

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH MUMBAI**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER &  
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER**

**1. IT(SS)A No. 2226/Mum/2025  
S.A. No. 79/Mum/2025  
(Assessment Year: 2012-13)**

<b>Mansukhlal Meghji Dodhia</b> House No. 104, Dodhia House, New Mavji Compound, Narpoli, Maharashtra-421 302	Vs.	<b>DCIT CC-3, Thane</b> Room No. 12, A Wing, 6 <sup>th</sup> floor, Ashar IT Park, Thane, West, Maharashtra - 400 604
PAN/GIR No. AASPD6746L		
(Applicant)		(Respondent)

**2. ITA No. 2224/Mum/2025  
S.A. No. 80/Mum/2025  
(Assessment Year: 2013-14)**

**3. IT(SS)A No. 2223/Mum/2025  
S.A. No. 81/Mum/2025  
(Assessment Year: 2014-15)**

**4. IT(SS)A No. 2222/Mum/2025  
S.A. No. 82/Mum/2025  
(Assessment Year: 2015-16)**

&

**5. IT(SS)A No. 2225/Mum/2025  
S.A. No. 83/Mum/2025  
(Assessment Year: 2016-17)**

<b>Meghji Mansukhlal Dodhia</b> House No. 104, Dodhia House, New Mavji Compound, Narpoli, Maharashtra-421 302	Vs.	<b>DCIT CC-3, Thane</b> Room No. 12, A Wing, 6 <sup>th</sup> floor, Ashar IT Park, Thane, West, Maharashtra - 400 604
PAN/GIR No. AASPD6746L		
(Applicant)		(Respondent)

Assessee by	Ms. Simran Dhawan, Ld. AR
Revenue by	Shri Rajesh Kumar Yadav, Ld. DR
Date of Hearing	27.01.2026
Date of Pronouncement	11.02.2026

आदेश / ORDER

**PER BENCH:**

These five appeals filed by the assessee for A.Ys. 2012-13 to 2016-17 are directed against common order passed by the Ld. Commissioner of Income Tax (Appeals), Pune-11[hereinafter referred to as “CIT(A)”], dated 30.01.2025, arising out of assessment orders passed by the DCIT, Central Circle-3, Thane [hereinafter referred to as “Assessing Officer”] on 30.09.2021. Along with these appeals, five stay applications bearing S.A. Nos. 79 to 83/Mum/2025 seeking stay of recovery of outstanding demand were also heard together, since the issues involved are common and arise out of the same search action. Therefore, for the sake of convenience and to avoid repetition of facts, all the appeals and stay applications are being disposed of by this consolidated order.

**Facts of the Case**

2. The assessee is an individual and is stated to be associated with the Dodhia Group, which is engaged in the business of manufacturing dye and specialty yarn. A search and seizure action under section 132 of the Income Tax Act, 1961 [hereinafter referred to as “the Act”] was carried out on 27.11.2019 at various business and residential premises of the Dodhia Group, including the assessee and certain concerns and associates.

3. Consequent to the search, the cases were centralized. Notices under section 153A of the Act were issued for the six assessment years preceding the year of search. In response thereto, the assessee filed returns of income declaring the same income as originally returned.

4. During the course of assessment proceedings, the Assessing Officer relied upon certain documents seized during the course of search from premises of associated concerns and employees of the group, namely Viral Textiles and Jinesh Enterprises. The Assessing Officer recorded that the seized documents consisted of hundi papers and promissory notes representing alleged cash borrowings taken by the assessee.

5. The Assessing Officer observed that the proprietors of the said concerns were employees of the group and that during search, the assessee admitted that the documents belonged to him. The Assessing Officer concluded that the amounts reflected in the seized documents represented cash loans taken on hundi and, in absence of satisfactory explanation or documentary substantiation regarding incorporation in books of account, invoked section 69D of the Act and made additions year-wise.

6. For A.Y. 2016-17, the Assessing Officer further made addition of Rs. 1,00,00,000/- under section 68 in respect of unsecured loan received from M/s Vinam Finance Private Limited, holding that the assessee failed to satisfactorily prove identity, creditworthiness and genuineness of the lender.

7. Before Assessing Officer, the assessee contended that the seized documents were merely promissory notes and did not constitute hundi transactions. It was also contended that the documents did not bear the name of the assessee and the alleged borrowings were proposed transactions which did not materialize and therefore constituted “dumb documents”. It was further contended that no corroborative evidence was brought on record to establish receipt or utilization of cash and no incriminating material pertaining to certain assessment years was found during search. The assessee submitted that the additions were made merely on the basis of statements which were subsequently retracted. For A.Y. 2016-17, in respect of addition under section 68, all documentary evidences were furnished to prove identity, creditworthiness and genuineness of lender.

