

**IN THE INCOME-TAX APPELLATE TRIBUNAL "B" BENCH,
MUMBAI**

BEFORE SHRI SAKTIJIT DEY, VICE PRESIDENT

&

SHRI PRABHASH SHANKAR, ACCOUNTANT MEMBER

ITA No. 8772/Mum/2025

(A.Y. - 2014-15)

ITA No. 8773/Mum/2025

(A.Y. - 2015-16)

ITA No. 8774/Mum/2025

(A.Y. - 2016-17)

ITA No. 8775/Mum/2025

(A.Y. - 2017-18)

ITA No. 8776/Mum/2025

(A.Y. - 2018-19)

ITA No. 8777/Mum/2025

(A.Y. - 2019-20)

ITA No. 8778/Mum/2025

(A.Y. - 2020-21)

Shashi Kant Damodar Khandelwal B-1802, Vasant Valley, Dindoshi Bus Depot, IVY Tower, Malad East, Mumbai - 400 097, Maharashtra	v/s. बनाम	Pr. Commissioner of Income Tax (Central), Mumbai-1, Room No. 1001, 10 th Floor, Pratishtha Bhavan, Old CGO Annexe., Maharishi Karve Road, Mumbai - 400 020, Maharashtra
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ITA No. 8771/Mum/2025

(A.Y. - 2014-15)

Sunita Khandelwal B-1802, Vasant Valley, Dindoshi Bus Depot, IVY Tower, Malad East, Mumbai - 400 097, Maharashtra	v/s. बनाम	Pr. Commissioner of Income Tax(Central), Mumbai-1, Room No. 1001, 10 th Floor, Pratishtha Bhavan, Old CGO Annexe., Maharishi Karve Road, Mumbai - 400 020, Maharashtra
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स्थायी लेखा सं./जीआइआर सं./ PAN/GIR No: ADHPK9577G

Appellant/अपीलार्थी .. Respondent/प्रतिवादी



ITA Nos. 8771, 8772, 8773, 8774, 8775, 8776, 8777 & 8778/Mum/2025
A.Y. 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21
Sunita Khandelwal
Shashikant Damodar Khandelwal

स्थायी लेखा सं./जीआइआर सं./ PAN/GIR No: AGBPK0830H		
Appellant/अपीलार्थी	..	Respondent/प्रतिवादी

Assessee by :	Shri Salil Kapoor, Adv. (virtually appeared) Shri Sumit Lalchandani, Adv. and Ms. Ananya Kapoor, Adv.
Revenue by :	Shri Amit Kumar Singh,(CIT-DR)

Date of Hearing	06.04.2026
Date of Pronouncement	24.04.2026

आदेश / ORDER

PER PRABHASH SHANKAR [A.M.] :-

The above captioned have been preferred by the above assesses from the Revision orders passed u/s 263 of the Income-tax Act, 1961 by the Principal Commissioner of Income-tax, PCIT (Central)Mumbai-1 [hereinafter referred to as "PCIT"] pertaining to assessment orders passed u/s. 153(C) r.w.s. 143(3) of the Income-tax Act, 1961 [hereinafter referred to as "Act"]for the Assessment Years [A.Ys.] 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 in the case of Sri Shashi Kant Khandelwal and for AY 2014-15 in the case of his wife Smt. Sunita Khandelwal. Since, facts are identical and grounds are common, we dispose of all the above appeals by this consolidated order for the sake of brevity and convenience. **We take ITA No. 8772/Mum/2025 in the case of Sri**



Shashi Kant Khandelwal as the 'Lead case' and our decision shall apply *mutatis mutandis* in respect of all the other appeals.

