

आयकर अपीलिय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' DB-B ' Bench, Hyderabad

श्री रविश सूद, न्यायिक सदस्य एवं श्री मधुसूदन सावड़िया लेखा सदस्य समक्ष |
Before Shri Ravish Sood, Judicial Member
A N D
Shri Madhusudan Sawdia, Accountant Member

ITA No	Assessee	Department	A.Y
1513/Hyd/2025	Sudheer Neela, Nalgonda PAN: AWOPN3003E	Assistant Commissioner of Income Tax, Central Circle 2(1), Hyderabad	2020-21
1508/Hyd/2025	Venkatesham Belide Hyderabad PAN: BXAPB5729D	-do-	-do-
1509/Hyd/2025	Belide Raju, Hyderabad PAN: AMLPB1262C	-do-	-do-
1469/Hyd/2025	Srinivas Belide Hyderabad PAN: AEUPB0965K	-do-	-do-
1512/Hyd/2025	Shankar Neela, Hyderabad PAN: AIDPN5573C	-do-	-do-
निर्धारिती द्वारा/Assessee by:		Shri Chalamaiiah, CA	
राजस्व द्वारा/Revenue by::		Dr. Sachin Kumar, Sr. AR	
सुनवाई की तारीख/Date of hearing:		23/03/2026	
घोषणा की तारीख/Pronouncement:		30/03/2026	

आदेश/ORDER

Per Bench:

These 5 appeals are filed by the respective assessees feeling aggrieved by the separate orders of the Learned Commissioner of Income Tax (Appeals)-12, Hyderabad ("Ld. CIT (A)"), all dated 23.07.2025 and 18.07.2025. Since identical issues are raised by the assessee in all these five appeals, for the sake of convenience, these were heard together and are being disposed of by this common consolidated order.

ITA No. 1513/Hyd/2025

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

“1. The Ld. CIT(A) erred in law and on facts while confirming the assessment for assessment Year 2020-21 made under section 153C of the Income-tax Act, 1961 (the Act) on the basis of a fake and dumb document in the form of the impugned agreement of sale dated 31-12-2019.

2. On the facts and in the circumstances of the case, the Ld. CIT(A) erred in law while exclusively relying on the Satisfaction Note dated 28-06-2023 of the Assistant Commissioner of Income-tax, Central Circle 2(2), Hyderabad without verifying the correctness and completeness of the same with reference to the factual position of the impugned agreement of sale dated 31-12-2019, while confirming the impugned assessment.

3. The Ld. CIT(A) erred in law and on facts while confirming the addition of Rs. 18,04,500 made under section 69A of the Act read with section 115BBE of the Act without verification of the legal and factual position.

4. The Ld. CIT(A) erred in law and on facts while confirming the addition of Rs.4,44,600 made under section 69A read with section 115BBE of the Act without verification of the legal and factual position.

5. Any other ground or grounds of appeal that may be urged at the time of hearing.”

3. The brief facts of the case are that the assessee is an individual who had not filed any return of income under section 139 of the Income Tax Act, 1961 (“the Act”). A search and seizure operation under section 132 of the Act was conducted on 23.03.2021 in the case of Spectra Group of Companies. During the course of such proceedings, an “Agreement of Sale” dated 31.12.2019 was found and seized from the premises of the said group. On the basis of the said seized document, a satisfaction note dated 27.07.2023 was recorded by the Learned Assessing Officer (“Ld. AO”), and proceedings under section 153C of the Act were initiated in the case of the assessee. Accordingly, notice under section 153C was issued by the Ld. AO on 28.08.2023. In response to the said notice, the assessee filed return of income on 09.11.2023 declaring nil income.

Subsequently, the case of the assessee was selected for scrutiny and notice under section 143(2) of the Act was issued by the Ld. AO. After considering the submissions of the assessee, the Ld. AO made additions of Rs.18,04,500/- and Rs.4,44,600/- under section 69A of the Act in the hands of the assessee and completed the assessment under section 153C of the Act vide order dated 25.02.2025, assessing the total income of the assessee at Rs.22,49,100/-.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the Ld. CIT(A). The Ld. CIT (A) dismissed the appeal of the assessee and upheld the order of the Ld. AO.

