

Date: October 12, 2026

To,
Manager
Corporate Communication Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, Block-G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051

SCRIP SYMBOL: RNFI

Sub: Disclosure regarding favorable appellate order in Income Tax Matter for Assessment Year 2024–25

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, vide order dated October 9, 2026, has partly allowed the appeal filed by RNFI Services Limited for Assessment Year 2024–25.

The appellate authority has directed the deletion of the entire addition of Rs. 1,47,60,000 made under Section 69 of the Income-tax Act, 1961, in relation to the alleged unexplained investment in a property acquired by the Company.

Accordingly, the disputed addition stands deleted, providing substantial relief to the Company.

A copy of the appellate order is enclosed for your information and records.

You are requested to take the above information on record.

Thanking you,
Yours faithfully,

For RNFI Services Limited

**MOHIT
CHAUHAN**

Digitally signed by
MOHIT CHAUHAN
Date: 2026.10.12
17:14:33 +05'30'

**Mohit Chauhan
(Company Secretary)**



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RNFI SERVICES LIMITED

UG-5, Relipay House, Plot No - 42, DLF
Industrial Area, Kirti Nagar, New Delhi - 110015

CIN NO – L66190DL2015PLC286390





भारत सरकार / GOVERNMENT OF INDIA
वित्त मंत्रालय / MINISTRY OF FINANCE
आयकर विभाग / INCOME TAX DEPARTMENT
राष्ट्रीय पहचानविहीन अपील केन्द्र / NATIONAL FACELESS APPEAL CENTRE (NFAC)
दिल्ली / DELHI

To, RNFI SERVICES LIMITED UG-5 Plot No.42 Relipay House ,Delhi Kirti Nagar DLF,Industrial Area Delhi 110015 ,Delhi India	
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PAN: AAHCR4860R	AY: 2024-25	Dated: 09/10/2026	DIN & Order No : ITBA/NFAC/S/250/2026-27/1094370310(1)
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Order u/s 250 of Income Tax Act,1961

Instituted on 25/03/2026 from the order of **Assessment Unit, Income Tax De** dated 08/03/2026

Appeal No	NFAC/2023-24/10579491
Status/Deductor Category	Company
Residential Status	Resident
Nature of Business	Others
Section under which the order appealed against was passed	143(3)
Date of Order under which the order appealed against was passed	08/03/2026
Income/Loss Assessed (in Rs .)	110937610
Tax/Penalty/Fine/Interest Demanded (in Rs.)	16105460
Present for the appellant	Not Applicable
Present for the Department	Not Applicable

This appeal was instituted on 25.03.2026 against order u/s. 143(3) r.w.s. 144B of the Income-tax Act, 1961 dated 08.03.2026 passed by the Assessment Unit for A.Y. 2024-25.

Note:- The website address of the e-filing portal has been changed from www.incometaxindiaefiling.gov.in to www.incometax.gov.in.

2. As per Form No.35, the date of service of order is mentioned as 08.03.2026 and the appellant filed the appeal on 25.03.2026. Therefore, the appeal is filed on time.

3. GROUNDS OF APPEAL SUBMITTED IN FORM NO. 35

"1. The learned Assessing Officer erred in making addition under section 69 of the Act amounting to Rs 14760000 towards purported on money in respect of purchase of an immovable property. Your appellant submits that under the facts and circumstances of the appellants case the above disallowance towards alleged unexplained investment is arbitrary erroneous bad in law illegal and the same ought to be deleted.

2. The learned Assessing Officer has erred in law and in facts by making the addition under section 69 of the Act primarily relying on the retracted statement of one Smt. Sandhya Mahesh Sanzgiri. Your appellant submits that no addition can be made on the basis of a retracted statement. Therefore your appellant submits that the addition made under section 69 ought to be deleted.

3. The learned Assessing Officer has erred in making the addition basis the statement recorded under section 132 4 during the search carried out on third party namely Shri Sachiv Sahani. Your appellant submits that presumption under section 132 4A with regards to the evidentiary value of the statement recorded during the search is not available in the case of third party, therefore no addition can be based on the statement recorded under section 132 4 under the facts and circumstance of the appellants case.

4. Without prejudice to the above the learned Assessing Officer erred in law and in facts by violating the fundamental principles of natural justice and by failing to provide an opportunity to the appellant to cross examine Smt. Sandhya Sanzgiri witness whose statement was relied upon. Your appellant submits that the assessment proceedings are in violation of the principles of natural justice and renders the proceedings and the findings thereon liable to be set aside.