3. The common grounds in all the above captioned appeals are as under :-

1. *That the notice issued under Section 263 of the Income Tax Act, 1961 ("the Act") and the order passed by the Principal Commissioner of Income Tax (Central), Mumbai are bad in law, without jurisdiction, barred by limitation, and not in accordance with the provisions of the Act.*
2. *That the assumption of jurisdiction under Section 263 of the Act is vitiated, as the notice issued under Section 153C of the Act and consequential assessment order passed is not in accordance with law having been issued without adherence to the mandatory preconditions stipulated under the Act rendering the entire revision proceedings void ab initio.*
3. *That on the facts and in the circumstances of the case, the assumption of jurisdiction under Section 263 of the Act is bad in law and without jurisdiction, as the assessment sought to be revised is founded on proceedings initiated without recording the mandatory satisfaction that the alleged seized material had any bearing on the determination of the assessee's income, thereby rendering the impugned proceedings void ab initio and not amenable to revision under Section 263 of the Act.*
4. *That the learned Principal Commissioner of Income Tax has erred in assuming jurisdiction under Section 263 of the Act without setting aside or invalidating the statutory approval under Section 153D of the Act forming the foundation of the assessment, rendering the impugned revision proceedings without jurisdiction and bad in law.*
5. *That the PCIT, Mumbai has erred in invoking Explanation 2 to section 263 of the Act by holding the assessment order to be erroneous and prejudicial to the interests of the Revenue, despite the fact that the Assessing Officer had completed the assessment after due and comprehensive enquiry and verification.*
6. *That the PCIT, Mumbai has failed to appreciate that the issues raised in the show cause notice, at best, pertain to the adequacy of enquiry and not lack of enquiry, which is not a valid ground for invoking jurisdiction under Section 263 of the Act.*
7. *The PCIT, Mumbai erred in setting aside the assessment order passed under Section 153C for making fresh assessment without assigning any defects or inconsistency in the assessment order, thus invoking revisionary powers u/s 263 of the Act merely for make roving and fishing query is beyond the jurisdiction and unjustified.*



8. *That PCIT, Mumbai failed to appreciate that assessment order was passed in the group cases which were centralised, after analysis of all the incriminating seized material (in the case of Alankit Group), statement recorded and after mandatory approval u/s 153D of the Act from Addl CIT and therefore, to hold such an order as erroneous and prejudicial to the interest of the revenue is unjustified and bad in law.*
9. *The PCIT, Mumbai in the impugned order as failed to point out any specific defect or escapement of income or any particular issue or document which had remained to be examine, therefore, merely invoking Explanation 2 to sec. 263 in fact of the case is not justified.*

3. Facts of the case as culled from the assessment order reveal are that the assessee filed the return of income for AY 2014-15, declaring total income of Rs.21,68,370/-. Later, the Assessing Officer passed the assessment order u/s 143(3) r.w.s 153C of the Act determining the assessed income of Rs.3,15,00,360/-, after making the addition of Rs.2,93,31,986/- u/s.69A of the Act as Unexplained Income. A search and seizure action u/s 132 of the Act was carried out on 18.10.2019 on one Shri Alok Kumar Agarwal, Shri Ankit Agarwal, M/s Alankit Limited and M/s Alankit Assignments Limited. Other premises and residential accommodation of the key persons of the Alankit Group and related persons were also covered. This Group is stated to be a conglomerate of several group companies with diversified activities into Financial Services, e-Governance, Health Care and Insurance Broking sectors. During the course of search and seizure action, incriminating materials in the form of hard data as well as soft data were seized/impounded from different premises. On perusal, it was found that the Group whose main promoter is Mr. Alok Kumar Agarwal, was involved



in providing accommodation entries to various persons / entities in lieu of cash payments. Accommodation entries were provided to the assessee through various companies owned / controlled by Shri Alok Kumar Agarwal. During the course of search the residence of Shri Sunil Kumar Gupta, a key employee and accountant of Shri Alok Kumar Agarwal, it was found that he had maintained records of all the accounted as well as unaccounted transactions taking place through the paper companies as well as through companies belonging to Alankit Group which he recorded in various formats for which Shri Sunil Kumar Gupta had accepted through his statements given on oath. From the analysis of digital evidences of Shri Gupta recovered and seized during the course of search from his residential premise , it came to light that parallel books of accounts were maintained by him on behalf of Shri Alok K Agarwal. Copy of the related digital data seized had been provided to the assessee who is based in Mumbai and is close associate of Shri Alok K Agarwal. Referring the satisfaction note drawn in the case of the assessee, it was found that he had taken accommodation entries in his individual accounts as well as in the companies owned/controlled by him and other beneficiaries from various entities controlled by Shri Alok Kumar Agarwal, the key promoter of Alankit Group. The entities used for the purpose of taking entries were Diwakar Commercial Pvt. Limited ('DCPL'), New Wave Commercial Pvt Ltd ('NCPL').