5. Aggrieved with the order of the Ld. CIT (A), the assessee is in appeal before us. Under ground nos.1 and 2 of the appeal, the assessee has challenged the validity of initiation of proceedings under section 153C of the Act. In this regard, the Learned Authorized Representative ("Ld. AR") invited our attention to the seized document, being an "Agreement of Sale" placed at page nos. 1 to 10 of the paper book, and submitted that the said document was entered into by multiple vendors for sale of land to Spectra India Eco Projects Private Limited on 31.12.2019, wherein the name of the assessee appears as one of the vendors. The Ld. AR submitted that the said seized document does not bear the signature of any of the vendors, including the assessee, and only contains the signature of the Managing Director of the purchaser company. Accordingly, it was contended that the document is merely a dumb document and cannot be treated as incriminating material in the absence of any corroborative evidence. The Ld. AR further invited our attention to the satisfaction note recorded by the Ld. AO placed at page 11 of the paper book and submitted that the entire initiation of proceedings under section 153C of the Act is solely based on the said seized

document. It was contended that in the absence of any independent corroborative evidence, the seized document cannot form the basis for valid assumption of jurisdiction under section 153C of the Act. Accordingly, the Ld. AR submitted that the initiation of proceedings under section 153C of the Act is bad in law and the assessment framed thereunder is liable to be quashed.

6. Per contra, the Learned Departmental Representative ("Ld. DR") supported the orders of the lower authorities and submitted that the seized document is a properly drafted agreement of sale containing complete details such as names, addresses of vendors and vendee, and details of the property. The Ld. DR contended that the document cannot be termed as a dumb document merely because it is not signed by all parties. It was further submitted that subsequent transactions carried out by the same vendors corroborate the contents of the seized document and establish its evidentiary value. The Ld. DR placed reliance on the chain of subsequent transactions to contend that the seized document constitutes incriminating material and, therefore, the initiation of proceedings under section 153C of the Act is valid.

7. We have considered the rival submissions and perused the material available on record. The core issue for our consideration is whether the initiation of proceedings under section 153C of the Act is valid in the absence of incriminating material. We have gone through the seized document, being the "Agreement of Sale" placed at page nos. 1 to 10 of the paper book, and on perusal of the same, we find that the said document contains the signature of only the purchaser and does not bear the signature of any of the vendors, including the assessee. In our considered view, such a document, which is unsigned by the alleged vendors, lacks evidentiary sanctity

and cannot, by itself, be relied upon as conclusive material against the assessee. Further, we note that the said document has been seized from the premises of a third party, i.e., Spectra Group of Companies, and not from the possession of the assessee. In the absence of any independent corroborative evidence linking the assessee to the contents of the document, the same cannot be treated as incriminating material for the purpose of invoking jurisdiction under section 153C of the Act. We have also gone through the satisfaction note recorded by the Ld. AO placed at page no.11 of the paper book, which is to the following effect:

Name: Sri. N. Sudheer
 PAN: AWOPN3003E
 Status: Individual
 AYs: 2015-16 to 2021-22

With reference to the above mentioned subject, it is to inform that Search & Seizure operations were conducted in the case of M/s. Spectra Group of Companies consisting of M/s Spectra India Eco Projects Pvt Ltd, M/s Spectra India Mega Projects Pvt Ltd and M/s Spectra India Housing Pvt Ltd on 23-03-2021. Accordingly, search assessment proceedings u/s 153A were initiated in the case of M/s Spectra India Eco Projects Pvt Ltd and completed. During the course of search assessment proceedings, and on perusal of the appraisal report and seized material, it is noticed that certain documents seized which consists of a loose sheet which consists the details regarding a development agreement entered by the assessee with M/s Spectra India Eco Projects Pvt Ltd on 31.12.2019 for the land admeasuring Ac. 91-18 Gts, Situated at Masaipet Village, Yadagirigutta Mandal, Yadadri-Bhuvanagiri District.
 The details of the seized material is as under;

Sl.No.	Annexure Details	Documents seized as per annexure
1.	A/SIEPL/OFF/22	Loose sheets serially numbered from 130- 138

It is observed from the seized material, that in pursuance of the agreement the developer agreed to pay an amount of Rs.18,58,50,000/- (Rupees Eighteen Crores Fifty Eight Lakhs Fifty Thousand Only) to the assessee along with 12 others for sale of land admeasuring 67,049 Sq yds. An amount of Rs.60,00,000/- was paid towards part advance consideration on 31-12-2019 which includes consideration for share of the assessee of 3810 Sq yards and it was agreed by the vendee that Rs.1,40,00,000/- to be paid on or before 04.01.2020. Further, it was agreed that balance of Rs.16,58,50,000/- will be paid on the date of execution of registered development agreement cum General Power of Attorney in favour of the developer by assessee along with others.

Therefore, on verification of the seized material and in the light of the above findings, I am satisfied that the seized material pertains to Sri. N. Sudheer and information contained in the documents seized u/s 132 relates to Sri. N. Sudheer and has a bearing on the determination of the total Income of Sri. N. Sudheer for the Assessment years 2015-16 to 2021-22. Hence, proceedings u/s 153C of the Income-tax Act, 1961 may be initiated as per law.