8. The Assessing Officer rejected the submissions and proceeded to make additions. Thereafter, assessments for A.Ys. 2012-13 to 2016-17 were completed on 30.09.2021 under section 143(3) read with section 153A of the Act. The Assessing Officer also initiated penalty proceedings under section 271(1)(c) and charged interest under sections 234A, 234B and 234C of the Act. The relevant particulars of assessments are summarized below:

Particulars	A.Y. 2012-13	A.Y. 2013-14	A.Y. 2014-15	A.Y. 2015-16	A.Y. 2016-17
Section of Assessment	143(3) r.w.s. 153A	143(3) r.w.s. 153A	143(3) r.w.s. 153A	143(3) r.w.s. 153A	143(3) r.w.s. 153A
Returned Income	Rs. 7,34,859/-	Rs. 15,70,260/-	Rs. 12,71,250/-	Rs. 11,25,300/-	Rs. 29,37,100/-
Assessed Income	Rs. 56,34,859/-	Rs. 3,77,53,179/-	Rs. 25,51,22,785/-	As per AO order	Rs. 12,59,37,100/-

**(5)**  
**IT(SS)A No. 2226, 2223, 2222 & 2225/Mum/2025 &**  
**ITA No. 2224/Mum/2025**  
**Mansukhlal Meghji Dodhia**

Major Addition u/s 69D	Rs. 49,00,000/-	Rs. 58,50,000/-	Rs. 41,00,000/-	Rs. 3,28,50,000/-	Rs. 9,74,00,000/-
Addition u/s 68	—	—	—	—	Rs. 1,00,00,000/-
Total Demand (Stay Petition)	Rs. 34,79,428/-	Rs. 36,42,032/-	Rs. 7,89,34,599/-	Rs. 6,38,77,343/-	Rs. 6,53,90,783/-

9. The assessee preferred appeals before CIT(A). The CIT(A) recorded that the search action was validly conducted and that assessments under section 153A were properly framed. The appellate authority held that the seized documents represented actual cash transactions and that the Assessing Officer was justified in invoking section 69D. The CIT(A) did not accept the contention that the documents were merely proposed borrowals or dumb documents.

10. In respect of A.Y. 2016-17, the CIT(A) also upheld the addition of Rs. 1,00,00,000/- under section 68, holding that the assessee failed to satisfactorily discharge the onus cast upon him. The CIT(A) further upheld levy of interest and initiation of penalty proceedings.

11. Pending disposal of the appeals, the assessee filed stay applications for all five assessment years seeking stay of recovery of outstanding demand. It is stated that no amount has been paid towards the disputed demand and no security has been offered. The assessee has sought complete stay of recovery till disposal of

appeals. Since the appeals themselves were heard on merits, the stay applications were also taken up together.

12. Aggrieved by the orders of CIT(A) the assessee is in appeal before us raising following grounds of appeal:

**A.Y. 2012-13 - (ITA No. 2226/MUM/2025)**

*The following grounds of appeal are without prejudice to one another: -*

- 1. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not treating the re-opening of assessment as bad-in-law since the re-opening was entirely based on borrowed satisfaction and without application of mind on the part of the Ld. Assessing Officer.*
- 2. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 49,00,000/- u/s 69D of the Income tax Act ("the Act") on account of alleged cash loan taken on hundi, without any corroborative evidence regarding receipt of alleged cash, its utilization and without dealing with the contention of the appellant that the seized documents were not hundis.*
- 3. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 49,00,000/- even though the document seized is a Promissory Note in ORIGINAL, naming only two parties, indicative of the fact that the transaction was only a proposed borrowal which did not materialize thereby making it 'dumb document'.*
- 4. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 49,00,000/- even though the document seized does not mention of name of the appellant thus making additions on assumption, presumption, surmises and conjectures.*
- 5. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order wherein the Assessing Officer has*

*made addition solely on the retracted statements recorded during the course of search and seizure proceedings.*

6. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the initiation of penalty u/s 271(1)(c) of the Income Tax Act, 1961.*
7. *The appellant craves leave to add to, alter, amend, modify and/or delete all or any of the foregoing grounds of appeal.*

*The appellant prays before the Hon'ble Tribunal to delete the additions made by the AO and confirmed by the Ld. CIT (A) and/or any other relief as the Hon'ble Tribunal may deem fit.*

**A.Y. 2013-14 - (ITA No. 2224/MUM/2025)**

*The following grounds of appeal are without prejudice to one another: -*

1. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not treating the re-opening of assessment as bad-in-law since the re-opening was entirely based on borrowed satisfaction and without application of mind on the part of the Ld. Assessing Officer.*
2. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 58,50,000/- u/s 69D of the Income tax Act ("the Act") on account of alleged cash loan taken on hundi, without any corroborative evidence regarding receipt of alleged cash, its utilization and without dealing with the contention of the appellant that the seized documents were not hundis.*
3. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 58,50,000/- even though the document seized is a Promissory Note in ORIGINAL, naming only two parties, indicative of the fact that the transaction was only a proposed borrowal which did not materialize thereby making it 'dumb document'.*
4. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 58,50,000/- even though the document*