5. *The learned Assessing Officer has erred in not complying with section 65B 4 of the Indian Evidence Act 1872. Your appellant submits that in view of the non compliance with section 65B 4 of the Indian Evidence Act 1872 the excel sheet relied upon is an inadmissible evidence and the same cannot be relied upon for making an addition. Therefore the addition made by the learned Assessing Officer is erroneous bad in law illegal and the same ought to be quashed.*

6. *Without prejudice to the above the learned Assessing Officer has erred in relying on the excel sheets which does not constitute books of accounts and are not considered as evidence within the meaning of section 34 of the Indian Evidence Act 1872. Your appellant submits that loose excel sheets are not considered as evidence under section 34 of the Indian Evidence Act 1872 and the same is not reliable evidence particularly in absence of any supporting material. Therefore the addition made by the learned Assessing Officer is erroneous bad in law illegal and the same ought to be quashed.*

7. *Without prejudice to the above the learned Assessing Officer erred in law and in facts by misinterpreting the excel sheet produced during the assessment proceedings which bears the heading Table No. A Cash receipt by Sachiv Sahni and Bina Sahni against sale of tenancy rights in sheds as against the actual transaction of sale of immovable property. Your appellant submits that the excel sheet relied upon by the learned Assessing Officer clearly indicates that the transaction is related to sale of tenancy rights which is distinct from the transaction of purchase of immovable property entered into by the appellant. Therefore your appellant submits that the addition made under section 69 of the Act is erroneous bad in law and the same ought to be quashed.*

8. *The learned Assessing Officer erred in law and in fact by making the addition under section 69 without bringing on record any independent and corroborative evidence to substantiate the alleged unexplained investment in immovable property. Your appellant submits that an addition under section 69 requires the Assessing Officer to establish with independent cogent and corroborative evidence that the assessee has made investments that are not recorded in the books of account. Therefore the addition made by*

the learned Assessing Officer is on conjectures and surmises.

9. The learned Assessing Officer has erred in not following the principle of consistency as no such addition was made in the appellants own case for A.Y. 2021-22 on identical facts and circumstances. Your appellant submits that under the facts and circumstances of the appellants case the Assessing Officer following the assessment order for A.Y. 2021-22 ought not to have made any addition.

10. Your appellant craves leave to add to alter amend or vary all or any of the aforesaid grounds of appeal as they/their representative may deem fit.

Additional Grounds Nos.

11. The Learned Assessing Officer has erred both in law and on facts in framing the assessment under section 143(3) of the Income-tax Act, 1961 (Act), without complying with the mandatory jurisdictional conditions prescribed under section 148 read with Explanation 2(iv) thereto, inasmuch as no valid and proper satisfaction was recorded prior to initiation of proceedings for reliance upon documents/material allegedly seized from a third-party premises. Your appellant submits that under the facts and circumstances of the appellant's case recording of satisfaction being a condition precedent and sine qua non for assumption of jurisdiction and use of such material against the assessee, the impugned assessment order is without jurisdiction, bad in law, and the same ought to be quashed.

12. The learned Assessing Officer has erred in relying on the documents seized during the course of search proceedings conducted on a third party without obtaining the prior approval of the Principal Commissioner of Income Tax (PCIT). Your appellant submits that the assessment under section 143(3) r.w.s. 144B is illegal, void-ab-initio and the same ought to be quashed.

13. The learned Assessing Officer has erred in passing an assessment order under section 143(3) r.w.s. 144B of the Act without obtaining prior approval as prescribed under section 148B of the Act. Your appellant submits that in absence of the prior approval the order passed under section 143(3) r.w.s. 144B is illegal, bad-in-

law and the same ought to be quashed.”

4. STATEMENT OF FACTS OF APPEAL SUBMITTED IN FORM NO. 35

“1. The appellant is a company engaged in business activity of a business correspondent of scheduled banks and provides financial inclusion services. The appellant filed its return of income for A.Y. 2024-25 on 22.10.2024 declaring total income of Rs 96177610. The return was processed under section 143 1 of the Income-tax Act, 1961. Subsequently the case was selected for scrutiny and assessment proceedings were initiated.