Various ledgers of the assessee had been obtained from laptop of Shri Gupta found and seized were provided to the assessee alongwith notice issued u/s 142(1) of the Act. Based on the detailed analysis of aforesaid documents, it was noted by the AO that the unaccounted cash transactions were undertaken by the assessee with Sh. Alok Kumar Agarwal and cash had been utilized in providing the accommodation entries in the SWD Industries wherein the spouse of the assessee i.e. Smt.Sunita Khandelwal is the partner. He was show caused as to why the unexplained income amounting to Rs. 2,93,31,986/- should not be treated as unexplained income and added to the total income. Considering the submission filed by the assessee wherein it was stated that no cash payments were made and had emphasized that SWD Industries had indeed received legitimate loans from both DCPL and NCPL through proper banking channels and that SWD Industries had duly furnished all the necessary supporting evidences with respect to loan taken from DCPL and NCPL which were even subsequently repaid by SWD Industries, the AO observed that the explanation filed by the assessee was not found satisfactory and unexplained income amounting to Rs.2,93,31,986/- was added u/s 69A of the Act to the total income.

4. The ld.PCIT, on going through assessment records, observed that the assessee had taken accommodation entries in his individual accounts as well as in the companies owed/controlled by him and other beneficiaries



from various entities controlled by Shri Alok Kumar Agarwal, the key promoter of Alankit Group. The entities used for the purpose of taking entries were DCPL, NCPL, Alankit Assignments Ltd (AAL), Euro Finmart Ltd (EFL), now known as Alankit Limited (AL), etc. Based on the detailed analysis of Ledgers related to the assessee, it came to light that the unaccounted cash transactions had been made for each ledger. He further noted that while the AO completed the assessment after making the addition of Rs.2,93,31,986/- u/s.69A of the Act as Unexplained income, he failed to decide on the above matters in consonance with the applicable and binding statutory provisions and legal positions and/or accounting standards and reporting requirements and/or logical and arithmetical inconsistencies. Hence, this issue seemed to have remained unverified and not examined by him as he seemed to have passed order without making enquiry or verification. Thus, the order was rendered erroneous in so far as it is prejudicial to the interest of revenue, for the reasons in terms of Section 263 of the Act.

5. In response to the show cause notice issued by the Id.PCIT, the assessee claimed that the impugned notice issued under Section 263 of the Act was wholly unwarranted, without jurisdiction, and liable to be dropped. The assessee had taken several grounds seeking dropping of the proceedings under Section 263 and had placed reliance on various judicial precedents in



support of its contentions. The main grounds taken by the assessee pertained to the absence of DIN on satisfaction note and assessment order, failure on the part of the AO to record satisfaction note as per mandate of section 153C of the Act, no finding recorded in the satisfaction note that the alleged information found had a bearing on the total income of the assessee, invalidity of section 263 of the Act proceedings due to illegality of consolidated satisfaction note under section 153C of the Act and the addition not based on incriminating material consequent invalidity of section 263 of the Act proceedings. It was further contended that detailed enquiry was conducted during the course of assessment proceedings. Besides, revisional jurisdiction under section 263 of the Act was barred during the pendency of appeal before Id.CIT(A) as per the doctrine of merger and statutory embargo under explanation 1(c) to section 263 of the Act.

6. However, the contentions were rejected by the Id.PCIT with the observations that the assessee's claim that detailed enquiry was indeed made, was not supported by assessment record which was completely silent on several crucial issues arising out of seized material. The AO had also failed to verify the genuineness of the parties involved, trace the flow of funds, or evaluate the creditworthiness of the persons/entities concerned. Mere filing of details by the assessee did not amount to enquiry. Thus, the



assessment order was held to be erroneous and prejudicial to the interests of revenue as it was clear that the order indeed had been passed by the AO without making the required inquiries and verifications. The assessment was completed in a routine and cursory manner without conducting any enquiry on vital information received. Inquiries and investigations that were required to be carried out by the Assessing Officer had not been carried out thereby attracting squarely the applicability of Explanation 2 of Section 263 of the Act. Therefore, he set aside the assessment order u/s. 143(3) r.w.s. 153C of the Act so passed to the AO with a direction to complete the assessment order *de novo*, after conducting necessary verification and inquiries on all the matters involved including those identified and detailed above and after affording adequate opportunity of being heard to the assessee.

7. Before us, the Id.AR has contested the action of the Id.PCIT, claiming that records clearly suggested that necessary enquiries were conducted by the AO during assessment proceedings. A paper book has also been submitted pointing out that the AO made specific queries in this respect as evident from the notices issued u/s 143(2)/142(1) of the Act. Copies of notices issued u/s 143(2)/142(1) of the Act dated 25.11.2022/29.11.2022/10.01/2023/27.02.2023 have been submitted in support of the contention that the AO conducted necessary enquiries. It was



also argued that the order u/s 263 of the Act was also not legally tenable as the assessment order having been passed after due approval of the Range Head u/s 153D of the Act, could not be revised on the allegation of no /inadequate enquiry. He also placed reliance on orders of various courts of law including coordinate benches of ITAT wherein on similar ground, the revision orders have been quashed.