*seized does not mention of name of the appellant thus making additions on assumption, presumption, surmises and conjectures.*

5. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order wherein the Assessing Officer has made addition solely on the retracted statements recorded during the course of search and seizure proceedings.*
6. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the initiation of penalty u/s 271(1)(c) of the Income Tax Act, 1961.*
7. *The appellant craves leave to add to, alter, amend, modify and/or delete all or any of the foregoing grounds of appeal.*

*The appellant prays before the Hon'ble Tribunal to delete the additions made by the AO and confirmed by the Ld. CIT (A) and/or any other relief as the Hon'ble Tribunal may deem fit.*

**A.Y. 2014-15 - (IT(SS)A No. 2223/MUM/2025)**

*The following grounds of appeal are without prejudice to one another: -*

1. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order as it was entirely based on borrowed information from Investigation Wing and without application of mind on the part of the Ld. Assessing Officer.*
2. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 41,00,000/- u/s 69D of the Income tax Act ("the Act") on account of alleged cash loan taken on hundi, without any corroborative evidence regarding receipt of alleged cash, its utilization and without dealing with the contention of the appellant that the seized documents were not hundis.*
3. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 41,00,000/- even though the document seized is a Promissory Note in ORIGINAL, naming only two parties, indicative of the fact that the transaction was only a proposed*

*borrowal which did not materialize thereby making it 'dumb document'.*

4. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 41,00,000/- even though the document seized does not mention of name of the appellant thus making additions on assumption, presumption, surmises and conjectures.*
5. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order wherein the Assessing Officer has made addition solely on the retracted statements recorded during the course of search and seizure proceedings.*
6. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the levy of interest u/s 234A, 234B and 234C of the Act.*
7. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the initiation of penalty u/s 271(1)(c) of the Income Tax Act, 1961.*
8. *The appellant craves leave to add to, alter, amend, modify and/or delete all or any of the foregoing grounds of appeal.*

*The appellant prays before the Hon'ble Tribunal to delete the additions made by the AO and confirmed by the Ld. CIT (A) and/or any other relief as the Hon'ble Tribunal may deem fit.*

**A.Y. 2015-16 - (IT(SS)A No. 2222/MUM/2025)**

*The grounds for A.Y. 2015-16 are identically worded to A.Y. 2014-15 except that the addition challenged is Rs. 3,28,50,000/- u/s 69D.*

**A.Y. 2016-17- (IT(SS)A No. 2225/MUM/2025)**

*The following grounds of appeal are without prejudice to one another: -*

1. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs 1,00,00,000/- u/s 68 of the Act made by the Ld. Assessing Officer in the assessment order passed u/s 143(3) r.w.s 153A of the Income Tax Act dated 30.09.2021 on*

*account of unsecured loan received by the appellant from M/s Vinam Finance Private Limited which was treated as unexplained cash credits though the appellant had duly discharged its onus under section 68, by submitting all the relevant documentary evidences to prove identity and creditworthiness of the lender company and genuineness of the transactions.*

- 2. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs 1,00,00,000/- u/s 68 treating the same as unexplained disregarding and ignoring the relevant material placed on record of the Ld. AO to substantiate the loans thus resulting in grave injustice and arbitrariness.*
- 3. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the additions of Rs. 1,00,00,000/- by holding the lender company as paper/shell/non-genuine entity even though the company was MCA Active both at the time of taking of such loan and at the time of repayment of the loan.*
- 4. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs 1,00,00,000/- on account of unsecured loan without there being any evidence of cash paid at the time of receipt of alleged non-genuine unsecured loan and without there being any evidence of cash received at the time of repayment of alleged non-genuine unsecured loan from/to the company.*
- 5. On the facts and in the circumstances of the appellant's case and in law, the LD. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 1,00,00,000/- on account of relying upon the inquiries conducted by the DDIT (Inv.), Kolkata and statements recorded in the course of such inquiry in relation to M/s Vinam Finance Private Limited, without providing the copy of investigation report or the copies of such statements, thus unjustly incapacitating the appellant from furnishing a rebuttal and with no opportunity of cross examining those persons.*
- 6. On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs. 1,00,00,000/- u/s 68 on account of alleged unexplained cash credit in respect of unsecured loan in the*

