Court took a view that the approving authority had wielded the power to accord approval mechanically, inasmuch as, it was humanly impossible for the said authority to have perused and appraised the records of 85 cases in a single day. It was explicitly held that the authority granting approval has to apply its mind for "each assessment year" for "each assessee" separately.

**13.** Reliance can also be placed upon the decision of the Orissa High Court in the case of *Asst. CIT v. Serajuddin & Co.* [\[2023\] 150 taxmann.com 146/292 Taxman 566/454 ITR 312/SCC OnLine Ori 992](#) to understand the exposition of law on the issue at hand. Paragraph no.22 of the said decision reads as under:-

"22. *As rightly pointed out by learned counsel for the assessee there is not even a token mention of the draft orders having been perused by the Additional Commissioner of Income-tax. The letter simply grants an approval. In other words, even the bare minimum requirement of*

*the approving authority having to indicate what the thought process involved was is missing in the aforementioned approval order. While elaborate reasons need not be given, there has to be some indication that the approving authority has examined the draft orders and finds that it meets the requirement of the law. As explained in the above cases, the mere repeating of the words of the statute, or mere "rubber stamping" of the letter seeking sanction by using similar words like "seen" or "approved" will not satisfy the requirement of the law. This is where the Technical Manual of Office Procedure becomes important. Although, it was in the context of section 158BG of the Act, it would equally apply to section 153D of the Act. There are three or four requirements that are mandated therein, (i) the Assessing Officer should submit the draft assessment order "well in time". Here it was submitted just two days prior to the deadline thereby putting the approving authority under great pressure and not giving him sufficient time to apply his mind ; (ii) the final approval must be in writing ; (iii) the fact that approval has been obtained, should be mentioned in the body of the assessment order."*

*[Emphasis supplied]*

**14.** During the course of arguments, learned counsel for the assessee apprised this Court that the Special Leave Petition preferred by the Revenue against the decision in the case of *Serajuddin & Co. (supra)*, came to be dismissed by the Supreme Court *vide* order dated 28.11.2023 in SLP (C) Diary no. 44989/2023.

**15.** A similar view was taken by this Court in the case of *Anuj Bansal (supra)*, whereby, it was reiterated that the exercise of powers under Section 153D cannot be done mechanically. Thus, the salient aspect which emerges from the abovementioned decisions is that grant of approval under Section 153D of the Act cannot be merely a ritualistic formality or rubber stamping by the authority, rather it must reflect an appropriate application of mind.

**16.** In the present case, the ITAT, while specifically noting that the approval was granted on the same day when the draft assessment orders were sent, has observed as under:-

"10. We have gone through the approval granted by the Id. Addl. CIT on 30.12.2018 u/s 153D of the Act which is enclosed at page 36 of the paper book of the assessee. The said letter clearly states that a letter dated 30.12.2018 was filed by the Id. AO before the Id. Addl. CIT seeking approval of draft assessment order u/s 153D of the Act. The Id. Addl. CIT has accorded approval for the said draft assessment orders on the very same day i.e., on 30.12.2018 for seven assessment years in the case of the assessee and for seven assessment years in the case of Smt. Neetu Nayyar *It is also pertinent in this regard to refer to pages 68 and 69 of the paper book which contains information*

*obtained by Smt. Neetu Nayyar from Central Public Information Officer who is none other than the Id. Addl. Commissioner of Income-tax, Central Range-S, New Delhi, under Right to Information Act, wherein, it reveals that the Id. Addl. CIT had granted approval for 43 cases on 30.12.2018 itself. This fact is not in dispute before us. Of these 43 cases, as evident from page 36 of the paper book which contains the approval u/s 153D, 14 cases pertained to the assessee herein and Smt. Neetu Nayyar. The remaining cases may belong to some other assessees, which information is not available before us. In any event, whether it is humanly possible for an approving authority like Id. Addl. CIT to grant judicious approval u/s 153D of the Act for 43 cases on a single day is the subject matter of dispute before us. **Further, section 153D provides that approval has to be granted for each of the assessment year whereas, in the instant case, the Id. Addl. CIT has granted a single approval for all assessment years put together.**"*

**17.** Notably, the order of approval dated 30.12.2020 which was produced before us by the learned counsel for the assessee clearly signifies that a single approval has been granted for AYs 2011-12 to 2017-18 in the case of the assessee. The said order also fails to make any mention of the fact that the draft assessment orders were perused at all, much less perusal of the same with an independent application of mind. Also, we cannot lose sight of the fact that in the instant case, the concerned authority has granted approval for 43 cases in a single day which is evident from the findings of the ITAT, succinctly encapsulated in the order extracted above.