7.1 The ld.DR however, relied on the revision order claiming that the provisions of Explanation 2 to section 263 of the Act were clearly applicable to the facts and the circumstances of the case.

8. We have carefully considered all the relevant factual matrix of the case, have perused the materials on record and also heard rival contentions. We have also gone through the judicial precedents in this regard. We find merit in the argument that ld. PCIT erred in assuming jurisdiction u/s 263 of the Act by revising order u/s 153A r.w.s. 143(3) of the Act without considering that prior approval already accorded to AO u/s 153D of the Act and also when orders u/s 153A of the Act had been passed after receiving approval u/s 153D of the Act, ld. PCIT erred in revising order u/s 153A of the Act without first revising the order u/s 153D of the Act as which meant that no defect had been observed by ld. PCIT in approval u/s 153D of the Act. Thus, assuming jurisdiction u/s 263 of the Act could not be held to be



tenable and the impugned proceedings deserves to be quashed on this grounds itself.

8.1 As per the provisions of section 153D of the Act, prior approval is necessary for assessment in case of assessment search or requisition and it is specifically mentioned that no order of assessment or re-assessment shall be passed by an Assessing Officer below the rank of JCIT except with the prior approval of the Joint Commissioner. Only after receiving such approval [u/s 153D](#) of the Act, the AO passes the final assessment order [u/s 153A](#) r.w.s. 143(3) of the Act. In short, the assessment order [u/s 153A](#) of the Act is incomplete without the approval [u/s 153D](#) of the Act. Now, the moot question is whether action of the Id. PCIT of assuming jurisdiction [u/s 263](#) of the Act holding only the order [u/s 153A](#) of the Act is erroneous so far as prejudicial to the interest of the revenue and not the order [u/s 153D](#) of the Act, as erroneous insofar as prejudicial to the interest of the revenue, can be held to be justified.

8.2 Moreover, the Hon'ble Apex Court in the land mark case of [Malabar Industrial Company Ltd.](#) has held that every loss of revenue as a consequent of an order of the AO cannot be treated as prejudicial to the interest of revenue unless the AO do not adopt one of the courses permissible in law. In the given set of appeals, we find that the seized



materials had been examined by the AO with reference to the detailed replies filed by the assessee and after he being convinced that certain additions as called for, were made them accordingly. Thus, we find that AO after carrying out adequate enquiry has completed the assessments which are neither prejudicial to the interest of the revenue nor are they erroneous in nature. The correctness of the assessment order is further supported by the approval granted by ld. JCIT u/s. 153D of the Act which still remains intact as ld. PCIT has not revised the said order. Now, once adequate enquiry has been conducted and a permissible view has been taken by the AO no room is left for the ld. PCIT to give direction to re-conduct the enquiry in the manner he deems fit. The revisionary powers cannot be extended to direct the AO to again enquire/examine the issue which have already been examined in detailed and a plausible view has been taken.

8.3 In this regard, it would be pertinent to note that the coordinate bench of ITAT ,Mumbai had occasion to consider identical matter involving similar transactions in sister concerns of the assessee wherein revision order have been quashed. Relevant parts of the order in the case of **SWD Industries, Mumbai vs Pcit (Central), Mumbai** dated 12th March, 2026 in **ITA No. 9007 to 9112/Mum/2025** are extracted as under wherein identical issue has been adjudicated in favour of the assessee after



duly taking into account a plethora of other decisions involving similar issue:

“These appeals are filed by the assessee against the separate orders passed by the learned Principal Commissioner of Income Tax (Central), Mumbai-1 [hereinafter referred to as "PCIT"] under [section 263](#) of the Income Tax Act, 1961 [hereinafter referred to as "the Act"] for different assessment years. Since the facts, issues and grounds involved in all the appeals are identical and arise out of a common set of proceedings initiated pursuant to search in the Alankit group cases, these appeals were heard together and are disposed of by this consolidated order for the sake of convenience and brevity.