- absence of any incriminating material unearthed during course of search carried out on the appellant and making addition solely on the basis of information received from other sources in the proceedings initiated by issue of notice u/s 153A of the Act.*
7. *On the facts and in the circumstances of the appellant's case and in law, the LD. Commissioner of Income Tax (Appeals) erred in upholding the addition to the extent of Rs. 9,74,00,000/- u/s 69D of the Income tax Act ("the Act") on account of alleged cash loan taken on hundi, without any corroborative evidence regarding receipt of alleged cash, its utilization and without dealing with the contention of the appellant that the seized documents were not hundis.*
  8. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs 9,74,00,000/- even though the document seized is a Promissory Note in ORIGINAL, naming only two parties, indicative of the fact that the transaction was only a proposed borrowal which did not materialize thereby making it 'dumb document'.*
  9. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the addition of Rs 9,74,00,000/- even though the document seized does not mention of name of the appellant thus making additions on assumption, presumption, surmises and conjectures.*
  10. *On the facts and the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in placing reliance on the statements of Shri Bhavik Jakharia, Shri Minesh Dodhia, and Shri Bhadresh Dodhia, despite the fact that these were retracted through notarized affidavits dated 08.03.2020.*
  11. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the additions aggregating to Rs 10,74,00,000/- in absence of any incriminating material whatsoever found during the course of search & seizure action, pertaining to the year under consideration.*
  12. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order and deleting the addition made even*

*when the Ld. Assessing Officer did not follow the basic principles of natural justice by*

- i) supplying the appellant with materials collected at its back,*
- ii) supplying copies of all relevant statements of third parties,*
- iii) supplying copies of reports of Investigation and*
- iv) affording opportunity to cross examine the third parties whose statement was relied upon to draw inference against the appellant, despite specific request made by the appellant in response to show cause notice filed by the Appellant.*

13. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in not quashing the assessment order wherein the Assessing Officer has made addition solely on the basis of information received from other sources and without making any enquiries on his own.*

14. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the levy of interest u/s 234B and 234C of the Income Tax Act, 1961.*

15. *On the facts and in the circumstances of the appellant's case and in law, the Ld. Commissioner of Income Tax (Appeals) erred in upholding the initiation of penalty u/s 271(1)(c) of the Income Tax Act, 1961.*

16. *The appellant craves leave to add to, alter, amend, modify and /or delete all or any of the foregoing grounds of appeal.*

*The appellant prays before the Hon'ble Tribunal to delete the additions made by the AO and confirmed by the Ld. CIT (A) and/or any other relief as the Hon'ble Tribunal may deem fit.*

13. During the course of hearing before us, the Ld. Authorised Representative of the assessee assailed the orders of the lower authorities both on jurisdictional as well as on merits.

14. The Ld. Authorised Representative submitted that the addition under section 68 in respect of unsecured loan received from M/s Vinam Finance Private Limited has been made solely on

the basis of statements recorded by the Investigation Wing from Shri Sushil Goyal, an alleged entry operator, certain alleged dummy directors namely Shri Bhavik Jakharia and Shri Minesh Dodhia, and Shri Bhadresh Dodhia. It was contended that the Assessing Officer has not conducted any independent inquiry in the case of the assessee and that the entire addition rests upon third-party statements and an investigation report without any direct evidence linking the assessee with accommodation entries. It was further submitted that copies of such statements were never furnished to the assessee despite specific request and no opportunity of cross-examination was granted. According to the Ld. AR, reliance upon such material without affording opportunity to confront and cross-examine the deponents is violative of principles of natural justice. It was also pointed out that Shri Bhadresh Dodhia subsequently retracted his statement by way of notarized affidavit dated 08.03.2020 and therefore the evidentiary value of the statement stands seriously diluted.

15. The Ld. AR further submitted that the assessee had duly discharged the onus cast under section 68 by placing on record all primary evidences including confirmation from the lender company, PAN details, MCA master data showing the company as active, bank statements evidencing receipt of loan through banking channels, ledger accounts and proof of repayment through banking channels. It was contended that the lender company was "MCA Active" at the time of receipt and repayment of the loan and that the transaction was routed entirely through

banking channels. No material, according to the Ld. AR, has been brought on record to demonstrate that any cash was paid at the time of receipt of loan or that any cash was received back at the time of repayment. It was argued that once identity of the lender, genuineness of the transaction and prima facie creditworthiness are established through documentary evidence, the initial burden under section 68 stands discharged and the burden shifts upon the Revenue to bring cogent material on record, which has not been done in the present case.

16. On the jurisdictional aspect, the Ld. AR submitted that no incriminating material whatsoever relating to the alleged unsecured loan was found during the course of search. It was contended that the addition under section 68 has been made purely on the basis of information received from the Investigation Wing and third-party statements and not on the basis of any seized material relatable to the respective assessment years. The Ld. AR further submitted that for certain assessment years under consideration, the assessments were completed and were not pending as on the date of search and therefore such years fall within the category of unabated assessments. It was argued that in respect of such unabated assessments, no addition can be made in proceedings under section 153A in absence of incriminating material found during the course of search which pertains to those assessment years.