(M.A.K SATISH)

Asst. Commissioner of Income tax
 Central Circle 2(2), Hyderabad.

Date: 27-07-2023
 Place: Hyderabad

8. On perusal of the above, we find that the Ld. AO has relied entirely upon the said seized document for initiating proceedings under section 153C of the Act. No other independent material or corroborative evidence has been referred to in the satisfaction note. In our considered opinion, the jurisdiction under section 153C of the Act can be assumed only when there exists incriminating material belonging to or relating to the assessee. In the present case, the seized document, being unsigned by the assessee and lacking corroborative support, cannot be regarded as incriminating material. In this regard, we have gone through para nos. 2 & 3 of the decision of the Hon'ble Supreme Court in the case of CIT v. U.K. Paints Overseas Ltd., (454 ITR 441), which is to the following effect:

"2. As observed hereinabove, as no incriminating material was found in case of any of the Assessee either from the Assessee or from the third party and the assessments were under section 153-C of the Act, the High Court has rightly set aside the Assessment Order(s). Therefore, the impugned judgment and order(s) passed by the High Court do not require any interference by this Court. Hence, all these appeals deserve to be dismissed and are accordingly dismissed.

3. However, so far as the prayer made on behalf of the Revenue to permit them to initiate the re-assessment proceedings is concerned, it is observed that it will be open for the Revenue to initiate the re-assessment proceedings in accordance with law and if it is permissible under the law."

9. On perusal of above, we find that the Hon'ble Supreme Court has very categorically held that where no incriminating material was found in the case of the assessee, either from the assessee's premises or from a third party, the assessment framed under section 153C of the Act is not sustainable in law. In the present case also, no incriminating material has been found in the case of the assessee, either from the assessee's premises or from a third party. Respectfully following the ratio laid down by the Hon'ble Apex Court, and in view of our findings that the seized document

cannot be treated as incriminating material, we hold that the initiation of proceedings under section 153C of the Act and the consequent assessment order passed thereunder are not sustainable and are liable to be quashed.

10. As regards the contention of the Ld. DR that subsequent transactions corroborate the seized document, we are unable to accept the same. Such an exercise of corroboration ought to have been carried out by the Ld. AO at the stage of recording satisfaction and before initiation of proceedings under section 153C of the Act. The Revenue cannot seek to supplement the deficiency in the satisfaction note by bringing in new material at the appellate stage. Accordingly, we hold that the assumption of jurisdiction under section 153C of the Act in the present case is invalid and the assessment order passed thereunder is liable to be quashed.

11. Since we have allowed the appeal on the legal ground challenging the validity of initiation of proceedings under section 153C of the Act, we are not inclined to adjudicate the other grounds raised by the assessee, which are kept open.

12. In the result, the appeal of the assessee is allowed.

ITA Nos. 1508/Hyd/2025, 1509/Hyd/2025, 1469/Hyd/2025 and 1512/Hyd/2025

13. We observe that the facts and issues involved in these appeals are identical to the facts and issues involved in ITA No.1513/Hyd/2025 for the Assessment Year 2020-21 in the case of Shri Sudheer Neela. Therefore, our observations and findings in ITA No.1513/Hyd/2025 shall mutatis mutandis apply to these appeals also. Accordingly, these four appeals of the assessee are also allowed.

14. In the result, these four appeals filed by the assesseees are allowed.

15. To sum up, all the five appeals of the assesseees are allowed.

Order pronounced in the Open Court on 30th March, 2026.

Sd/-

Sd/-

(RAVISH SOOD) JUDICIAL MEMBER	(MADHUSUDAN SAWDIA) ACCOUNTANT MEMBER
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Hyderabad, dated 30th March, 2026.

Vinodan/sps

Copy to:

S.No	Addresses
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2	Shri Venkatesham Belide, F.No.503, Shubodhaya Apartments, Sushma Sainagar, Vanasthalipuram, Hyderabad 500070
3	Shri Srinivas Belide, Flat No.305, H.No. 5-5-309/305, Hill Residency, Prashanthi Nagar, Vanasthalipura, Hyderabad 500070
4	Shri Belide Raju, , Flat No.305, Hill Residency, Prashanthi Nagar, Vanasthalipura, Hyderabad 500070
5	Shri Shankar Neela, Flat No.205, H.No. 5-5-309/305, Hill Residency, Prashanthi Nagar, Vanasthalipura, Hyderabad 500070
6	Asstt. CIT Central Circle 2(1) Aayakar Bhavan, Opp: LB Stadium, Basheerbagh, Hyderabad 500004
7	Pr. CIT – Central, Hyderabad
8	DR, ITAT Hyderabad Benches
9	Guard File

By Order