2. The assessee filed its returns of income for the respective assessment years declaring income as per details placed on record. A search and seizure action under [section 132](#) of the Act was conducted on 18.10.2019 in the cases of the Alankit Group. During the course of post search investigation in the said group, certain documents and electronic data were allegedly found and seized from the premises of Shri Sunil Kumar Gupta, who was stated to be associated with Shri Alok Agarwal of Alankit Group. On the basis of the said material, the Assessing Officer recorded satisfaction that certain documents allegedly pertained to the assessee and accordingly proceedings under [section 153C](#) of the Act were initiated against the assessee. Pursuant thereto, the Assessing Officer completed assessments for the relevant assessment years under [section 143\(3\)](#) read with [section 153C](#) of the Act. In the course of the assessment proceedings, the Assessing Officer examined the books of account and other details furnished by the assessee and passed assessment orders determining the total income for the respective years. In some of the years, the Assessing Officer made disallowance of interest expenditure claimed by the assessee, while in other years the returned income was accepted. The assessments so framed were passed by the Assessing Officer after obtaining the mandatory approval under [section 153D](#) of the Act from the Additional Commissioner of Income Tax, Central Range - 1, Mumbai.

5. Subsequently, the learned PCIT examined the assessment records and formed a prima facie opinion that the assessment orders passed by the Assessing Officer were erroneous in so far as they were prejudicial to the interest of the revenue. According to the learned PCIT, the seized material found during the search in the Alankit group cases allegedly indicated that certain unaccounted cash transactions had been undertaken by Shri Shashikant Damodar Khandelwal with entities controlled by Shri Alok Agarwal and that accommodation entries were allegedly routed to the assessee through certain entities. It was the view of the learned PCIT that the Assessing Officer had not examined these aspects in the course of assessment proceedings.

6. Aggrieved by the revisionary orders passed under [section 263](#) of the Act, the assessee has preferred the present appeals before us raising following grounds of appeal which are common in case of all the appeals:



1. That the notice issued under [Section 263](#) of the Income Tax Act, 1961 ("the Act") and the order passed by the Principal Commissioner of Income Tax (Central), Mumbai are bad in law, without jurisdiction, barred by limitation, and not in accordance with the provisions of the Act.
2. That the assumption of jurisdiction under [Section 263](#) of the Act is vitiated, as the notice issued under [Section 153C](#) of the Act and consequent assessment order passed is not in accordance with law having been issued without adherence to the mandatory preconditions stipulated under the Act rendering the entire revision proceedings void ab initio.
3. That on the facts and in the circumstances of the case, the assumption of jurisdiction under [Section 263](#) of the Act is bad in law and without jurisdiction, as the assessment sought to be revised is founded on proceedings initiated without recording the mandatory satisfaction that the alleged seized material had any bearing on the determination of the assessee's income, thereby rendering the impugned proceedings void ab initio and not amenable to revision under [Section 263](#) of the Act.
4. That the learned Principal Commissioner of Income Tax has erred in assuming jurisdiction under [Section 263](#) of the Act without setting aside or invalidating the statutory approval under [Section 153D](#) of the Act forming the foundation of the assessment, rendering the impugned revision proceedings without jurisdiction and bad in law.
5. That the PCIT, Mumbai has erred in invoking Explanation 2 to [section 263](#) of the Act by holding the assessment order to be erroneous and prejudicial to the interests of the Revenue, despite the fact that the Assessing Officer had completed the assessment after due and comprehensive enquiry and verification.
6. That the PCIT, Mumbai has failed to appreciate that the issues raised in the show cause notice, at best, pertain to the adequacy of enquiry and not lack of enquiry, which is not a valid ground for invoking jurisdiction under [Section 263](#) of the Act.
7. The PCIT, Mumbai erred in setting aside the assessment order passed under [Section 153C](#) for making fresh assessment without assigning any defects or inconsistency in the assessment order, thus invoking revisionary powers [u/s 263](#) of the Act merely for make roving and fishing query is beyond the jurisdiction and unjustified.
8. That PCIT, Mumbai failed to appreciate that assessment order was passed in the group cases which were centralised, after analysis of all the incriminating seized material (in the case of Alankit Group), statement recorded and after mandatory approval [u/s 153D](#) of the Act from Addl CIT and therefore, to hold such an order as erroneous and prejudicial to the interest of the revenue is unjustified and bad in law.
9. The PCIT, Mumbai in the impugned order as failed to point out any specific defect or escapement of income or any particular issue or document which had remained to be examine, therefore, merely invoking Explanation 2 to [sec. 263](#) in fact of the case is not justified.
10. That the impugned order passed under [Section 263](#) of the Act grossly violates the principles of natural justice, inasmuch as the ld.PCIT failed to provide an adequate opportunity of a hearing and passed the order in undue haste. The Assessee craves leave to add to, alter, amend and/or withdraw any ground or grounds of appeal either before or during the course of hearing appeal.