17. With regard to the additions made under section 69D, the Ld. AR submitted that the same are based upon certain documents seized during the course of search which have been described by the Assessing Officer as hundi papers. It was contended that the seized documents are in the nature of promissory notes and not hundis. The Ld. AR submitted that a hundi is a negotiable instrument recognized by mercantile custom, generally transferable and circulated in trade, whereas a promissory note under the Negotiable Instruments Act is merely a bilateral undertaking to pay and does not necessarily carry the attributes of a traditional hundi. It was argued that the seized documents name only two parties, do not bear the name of the assessee and at best reflect proposed borrowals which never materialized. There is no corroborative evidence on record to establish actual receipt of cash by the assessee. In absence of proof of actual borrowing on hundi, invocation of section 69D, according to the Ld. AR, is unsustainable.

18. The Ld. AR further submitted that the seized papers are loose sheets without independent corroboration and therefore fall within the category of “dumb documents”. It was argued that no addition can be sustained merely on the basis of such loose papers in absence of supporting evidence demonstrating actual transaction. The Assessing Officer, according to the Ld. AR, has proceeded on presumption, surmise and conjecture without bringing any independent evidence on record to establish that the assessee had taken cash loans on hundi. It was also emphasized

that the seized documents do not contain the name of the assessee and were not found from the exclusive possession of the assessee. Mere allegation of handwriting or association without forensic examination or conclusive proof, it was argued, cannot establish ownership or authorship so as to fasten liability upon the assessee.

19. The Ld. AR further submitted that the additions have been made on the basis of statements of Shri Sushil Goyal, Shri Bhavik Jakharia, Shri Minesh Dodhia and Shri Bhadresh Dodhia, which are third-party statements. It was contended that such statements, particularly when retracted, cannot form the sole basis of addition in absence of independent corroborative material. It was argued that retracted statements, without contemporaneous corroboration, do not possess conclusive evidentiary value.

20. The Ld. AR also submitted that the issues arising in the present batch of appeals are squarely covered in favour of the assessee by decisions of the Co-ordinate Benches in group concerns of the same Dodhia Group arising out of the search dated 27.11.2019. Reference was made to the decision of the Mumbai Bench in the case of ***Vasupujya Filaments vs DCIT, CC-3, Thane, ITA Nos. 876 to 883/Mum/2025, order dated 25.08.2025***, wherein additions under section 68 were made on account of unsecured loans alleged to be accommodation entries received from Kolkata-based entities including M/s Vinam

Finance Pvt. Ltd. In that case also, the Assessing Officer had relied upon statements of alleged entry operators, dummy directors and the statement of Shri Bhadresh Dodhia recorded under section 132(4), and the addition was supported by the Investigation Wing report. Apart from section 68 addition, issues relating to disallowance under section 69C and addition under section 69D on account of alleged hundi loans were also involved. It was submitted that the Co-ordinate Bench, after examining the seized material, statements recorded during search, documentary evidences furnished by the assessee and the absence of any direct incriminating material linking the assessee with accommodation entries, held that once the assessee had furnished PAN, confirmations, bank statements, financial statements and details of repayment, the initial onus under section 68 stood duly discharged. The Bench also examined the allegation of accommodation entries routed through M/s Vinam Finance Pvt. Ltd., the reliance placed on statements of Shri Minesh Dodhia, Shri Bhavik Jhakharia and Shri Bhadresh Dodhia, and the legal issue relating to absence of incriminating material in unabated assessments and granted relief to the assessee.

21. Further reliance was placed on the decision of the Co-ordinate Bench in the case of ***Chandrika Mansukhlal Dodhia vs DCIT-CC-3, Thane, IT(SS)A No. 199/Mum/2025, order dated 15.04.2025***, wherein the Bench examined the legal position relating to section 153A and incriminating material and also

considered the evidentiary value of statements recorded during search. It was submitted that the factual matrix in the present appeals is identical inasmuch as the same lender company is involved, the same search action dated 27.11.2019 forms the basis of the proceedings, the same statements are relied upon by the Assessing Officer and the same Investigation Wing report constitutes the foundation of the additions. It was therefore contended that the issues being squarely covered by the decisions of the Co-ordinate Benches in group cases arising from the same search, the present appeals deserve to be allowed by following the said binding precedents.

22. The Ld. Departmental Representative vehemently opposed the legal ground raised by the assessee challenging the validity of the assessment under section 153A on the plea of absence of incriminating material. It was submitted at the outset that such a specific legal ground was not properly urged before the Ld. CIT(A) in the manner now canvassed and therefore the assessee ought not to be permitted to expand the scope of the appeal by raising a new jurisdictional contention for the first time before the Tribunal. Without prejudice, the Ld. DR submitted that even on merits the objection is devoid of substance.