2. During the year under consideration the appellant purchased an immovable property being a freehold land admeasuring 246 sq. yards situated at Plot No. 42 DLF Industrial Area Kirti Nagar New Delhi from Shri Sachiv Sahni and Smt. Bina Sahni for a total consideration of Rs 22140000. The said transaction was duly recorded in the books of account and the entire consideration was paid through banking channels. Further tax was duly deducted at source and deposited as per applicable provisions.

3. The stamp duty value of the said property at the time of transaction was Rs 19006680, which is lower than the actual purchase consideration paid by the appellant. This substantiates that the transaction was carried out at a value higher than the fair market value as per stamp valuation.

4. During the course of assessment proceedings the learned Assessing Officer received information from the Investigation Wing pursuant to a search action conducted under section 132 of the Act on 19.01.2024 in the case of Shri Sachiv Sahni. During the said search certain digital data including an excel sheet titled Tenants shed sell working was allegedly found which contained details of transactions relating to sale of sheds including bifurcation of consideration into cheque and cash components. Based on the said excel sheet the AO alleged that the appellant had made an additional cash payment of Rs14760000 over and above the

registered consideration in respect of the property purchased.

5. The AO also relied upon the statement recorded under section 132 4 of the Act of Smt. Sandhya Mahesh Sanzgiri an employee of a third party entity wherein it was stated that property transactions involved receipt of on-money in cash.

6. Accordingly a show cause notice dated 19.02.2026 was issued to the appellant proposing to treat the alleged cash component of Rs14760000 as unexplained investment under section 69 of the Act.

7. In response the appellant filed detailed submissions including submission dated 02.03.2026 inter alia explaining that.

i. The appellant had purchased freehold land and not tenancy rights.

ii. The excel sheet relied upon by the AO pertains to sale of tenancy rights in sheds which is factually distinct from the appellants transaction.

iii. The entire consideration was paid through banking channels and duly recorded.

iv. No evidence of any cash payment or unaccounted investment was found.

v. The statement of Smt. Sandhya Sanzgiri was retracted immediately by way of affidavit stating that it was recorded under duress and without knowledge of transactions.

vi. The appellant further submitted that the said statement being a retracted third party statement without any corroborative evidence cannot form the basis of addition. It was also submitted that no opportunity for cross examination was provided thereby violating principles of natural justice.

8. The appellant specifically submitted that.

a. No unaccounted cash asset or incriminating material relating to the appellant was found during search.

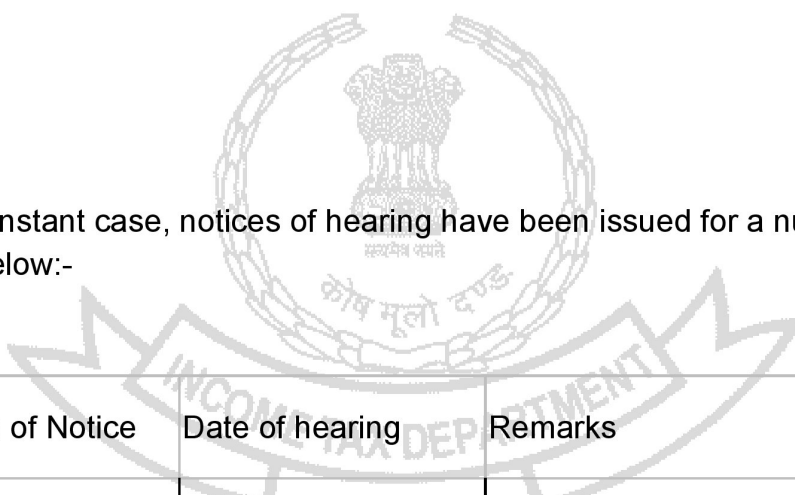
b. The excel sheet is a third party document and does not establish any nexus with the appellant. c. The presumption under section 132 4A is not applicable to third parties. d. The alleged electronic evidence was not supported by certificate under section 65B of the

Indian Evidence Act 1872.

9. However the learned AO without properly appreciating the submissions and evidences furnished by the appellant proceeded to make an addition of Rs 14760000 under section 69 of the Act on account of alleged unexplained investment primarily relying on the said excel sheet and third party statement. Your appellant submits that the addition has been made purely on assumptions presumptions and uncorroborated third party material without any independent enquiry or evidence establishing that the appellant has made any cash payment over and above the recorded consideration. Being aggrieved by the said assessment order passed under section 143 3 read with section 144B of the Act the appellant is in appeal before the Honble Commissioner of Income tax Appeals against the above addition.”