7. During the course of hearing before us the learned Authorised Representative (AR), addressing the preliminary legal grounds raised in Ground No. 4, submitted that the assumption of jurisdiction by the learned PCIT under [section 263](#) of the Act is without authority of law and the impugned revisionary orders deserve to be quashed. It was contended that the assessments in the present case were completed under [section 143\(3\)](#) read with [section 153C](#) of the Act after due examination of the records and after obtaining the mandatory approval under [section 153D](#) of the Act from the competent authority. It was contended that once the assessment orders have been passed after such statutory approval, the learned PCIT could not have invoked [section 263](#) of the Act without first demonstrating that the statutory approval granted under [section 153D](#) suffered from any infirmity. According to the AR, the impugned revisionary orders have been passed without setting aside or invalidating the approval granted under [section 153D](#), which formed the foundation of the assessments. Therefore, the assumption of jurisdiction under [section 263](#) is legally unsustainable.

8. In this regard, the AR placed reliance on the decision of the Delhi Bench of the Tribunal in the case of [Devender Kumar Gupta v. PCIT](#) reported at [2024] 166 taxmann.com 95, wherein it was held that where an assessment order passed under [section 153A](#) read with [section 143\(3\)](#) had been framed after obtaining approval under [section 153D](#), the revisional authority while exercising jurisdiction under [section 263](#) must examine not only the assessment record but also the record of approval granted under [section 153D](#), and without recording a finding that such approval was vitiated, the assessment order cannot be held to be erroneous and prejudicial to the interest of the revenue. The AR further relied on the judgment of the Hon'ble Madhya Pradesh High Court in the case of [Principal Commissioner of Income Tax v. Prakhar Developers \(P.\) Ltd.](#) reported at [2024] 299 taxman 252, wherein it was held that once an assessment order under [section 143\(3\)](#) read with [section 153A](#) has been passed after obtaining prior approval under [section 153D](#), the jurisdiction under [section 263](#) cannot be invoked to revise such order. Reliance was also placed on the decision of the Pune Bench of the Tribunal in the case of [Tapadia Constructions Ltd. v. PCIT](#)(ITA No. 650/PUN/2024), wherein it was held that where the assessment order has been passed under [section 153A](#) after obtaining approval under [section 153D](#), the Principal Commissioner cannot exercise revisionary jurisdiction under [section 263](#) unless the approval under [section 153D](#) is itself examined and found to be erroneous. The AR also placed reliance on the decision of the Mumbai Bench of the Tribunal in the case of [Shri Surendra L. Hiranandani v. PCIT](#)(ITA No.3226/MUM/2017), wherein it was held that where the assessment order has been passed under [section 143\(3\)](#) read with [section 153A](#) after obtaining approval of the competent authority, the same cannot be revised under [section 263](#) without first dealing with the approval granted by the higher authority.

9. On the strength of the aforesaid judicial precedents, the AR submitted that the impugned revisionary orders have been passed without examining or setting aside the approval granted under [section 153D](#), which forms the statutory foundation of the assessment orders. Therefore, according to the AR, the learned PCIT could not have assumed jurisdiction under [section 263](#) of the Act and the impugned orders are liable to be quashed.



10. The learned Departmental Representative (DR), on the other hand, supported the revisionary orders passed by the learned PCIT under [section 263](#) of the Act.

11. We have carefully considered the rival submissions of the parties, perused the assessment orders passed under [section 143\(3\)](#) read with [section 153C](#) of the Act, the impugned revisionary orders passed under [section 263](#) of the Act and the judicial precedents relied upon by the assessee. The core issue for our consideration is whether the learned Principal Commissioner of Income Tax was justified in invoking the revisionary jurisdiction under [section 263](#) of the Act in respect of the assessment orders passed under [section 143\(3\)](#) read with [section 153C](#) of the Act.

12. In order to adjudicate the controversy, it is necessary to first examine the statutory framework governing search assessments and the requirement of approval under [section 153D](#) of the Act. [Section 153D](#) of the Act mandates that no order of assessment or reassessment shall be passed by the Assessing Officer under [section 153A](#) or [section 153C](#) except with the prior approval of the Joint Commissioner. The requirement of approval under [section 153D](#) is therefore not a mere procedural formality or administrative endorsement. The statutory scheme envisages that the competent authority must examine the draft assessment order and the material on record and grant approval only after due application of mind. The approval under [section 153D](#) thus constitutes an important statutory safeguard intended to ensure proper scrutiny of search assessments by a higher authority before the assessment order is finalised.