**18.** Therefore, under the facts of the present case, considering the foregoing discussion and the enunciation of law settled through judicial pronouncements discussed hereinabove, we are unable to find any substantial question of law which would merit our consideration.

**19.** Consequently, the appeal stands dismissed. Pending application(s), if any, are also disposed of."

**(emphasis supplied by us)**

Also, a similar view that, as per law, an independent application of mind and separate approval under Section 153D of the Act for each year has to be granted by the competent authority has been taken by the **ITAT**,

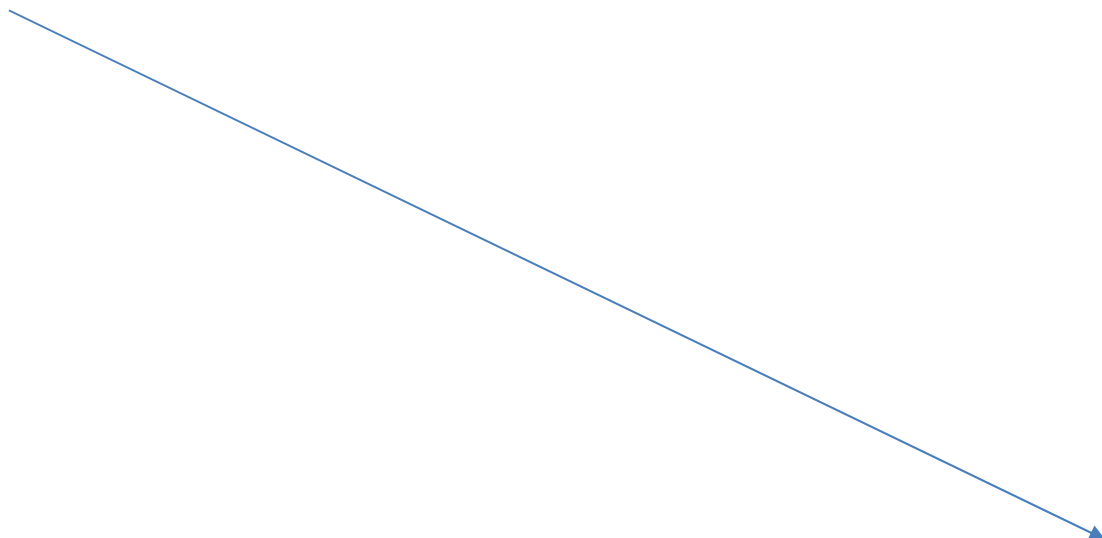
**Delhi in Inderchand Bajaj Vs. DCIT (2025) 126 ITR (Trib) 500 (Delhi); and the ITAT, Cuttack in Maleckunnel Philip Varghese Vs. DCIT, Central Circle, ITA No. 243/Ctk/2025.**


24. Further, we may herein observe that the **Hon'ble Supreme Court** in the case of **ACIT Vs. Serajuddin & CO, SLP (Civil) Diary No.44989/2023 dated 28.11.2023**, has approved the order of the **Hon'ble High Court of Orissa** in the case of **ACIT Vs. Serajuddin & Co. (2023) 454 ITR 312 (Orissa)**, and held that non-compliance with the requirements of Section 153D or granting of approval without proper examination can lead to the invalidation of the assessment order. It was observed that a mere mechanical approval without proper examination and understanding of the draft assessment order or case records of the case vitiated the assessment order. Based on the aforesaid settled position of law, we are of a firm conviction that an approval u/s. 153D of the Act granted after due application of mind and verifying the draft assessment order in the backdrop of the seized material is mandatory for framing of a valid assessment u/s. 153A of the Act.

25. We shall now, in the backdrop of the aforesaid settled position of law, deliberate upon the contentions advanced by the Ld. AR, based on which, he has assailed the validity of the assessment order that is stated

to have been passed by the A.O under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021 in absence of a valid approval u/s. 153D of the Act of the Addl. CIT, Central Range-2, Hyderabad.