5. NOTICES:

In the instant case, notices of hearing have been issued for a number of times as detailed below:-



Sr. No.	Date of Notice	Date of hearing	Remarks
1.	29.03.2026	Deficiency Letter issued.	Response received on 30.03.2026.
2.	01.04.2026	Enablement of Communication Window issued.	No response
3.	03.04.2026	10.04.2026	on 10.04.2026, 15.04.2026 requested for adjournment.
4.	19.04.2026	27.04.2026	Adjournment of 15 days requested on 27.04.2026.

5.	10.05.2026	18.05.2026	Part written submission and documentary evidence filed on 12.05.2026. Part written submission filed on 02.09.2026.
6.	26.09.2026	05.10.2026	Response on 06.10.2026

5.1. In response to notices issued, the appellant filed submissions dated 30.03.2026, 12.05.2026, 02.09.2026, 06.10.2026, which are kept on record.

6. BRIEF FACTS OF THE CASE:

The appellant, RNFI Services Limited, filed its return of income for Assessment Year 2024-25 on 22.10.2024 declaring total income of Rs.9,61,77,610/-. The assessment was completed under section 143(3) read with section 144B of the Income-tax Act, 1961. During the course of assessment proceedings, it was noticed that the appellant had purchased a shed measuring 246 square yards situated at Plot No. 42, DLF Industrial Area, Kirti Nagar, New Delhi, from Shri Sachiv Sahni and Smt. Bina Sahni. The registered sale consideration was Rs.2,21,40,000/-. Subsequently, information was received from the Investigation Wing consequent to a search conducted under section 132 on 19.01.2024 in the case of Shri Sachiv Sahni and related persons/concerns. During the search at the office premises of C. Jairam Private Limited, incriminating documents and digital data relating to property transactions were found and seized. Among the seized material was an Excel sheet titled "Tenants shed sell working", forming part of the workbook "Latest REPORT new", which contained details of various shed transactions, including area, rate per square yard and bifurcation of consideration into cheque and cash components.

In the said seized Excel sheet, the transaction relating to the 246 square yard shed sold to the appellant was reflected with a cheque component of Rs.2,21,40,000/- calculated at Rs.90,000/- per square yard and a cash component of Rs.1,47,60,000/- calculated at Rs.60,000/- per square yard. The cheque component

exactly matched the registered sale consideration. Further, the statement of Smt. Sandhya Mahesh Sanzgiri, cashier of C. Jairam Private Limited, was recorded under section 132(4), wherein she stated that transactions relating to sale of sheds involved receipt of on-money in cash over and above the registered consideration and that the seized Excel sheet contained details of such cheque and cash receipts. Accordingly, the appellant was issued a show cause notice proposing addition of Rs.1,47,60,000/- under section 69 as unexplained investment.

The appellant objected to the proposed addition, inter alia, contending that the seized Excel sheet related to tenancy rights and not the appellant's freehold property transaction; that the statement of Smt. Sandhya Mahesh Sanzgiri had subsequently been retracted; that the Excel sheet was an uncorroborated document; that presumptions under section 132(4A) could not automatically be applied against a third party; that the digital document suffered from evidentiary deficiencies; that similar additions had not been made in earlier years; and that cross-examination of Smt. Sandhya Mahesh Sanzgiri was required. The appellant maintained that the alleged cash payment had not been made and requested that the proposed addition be deleted.

The Ld.AO, however, rejected the explanation of the appellant. It was held that the seized document contained specific details matching the appellant's transaction, including the exact property area, purchaser's name, registered consideration and rate calculation. According to the Ld.AO, the exact matching of the cheque component with the registered agreement, coupled with the separately recorded cash component, established a direct nexus between the seized material and the appellant's purchase. The Ld.AO further held that the retraction of the statement did not dislodge the seized documentary evidence and that the request for cross-examination did not affect the evidentiary value of the seized material. It was also held that the appellant had failed to furnish confirmation or affidavit from the sellers, valuation evidence or other cogent material disproving the alleged cash payment.

Consequently, the Ld. AO treated Rs.1,47,60,000/- as unexplained investment under section 69 and added the same to the returned income. The total assessed income was thereby determined at Rs.11,09,37,610/-. Penalty proceedings under section 271AAC(1) were also initiated separately.

Aggrieved to it, the appellant is in present appeal before the undersigned.