23. Drawing our attention to paragraph 7 at page 2 of the assessment order and to the detailed discussion in pages 3 to 14 thereof, the Ld. DR submitted that the Assessing Officer has categorically recorded the incriminating material unearthed

during the course of search conducted on 27.11.2019 in the case of the Dodhia Group including the present assessee. It was pointed out that incriminating documents in the nature of hundi papers were seized from the premises of Viral Textiles, the proprietorship concern of Shri Viral Dhanani, and Jinesh Enterprises, the proprietorship concern of Shri Jinesh Dodhia, both being entities connected with and controlled by the Dodhia Group. The Assessing Officer has recorded that these proprietors were merely employees of the group and had no independent knowledge of the business activities carried out in their names and were signing documents on the instructions of the group. The seized hundi papers, as recorded in the assessment order, were directly relatable to the assessee and pertained to borrowings aggregating to Rs. 17,08,00,000/-.

24. The Ld. DR further submitted that the assessment order specifically notes that during the course of search proceedings the assessee accepted that the hundi papers belonged to him. The Assessing Officer had issued various notices calling upon the assessee to explain the nature and source of the cash borrowings reflected in such hundi papers; however, the assessee failed to furnish satisfactory details. A final show cause notice was thereafter issued referring to the seized hundi documents and the amounts involved. It was therefore contended that the assessment is squarely founded on material seized during the search and not on any extraneous or borrowed information. The

plea of absence of incriminating material is, according to the Ld. DR, factually incorrect and contrary to the record.

25. It was further submitted that in the present case the search was conducted in the assessee's own case as part of the coordinated Dodhia Group action and therefore the jurisdiction under section 153A stands properly assumed. The concept of "borrowed satisfaction", according to the Ld. DR, is wholly inapplicable where the incriminating documents have been seized from premises directly connected with the assessee and his group concerns and are supported by statements recorded under section 132(4). The evidentiary presumption under section 292C of the Act was also pressed into service to submit that the contents of the seized documents are presumed to be true unless rebutted by cogent evidence.

26. In relation to the addition under section 68 concerning unsecured loan received from M/s Vinam Finance Pvt. Ltd., the Ld. DR drew attention to page 14 of the assessment order and the elaborate findings recorded therein. It was submitted that during the course of search and subsequent investigation, it was found that the assessee had obtained unsecured loans from M/s Vinam Finance Pvt. Ltd., which upon enquiry was discovered to be a paper/shell company. Although the company was registered in Kolkata, its directors Shri Bhavik Jakharia and Shri Minesh Dodhia were based in Bhiwandi and were directly connected with the Dodhia Group.

27. The Ld. DR pointed out that the residence of Shri Minesh Dodhia was covered under section 132 and his statement was recorded under section 132(4). The statement of Shri Bhavik Jakharia was recorded under section 131. Further, a commission under section 131(1)(d) was issued to the Investigation Wing at Kolkata for conducting enquiry into the affairs of M/s Vinam Finance Pvt. Ltd. The Investigation Wing provided the statement of Shri Sushil Goyal, a known entry operator, who categorically admitted that he was engaged in providing bogus accommodation entries through various companies floated with dummy directors. In response to Question No. 9 in his statement, Shri Sushil Goyal furnished the list of companies controlled and managed by him, which specifically included M/s Vinam Finance Pvt. Ltd. In response to Question No. 13, he admitted that dummy directors were appointed in such companies and that these entities were created solely for routing unaccounted money in the guise of unsecured loans, share capital or premium.

28. The Ld. DR further relied upon the statements recorded under section 132(4) from group members, including Shri Bhadresh Dodhia, who admitted that funds were routed through M/s Vinam Finance Pvt. Ltd. for the benefit of the Dodhia Group. It was submitted that the evidentiary value of statements recorded under section 132(4) is substantial and cannot be brushed aside merely on the basis of a subsequent retraction unless supported by credible and contemporaneous evidence. In the present case, according to the Ld. DR, the retraction was

belated and unsupported by any material demonstrating coercion or duress.

29. The Ld. DR submitted that the cumulative material comprising seized hundi papers, statements recorded under sections 132(4) and 131, and the investigation findings clearly establish that M/s Vinam Finance Pvt. Ltd. was a shell entity used for providing accommodation entries and that the unsecured loan shown by the assessee was not a genuine transaction. Mere production of confirmation, PAN details or MCA master data showing "Active" status, according to the Ld. DR, cannot override the substantive evidence collected during search demonstrating the modus operandi of routing unaccounted money. It was contended that the Assessing Officer was therefore fully justified in treating the unsecured loan received from M/s Vinam Finance Pvt. Ltd. as unexplained cash credit under section 68 and in making the corresponding additions, which have been correctly upheld by the Ld. CIT(A).