26. Admittedly, it is a matter of fact borne from record that the A.O. had vide his common letter dated 28.05.2021, forwarded the "draft assessment orders" for AY 2012-13 to AY 2016-17 to the Addl. CIT, Central Range-2, Hyderabad, for his approval u/s. 153D of the Act, Page 114 of APB. Also, it transpires that the Addl. CIT, Central Range-2, Hyderabad, vide his common letter dated 31.05.2021 had granted approval u/s. 153D of the Act in the case of the assessee company for A.Y.2012-13 to A.Y.2016-17. For the sake of clarity, the letter of the Addl. CIT, Central Range-2, Hyderabad, dated 31.05.2021, granting approval u/s. 153D of the Act is culled out as under:





**OFFICE OF THE  
ADDL. COMMISSIONER OF INCOME TAX, CENTRAL RANGE-2,  
6th Floor, AAYAKAR BHAWAN, BASHEER BAGH, HYDERABAD - 500004.  
PH. No.: 040-23426017/20; E-mail: hyderabad.addlcit.cen2@incometax.gov.in  
F.No.Addl.CIT-CR-2/153D/CC-2(1)/2020-21 Date: 31-05-2021**

To,  
The Asst. Commissioner of Income Tax,  
Central Circle-2(1), Hyderabad.

Sub: Approval u/s.153D of the I.T. Act, 1961 for completion of assessment in the case of M/s. Swastik Vegetable Oil Products Pvt. Ltd. (PAN: AADCS2224G) – A.Y. 2012-13 to 2016-17 – Reg.  
Ref: Your letter seeking for approval in F.No.ACIT/CC-2(1)/AMR/2020-21 dated 28/05/2021.

\*\*\*\*\*

Please refer to the above.

2. Approval is hereby accorded u/s. 153D of the Income Tax Act, 1961 for completion of assessment in the following case:

S. No.	Name of the assessee	PAN	A.Y.	Order u/s.	Income Returned (Rs)	Assessed Income (Rs.)
1	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2012-13	143(3) r.w.s 153C of the I.T. Act	(8,54,540)/-	22,87,460/-
2	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2013-14	143(3) r.w.s 153C of the I.T. Act	15,72,810/-	6,98,82,890/-
3	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2014-15	143(3) r.w.s 153C of the I.T. Act	1,66,260/-	6,01,72,837/-
4	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2015-16	143(3) r.w.s 153C of the I.T. Act	8,28,430/-	1,06,09,550/-
5	M/s. Swastik Vegetable Oil Products Pvt. Ltd.	AADCS2224G	2016-17	143(3) r.w.s 153C of the I.T. Act	NIL	11,63,680/-

3. Copy of the final assessment orders passed should be submitted to this office for record.

4. The assessment records for the A.Y 2012-13 to A.Y. 2016-17 are returned herewith.

(R. S. ARVINDHAKSHAN)  
Addl. Commissioner of Income Tax,  
Central Range-2, Hyderabad

Encl: Records in 5 vols.

27. As observed by us hereinabove, the consistent legal position emerging from the aforesaid High Court judgments is that where the Additional Commissioner accords a common approval for multiple assessment years under section 153D, without independent application of mind to each year, such approval is invalid in the eyes of law and the consequential assessments cannot be sustained. The **Hon'ble High**

**Court of Delhi in PCIT v. Smt. Shreelekha Damani [2019] 410 ITR 466 (Bom)** has categorically held that the approval under section 153D is not an empty formality and that a mechanical approval without due application of mind vitiates the assessment proceedings. Also, the **Hon'ble High Court of Orissa in ACIT v. Serajuddin & Co. [2023] 454 ITR 312 (Orissa)**, has emphasized that the approval under the search assessment provisions must reflect conscious application of mind and that a casual or mechanical approval defeats the very object of the statute.