6.1. In Ground of Appeal No. 1 to 9 [As per Para 3 above]

6.1.1. The above grounds of appeal are interlinked and relate to the addition of Rs. 1,47,60,000/- made by the Ld.AO under section 69 of the Income-tax Act, 1961 on account of alleged unexplained investment towards payment of on-money in respect of purchase of immovable property. The grounds are therefore adjudicated together.

6.1.2. Ld. AO's findings:

The Ld.AO observed that the appellant had purchased immovable property from Shri Sachiv Sahni and Smt. Bina Sahni during the relevant previous year. The registered purchase transaction reflected consideration of Rs. 2,21,40,000/-. During the course of search proceedings conducted in the case of Ajmera & Goshar group and related parties, including Shri Sachiv Sahni, certain material was found and statements were recorded. The Ld.AO relied upon a statement recorded under section 132(4) from Smt. Sandhya Mahesh Sanzgiri and an Excel sheet stated to have been found during the search proceedings.

The Ld.AO noted that the seized material contained details concerning receipt of cash in connection with transactions relating to sheds/tenancy rights and that the name of the appellant appeared in the relevant material. On the basis of the seized Excel sheet and the statement of Smt. Sandhya Sanzgiri, the Ld.AO considered that the actual consideration relating to the property transaction was higher than the consideration disclosed in the registered sale deed. The difference between the disclosed consideration and the alleged actual consideration was treated as unexplained investment in the hands of the appellant.

The Ld.AO accordingly treated the alleged undisclosed consideration of Rs. 1,47,60,000/- as unexplained investment under section 69 of the Act. The Ld.AO did not accept the appellant's contention that the registered sale deed reflected the actual consideration and that the entire consideration of Rs. 2,21,40,000/- had been paid through banking channels. The Ld.AO relied principally upon the seized material and the statement recorded during the search proceedings to draw an inference regarding payment over and above the registered consideration.

The Ld.AO also considered the nature of the seized Excel sheet and the statement of Smt. Sandhya Sanzgiri as material indicating cash transactions relating to the property. On this basis, the Ld.AO held that the explanation furnished by the appellant was not satisfactory and made the addition of Rs. 1,47,60,000/- under section 69 of the Act.

6.1.3. Appellant's submission:

The appellant has strongly contested the addition of Rs. 1,47,60,000/- and submitted that the addition is based upon third-party material which does not establish that the appellant paid any amount over and above the consideration recorded in the registered sale deed.

The appellant submitted that it had purchased freehold property from Shri Sachiv Sahni and Smt. Bina Sahni by a registered Sale Deed dated 20.06.2023. The Sale Deed was registered as Document No. 8,042 in Book No. 1, Volume No. 27,205, pages 118 to 130, with the office of the Sub-Registrar, SR-II, Basai Darapur, Delhi/West Delhi-II, on 21.06.2023. The property is described as the front portion of private Plot No. I-1, measuring approximately 246 square yards, forming part of freehold Plot Nos. 24, 24A, 25 and 42 to 45, popularly known as Plot No. 42, situated at DLF Industrial Area, Kirti Nagar, New Delhi.

The appellant submitted that the consideration recorded in the registered Sale Deed is Rs. 2,21,40,000/-. The vendors are Shri Sachiv Sahni alias Sachiv S. Sahni holding an undivided 62.5% share and Smt. Bina Sahni alias Bina Satish Kumar Sahni holding an undivided 37.5% share. The appellant, RNFI Services Private Limited, was the vendee and the Sale Deed was executed through its Director, Shri Ranveer Khyaliya.

The appellant submitted that the entire consideration of Rs. 2,21,40,000/- was paid through banking channels and that there was no payment of any additional amount in cash or otherwise. A copy of the bank statement evidencing payment to the sellers has subsequently been furnished as Annexure-B to the written submission dated 16.10.2026. The appellant has also furnished the ledger account of the land purchased and the accounts of the sellers in its books as Annexure-E.

The appellant further submitted that the stamp duty value of the property was Rs. 1,90,06,680/-, whereas the actual consideration recorded in the registered Sale Deed was Rs. 2,21,40,000/-. Thus, the consideration actually recorded and paid by the appellant was higher than the stamp duty value. According to the appellant, there was therefore no basis to infer that the appellant had paid any additional consideration merely on the basis of third-party material.

The appellant also furnished Form No. 26QB relating to the purchase transaction and submitted that TDS at the applicable rate was deducted on the consideration. The later submission dated 16.10.2026 specifically enclosed Form No. 26QB as Annexure-F. The appellant submitted that these documents independently establish the factum and quantum of the consideration actually paid.