30. In reply to the objection of the Ld. DR that the ground regarding absence of incriminating material was not raised before the Ld. CIT(A), the Ld. AR invited attention to paragraph 67 of the appellate order wherein the Ld. CIT(A) has specifically recorded that the assessee had taken a technical ground contending that no addition could be made in absence of incriminating material found during search. It was pointed out that the Ld. CIT(A) has noted the assessee's contention that, in case of unabated

assessments, additions under section 153A cannot be sustained without search-based incriminating material and has also recorded reliance on the decision of the Hon'ble Supreme Court in PCIT vs. Abhisar Buildwell (P) Ltd. The Ld. AR further submitted that the said ground was not only recorded but was also adjudicated by the Ld. CIT(A) in paragraphs 68 to 70.2 of the order. It was therefore contended that the jurisdictional issue was specifically raised and decided before the first appellate authority and the objection of the Ld. DR is factually incorrect.

31. We have carefully considered the rival submissions, perused the assessment orders, the impugned orders of the Ld. CIT(A), the written submissions filed by the Ld. DR, the paper book placed on record and the judicial precedents relied upon by both sides.

32. The Ld. DR objected that the assessee did not raise the ground relating to absence of incriminating material before the Ld. CIT(A). We find from paragraph 67 of the appellate order that the Ld. CIT(A) has expressly recorded that the appellant had raised a technical ground that no addition could have been made in absence of incriminating material found during search. The Ld. CIT(A) has further recorded reliance on the decision of the Hon'ble Supreme Court in PCIT vs Abhisar Buildwell (P) Ltd. and thereafter adjudicated the issue in paragraphs 68 to 70.2. Thus, the factual position clearly demonstrates that the ground was not only raised but adjudicated upon. The objection of the Ld. DR

that the issue is raised for the first time before us is factually incorrect and accordingly rejected.

33. The central issue concerns the jurisdiction under section 153A in respect of unabated assessments. The Hon'ble Supreme Court in PCIT vs Abhisar Buildwell (P) Ltd. [149 taxmann.com 399 (SC)] has held in paragraph 14:

*“In case no incriminating material is unearthed during the search, the AO cannot assess or reassess taking into consideration other material in respect of completed assessments/unabated assessments. Meaning thereby, in respect of completed/unabated assessments, no addition can be made by the AO in absence of any incriminating material found during the course of search...”*

Thus, for unabated years, existence of incriminating material relatable to that assessment year is a sine qua non.

34. In the present case, the Revenue relies upon seized hundi papers, statements of Shri Bhadresh Dodhia, statements of directors of Vinam Finance, statement of entry operator Shri Sushil Goyal. The crucial question is whether the material seized demonstrates year-specific undisclosed income of the assessee.

35. In the decision of **Vasupujya Filaments** (para 20 to 25), the Co-ordinate Bench, while examining identical search action dated 27.11.2019, held that once the assessee has furnished primary documentary evidences under section 68 and there is no direct incriminating material linking the assessee to accommodation entries for the relevant assessment year, addition cannot be sustained merely on general statements. The Bench in para 23

observed in substance that statements of alleged entry operators, without specific nexus to the assessee's transaction for the year under consideration, cannot ipso facto justify addition. Similarly, in **Chandrika Mansukhlal Dodhia** (paras 5.1 to 7), the Co-ordinate Bench examined the scope of section 153A and held that for completed assessments, addition must be founded on incriminating material discovered during search and not on general investigation reports. Applying the above ratio, we now examine the additions on merits.

36. The addition under section 68 i.e. Loan from M/s Vinam Finance Pvt. Ltd. is primarily based on statement of Shri Sushil Goyal admitting to providing accommodation entries through various companies including Vinam Finance, statements of Shri Bhavik Jakharia and Shri Minesh Dodhia, statement of Shri Bhadresh Dodhia recorded under section 132(4) and Investigation Wing report. The assessee has placed on record Confirmation from lender, PAN, MCA master data showing active status, bank statements, ledger accounts, repayment through banking channel. Under section 68, the assessee must establish Identity, Creditworthiness and Genuineness of transaction. In **Vasupujya Filaments** (para 22), the Co-ordinate Bench held that where PAN, confirmations, bank statements and repayment details are furnished, the initial onus stands discharged, and the burden shifts to the Revenue to establish that the transaction is sham. The Co-ordinate Bench further held that merely because the lender was found to be controlled by entry operators, it does not

automatically lead to addition unless there is direct evidence showing that the assessee introduced its own unaccounted money. In the present case, we find that no evidence of cash trail has been brought on record. There is no material demonstrating that cash was paid at the time of receipt or that repayment was preceded by cash deposits. The addition rests primarily on general modus operandi and third-party statements.