13. In the present case, it is an undisputed fact that the assessments for all the relevant assessment years were framed under [section 143\(3\)](#) read with [section 153C](#) of the Act only after obtaining the mandatory approval under [section 153D](#) from the competent authority i.e. the Addl. Commissioner of Income-tax, Central Range-1, Mumbai. Once such statutory approval has been granted by the competent authority after application of mind, the approval becomes an integral part of the assessment proceedings and forms part of the record of the assessment.

14. Having noted the statutory scheme under [section 153D](#), we now proceed to examine the scope of revisionary jurisdiction under [section 263](#) of the Act.

15. [Section 263](#) empowers the Principal Commissioner or Commissioner to revise an order passed by the Assessing Officer if he considers that such order is erroneous in so far as it is prejudicial to the interest of the revenue. The exercise of such jurisdiction is subject to the satisfaction of the well settled twin conditions, namely that the order must be erroneous and it must be prejudicial to the interest of the revenue. However, where an assessment order is passed under [section 143\(3\)](#) read with [section 153A](#) or [section 153C](#) after obtaining mandatory approval under [section 153D](#) of the Act, the approval granted by the competent authority cannot be ignored while examining the validity of the assessment order in revision proceedings. In such a situation, the approval granted under [section 153D](#) becomes part of the assessment record and therefore the revisional authority, while invoking jurisdiction under [section 263](#), is required to examine not only the assessment order passed by the Assessing Officer but also the approval granted by



the competent authority under [section 153D](#). Unless the revisional authority records a finding that the approval granted under [section 153D](#) itself suffers from infirmity or is vitiated in law, the assessment order passed pursuant to such approval cannot be independently treated as erroneous and prejudicial to the interest of the revenue.

16. This principle has been consistently recognised in judicial precedents relied upon by the assessee. In [Devender Kumar Gupta v. Principal Commissioner of Income-tax](#) (supra) the Delhi Bench of the Tribunal, while examining an identical issue, observed as under:

8. The assessment orders make it categorical that the same are passed with statutory approval of Addl. Commissioner of Income-tax, Central Range, Gurgaon communicated vide his office letter F. No. Addl.CIT(CR)/GGM/2021-22/664 dated 24.09.2021 in accordance with [section 153D](#) of the Income Tax Act.

9. We find that in the impugned order the Id. PCIT has not taken account of the fact that the assessments were completed after prior approval of the competent authority. Thus, we are of the considered view that at the time of examining the issue as to if the assessment order is erroneous so far as prejudicial to the interest of the Revenue, the Id. revisional authority is not only supposed to see the assessment record of AO, but also the record of the approval which as far as the revisional authority is concerned becomes "record" of the quasi-judicial authority whose order is being examined by invoking the revisional jurisdiction. Therefore, without giving a finding that the prior approval u/s 153D was vitiated and was also erroneous so far as prejudicial to the interest of the Revenue, the assessment order independently cannot be held to be erroneous so far as prejudicial to the interest of the Revenue.

17. The Hon'ble Madhya Pradesh High Court in [Principal Commissioner of Income-tax v. Prakhar Developers \(P.\) Ltd.](#) (supra) after referring various judicial precedents such as the Pune Bench of Tribunal in the case of [Dhariwal Industries Ltd. v. CIT \[IT Appeal Nos.1108 to 1113/PUN/2014\]](#), Lucknow Bench in the case of [Mehtab Alam v. ACIT \[IT Appeal Nos.288 to 294/Lkw/2014\]](#), Hyderabad Bench of the Tribunal in the case of [CH. Krishna Murthy v. ACIT \[IT Appeal No.766/Hyd/2012\]](#) and one of the judgment passed by the High Court of Judicature at Allahabad in the case of [CIT v. Dr. Ashok Kumar \[IT Appeal No.192 of 2000\]](#) and Hyderabad Bench of Tribunal in the case of [Trinity Infra Ventures Ltd. v. DCIT \[IT Appeal No.584/H/2015\]](#) has observed as under:

...and consistently held that once the order under [Section 143\(3\)](#) r/w [section 153A](#) of the Act has been passed after taking prior approval of the ACIT under [section 153D](#) of the Act, then the jurisdiction under [section 263](#) of the Act cannot be invoked. (para 6-7)

18. The Hon'ble High Court further observed:

8. Even otherwise, as per [section 263](#) of the Act, the Principal Chief Commissioner or Principal Commissioner or Commissioner may call for and examine the record of any proceeding under this Act and if he



considers that any order passed therein by the Assessing Officer, is erroneous in so far as it is prejudicial to the interests of the Revenue, he may make enquiry as he deems necessary, pass such order thereon as the circumstances of the case justify. For passing any order under [sections 143\(3\) & 153A](#) of the Act, prior approval of Joint Commissioner is required under [section 153A](#) of the Act, or Principal Commissioner or Commissioner as the case may be. Therefore, once prior approval had already been taken by the Assessing Officer and accepted the return submitted by the assessee, then the same authority cannot exercise the power under [Section 263](#) of the Act to reverse the order of Assessing Officer.