28. Applying the above settled principles to the facts of the present case, we find that the approval granted under section 153D suffers from the vice of non-application of mind, as a single, omnibus approval has been accorded for multiple years, i.e., AY 2012-13 to AY 2016-17, which reveals that the same was mechanically granted without any independent application of mind by the Addl. CIT, Central Range-2, Hyderabad. Apart from that, a perusal of the approval reveals that there is not even a token mention of the draft orders having been perused by the Additional Commissioner of Income-tax. The letter dated 31.05.2021 simply grants an approval. In other words, even the bare minimum requirement of the approving authority indicating what the thought process involved was is

missing in the aforementioned approval order. Although, we are conscious that elaborate reasons need not be given, there has to be some indication that the approving authority has examined the draft orders and finds that it meets the requirement of the law. However, in the present case the Addl. CIT, Central Range-2, Hyderabad, vide his omnibus approval for the multiple years, i.e., AY 2012-13 to AY 2016-17 has simply stated that the approval is hereby accorded u/s 153D of the Act for the completion of the assessment for the aforementioned years. We, thus, in the backdrop of the aforesaid settled position of law, are of firm conviction that the omnibus approval of the Addl. CIT, Central Range-2, Hyderabad, for the multiple years under Section 153D of the Act had been granted mechanically and without any independent application of mind. Since valid approval under section 153D is a jurisdictional requirement, therefore, the failure to comply with the same renders the present assessment order passed by the AO under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021 as invalid and void ab initio. We, thus, in terms of our aforesaid observations set-aside the CIT(A) order and quash the order passed by the AO under section 143(3) r.w. section 153C of the Income-tax Act, 1961, dated 31.05.2021 for want of valid assumption of jurisdiction.

29. As we have quashed the impugned assessment for want of valid approval under section 153D of the Act, therefore, we refrain from adverting to the other contentions advanced by the Ld. Ar based on which the impugned additions made on the hands of the assessee company have been assailed before us, which, thus, are left open.

30. Resultantly, the assessment order passed by the AO under section 143(3) r.w section 153C of the Act, dated 31.05.2021, for the Assessment Year 2012-13 is quashed, and the appeal filed by the assessee company is allowed in terms of our aforesaid observations.

**ITA Nos. 1102, 1103, 1104 & 1105/Hyd/2025**

**AYs: 2013-14 to AY 2016-17**

31. As the facts and issue involved in the captioned appeal to the extent of the validity of the jurisdiction assumed by the AO for framing the respective assessments for AY 2013-14 to AY 2016-17 remain the same as were there before us in AY 2012-13 in ITA No. 1101/Hyd/2025, therefore, our order therein passed to the said extent shall apply mutatis mutandis to the present case.

32. Resultantly, the assessment orders passed by the AO under section 143(3) r.w section 153C of the Act, dated 31.05.2021, for the AY

2013-14 to AY 2016-17 are quashed, and the respective appeals filed by the assessee company are allowed in terms of our aforesaid observations.

33. In the result, the appeals of the assessee company in ITA Nos. 1101, 1102, 1103, 1104 & 1105/Hyd/2025 for AY 2012-13 to AY 2016-17 are partly allowed in terms of our aforesaid observations.

Order pronounced in the open court on 21<sup>st</sup> January, 2026.

<b>Sd/-</b> <b>(MANJUNATHA G.)</b> <b>ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(RAVISH SOOD)</b> <b>JUDICIAL MEMBER</b>
---	---

Hyderabad,

Dated: 21<sup>st</sup> January, 2026.

**\*\*OKK / SPS**

Copy to:

S.No	Addresses
1	Swastik Vegetable Oil Products Private Limited, 7-3-141, Rajendra Nagar, Gagan Pahad, KV Ranga Reddy, District, Hyderabad, Telangana-500077.
2	Assistant Commissioner of Income Tax, Central Circle-2(1), 6 <sup>th</sup> Floor, Aayakar Bhawan, Basheerbagh, Hyderabad, Telangana-500004.
3	The Pr. CIT, Central Circle, Hyderabad
4	The DR, ITAT Hyderabad Benches
5	Guard File

By Order

Sr. Private Secretary,  
ITAT, Hyderabad.

S.No.	Details	Date
1	Draft dictated on	.2026
2	Draft placed before author	.2026
3	Draft proposed & placed before the Second Member	
4	Draft discussed/approved by Second Member	
5	Approved Draft comes to the Sr. PS/PS	
6	Kept for pronouncement	
7	File came to P.S.	
8	File sent to Bench Clerk	
9	Date on which the file goes to Head Clerk	
10	Date on which file goes to A.R.	
11	Date of Dispatch of order	