37. The Revenue relies heavily upon statements recorded under section 132(4). It is settled that such statements have evidentiary value. However, the law equally requires corroboration when the statement is retracted. In CIT vs Sunil Aggarwal [64 taxmann.com 107 (Delhi)], the Hon'ble Delhi High Court held that retracted statement requires corroboration for sustaining addition. In the present case, Shri Bhadresh Dodhia retracted his statement by affidavit dated 08.03.2020. The Revenue contends that the retraction was delayed. We find that apart from the statement, no independent material has been brought on record establishing that the assessee received accommodation entry in the impugned assessment year. As held in Vasupujya Filaments (para 24), addition cannot be sustained solely on general statements of alleged entry operators without linking evidence. Thus, while statement under section 132(4) carries weight, in absence of corroborative material connecting the assessee's specific transaction to alleged cash routing, addition under section 68 cannot be sustained merely on such statements.

38. In case of addition under section 69D i.e. alleged hundi loans, the Assessing Officer has treated seized documents as hundi papers and invoked section 69D. The assessee contends that the documents are promissory notes and not hundis. A hundi is a negotiable instrument in vernacular usage, typically used in indigenous banking, and may include a bill of exchange element. It generally involves drawer, drawee and payee. A promissory note, under section 4 of the Negotiable Instruments Act, is an unconditional undertaking signed by the maker to pay a certain sum to a specified person. In the present case, the assessee contends that the documents name only two parties and reflect proposed borrowings and do not contain endorsement features typical of hundi transactions. We find that the characterization must depend on substance and surrounding evidence. In **Vasupujya Filaments** (para 25), the Co-ordinate Bench examined similar alleged hundi documents and held that in absence of corroborative evidence of actual cash movement, addition under section 69D cannot be sustained merely on loose papers.

39. The assessee argues that the seized papers are “dumb documents”. In **Pravinbhai Keshavbhai Patel [2014] 45 taxmann.com 533 (Ahmedabad)** as relied by Revenue, the Co-ordinate Bench held that a duly stamped, signed document reflecting amount and details cannot be termed dumb document. However, the principle that emerges is that loose sheets without corroboration cannot be sole basis of addition unless supported

by independent material. In the present case, no evidence of actual cash receipt has been brought on record. No lender has been examined to prove actual cash disbursement. Thus, the seized documents, even if treated as hundis, require corroboration.

40. We now examine the applicability of the decisions rendered by the Co-ordinate Benches in the cases of *Vasupujya Filaments* and *Chandrika Mansukhlal Dodhia* to the facts of the present batch of appeals. It is an undisputed position that the search action dated 27.11.2019 forms the foundation of all these proceedings and that the lender, M/s Vinam Finance Pvt. Ltd., as well as the statements recorded during the course of search and investigation, are common to the present appeals and to the aforesaid group cases. In *Chandrika Mansukhlal Dodhia* (paras 5.1 to 7), the Co-ordinate Bench specifically examined the legal position governing assessments under section 153A and reiterated that, in the case of completed or unabated assessments, no addition can be sustained unless it is founded on incriminating material discovered during the course of search. The factual matrix in the present appeals being materially identical, particularly with respect to the search action, the nature of alleged transactions, and the reliance placed on statements and investigation material, the principle of judicial discipline and consistency mandates that a similar view be adopted unless distinguishing features are demonstrated, which are not forthcoming in the present case.

41. For Assessment Years 2012-13, 2013-14, 2014-15 and 2015-16, which are unabated assessment years as on the date of search, we hold that in absence of incriminating material relatable to the respective years, the additions under section 68 and section 69D are unsustainable and are hereby deleted.

42. For Assessment Year 2016-17, even on merits, the assessee having discharged the primary onus under section 68 and in absence of cogent evidence demonstrating introduction of unaccounted money, the addition of Rs. 1,00,00,000/- under section 68 and corresponding additions under section 69D, if any, are deleted.

43. In the result, the appeals filed by the assessee for Assessment Years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 are allowed.

44. Consequently, the Stay Applications filed for the aforesaid assessment years, being rendered infructuous in view of the decision on merits, are dismissed as such.

Order pronounced in the open court on 11.02.2026.

**Sd/-**  
**(AMIT SHUKLA)**  
**JUDICIAL MEMBER**

Mumbai, Dated 11/02/2026  
Dhananjay, Sr.PS

**Sd/-**  
**(MAKARAND VASANT MAHADEOKAR)**  
**ACCOUNTANT MEMBER**

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.

(30)

**IT(SS)A No. 2226, 2223, 2222 & 2225/Mum/2025 &  
ITA No. 2224/Mum/2025  
Mansukhlal Meghji Dodhia**

3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त (अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुम्बई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

1.

उप/सहायक पंजीकार ( Asst. Registrar)  
आयकर अपीलीय अधिकरण, मुम्बई/ ITAT, Mumbai