19. Similar view has also been taken by the Pune Bench of the Tribunal in [Tapadia Constructions Ltd. v. PCIT](#) (supra), wherein it was noted that once the assessment order has been passed under [section 153A](#) after obtaining the approval under [section 153D](#), the revisional authority cannot invoke [section 263](#) without examining the validity of such approval and without demonstrating how the assessment order is erroneous and prejudicial to the interest of the revenue. Likewise, the Mumbai Bench of the Tribunal in [Shri Surendra L. Hiranandani v. PCIT](#) (supra) has held that where the assessment order has been passed under [section 143\(3\)](#) read with [section 153A](#) after obtaining approval from the competent authority, the same cannot be revised under [section 263](#) without first examining the approval granted under [section 153D](#).

20. In the present case, it is an admitted position that the assessment orders were passed by the Assessing Officer under [section 143\(3\)](#) read with [section 153C](#) of the Act after obtaining the mandatory approval under [section 153D](#) of the Act from the competent authority. However, in the impugned revisionary orders passed under [section 263](#), the learned PCIT has not examined the approval granted under [section 153D](#) nor has he recorded any finding that the approval itself was granted without application of mind or was otherwise vitiated in law. The learned PCIT has proceeded to hold that the Assessing Officer did not make proper enquiries on certain issues and therefore the assessment orders were erroneous and prejudicial to the interest of the revenue.

21. In our considered view, once the statute requires that search assessments must be framed only after obtaining approval of the competent authority under [section 153D](#), the approval so granted cannot be ignored while exercising revisionary jurisdiction under [section 263](#). The revisional authority must necessarily examine the validity of such approval and record a finding that the approval itself is vitiated before holding that the assessment order is erroneous and prejudicial to the interest of the revenue. In the absence of any such finding, the assumption of jurisdiction under [section 263](#) cannot be sustained.

22. In view of the foregoing discussion and respectfully following the judicial precedents referred to above, we hold that the learned PCIT was not justified in invoking the revisionary jurisdiction under [section 263](#) of the Act in the present case. Consequently, the impugned orders passed under [section 263](#) of the Act are liable to be quashed.



23. Since the appeals are being allowed on the preliminary legal issue itself, the other grounds raised by the assessee do not require adjudication.

24. In the result, all the appeals filed by the assessee for the respective assessment years are allowed, and the impugned orders passed by the learned PCIT under [section 263](#) of the Act are set aside.”

9. Since in the instant case also, the AO has passed the order after obtaining necessary approval from Addl. CIT u/s 153D of the Act, therefore, respectfully following the above-mentioned decision of the Coordinate Bench of the Tribunal, we are of the considered opinion that the ld.PCIT had no power to revise the order [u/s.263](#) of the Act in the instant case since the same had been passed with the approval of the Addl. CIT u/s 153D of the Act. Accordingly, the revision order passed u/s 263 of the Act is hereby set aside. Since the appeal is allowed on the preliminary legal issue itself, the other grounds raised by the assessee do not require adjudication.

10. In the result, **appeal of the assessee in ITA No.8772/Mum/2025 is allowed.**

11. The above decision applies *mutatis mutandis* to all other appeals above which are also allowed.

12. In the final summing up, **ITA Nos. 8772/8773/8774/8775/8776/8777 and 8778/Mum/2025** in the case of Sri Shashi Kant Khandelwal and **ITA No. 8771/Mum/2025** in the case of Smt. Sunita Khandelwal are **allowed**.



ITA Nos. 8771, 8772, 8773, 8774, 8775, 8776, 8777 & 8778/Mum/2025
A.Y. 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21
Sunita Khandelwal
Shashikant Damodar Khandelwal

Order pronounced in the open court on **24/04/2026**.

Sd/-

SAKTIJIT DEY

(उपाध्यक्ष / JUDICIAL MEMBER)

Sd/-

PRABHASH SHANKAR

(लेखाकार सदस्य / ACCOUNTANT MEMBER)

Place: मुंबई/Mumbai

दिनांक /Date 24.04.2026

Lubhna Shaikh / Steno

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT,
Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण/ ITAT, Bench,
Mumbai.