The principal objection of the appellant is that the alleged Excel sheet relied upon by

the Ld.AO does not relate to the actual transaction entered into by the appellant. The appellant submitted that the title of the relevant portion of the Excel sheet is "Table No. A – Cash receipt by Sachiv Sahni and Bina Sahni against sale of tenancy rights in sheds". According to the appellant, this description itself shows that the material relates to an alleged transaction concerning sale of tenancy rights in sheds and not to the purchase of freehold land by the appellant.

The appellant emphasised that the registered Sale Deed clearly records purchase of freehold land together with all rights, title and interest therein. Thus, according to the appellant, there is a fundamental distinction between the transaction described in the Excel sheet and the transaction actually entered into by the appellant. The appellant submitted that there is no material establishing any nexus between the alleged transaction concerning tenancy rights in sheds and the registered purchase of freehold land by the appellant.

The appellant further submitted that the statement of Smt. Sandhya Mahesh Sanzgiri cannot constitute a reliable basis for the addition. According to the appellant, Smt. Sandhya Sanzgiri had retracted her statement by an affidavit dated 25.01.2024, i.e. shortly after conclusion of the search. In the retraction, she stated that she was an Accounts Assistant and did not have knowledge of or involvement in the property transactions of Shri Sachiv Sahni. She further alleged that the statement had been recorded under pressure and duress.

The appellant submitted that once the statement relied upon by the Ld.AO had been retracted, the Ld.AO was required to independently establish the allegation of undisclosed payment through cogent and corroborative material. According to the appellant, no evidence of actual payment of Rs. 1,47,60,000/- by the appellant was found. No cash was found from the appellant, no cash trail was established, no receipt evidencing payment of the alleged amount was found, and no independent evidence was brought on record demonstrating that the appellant had paid the alleged on-money.

The appellant also specifically requested an opportunity to cross-examine Smt. Sandhya Sanzgiri. The request was made during the assessment proceedings itself in the written submission dated 02.03.2026. The relevant request was that before reliance was placed upon her statement for making the proposed addition under section 69, the appellant be provided an opportunity to cross-examine her. The appellant has furnished proof of this request as Annexure-D to its subsequent submission dated 16.10.2026.

The appellant contended that reliance upon a statement recorded behind its back, particularly after its retraction, without permitting cross-examination, violates the

principles of natural justice. It relied upon the decision of the Hon'ble Supreme Court in *Andaman Timber Industries v. CCE*, wherein denial of an effective opportunity of cross-examination of witnesses whose statements are relied upon against the affected party was held to be a serious violation of natural justice.

The appellant also relied upon *Kishinchand Chellaram v. CIT*, wherein the Hon'ble Supreme Court emphasised that material collected behind the back of the assessee cannot ordinarily be relied upon without giving the assessee an opportunity to controvert the same.

The appellant further submitted that the alleged Excel sheet is third-party material and was not found from its possession or control. Therefore, according to the appellant, any presumption attached to documents found during search cannot automatically be extended against the appellant without independent corroboration establishing that the appellant had actually made the alleged payment.

The appellant submitted that the addition under section 69 cannot be sustained merely because a third-party document contains an entry against its name. There must be credible material establishing the fact of investment, the amount of investment and the nexus between the investment and the appellant. In the present case, the registered Sale Deed, banking records, books of account and TDS records consistently support the consideration of Rs. 2,21,40,000/- and do not support the alleged additional payment.

The appellant also relied upon the assessment order for A.Y. 2021-22 in its own case. It submitted that during that year, an identical issue arose concerning purchase of immovable property from the same sellers and alleged payment of additional consideration. According to the appellant, the same statement of Smt. Sandhya Sanzgiri and the same Excel sheet/material were involved, but the Ld.AO accepted the appellant's explanation and did not make any addition. A copy of that assessment order has been furnished as Annexure-G to the subsequent submission.

The appellant submitted that the said assessment order is particularly relevant because it demonstrates that, on examination of the same nature of material relating to the same sellers and the same appellant, the Department itself had earlier not considered the material sufficient to establish undisclosed consideration. The appellant therefore submitted that a contrary conclusion in the present year, without any additional direct evidence establishing actual payment, would be unjustified.

The appellant further submitted that the documents now placed on record conclusively establish the actual transaction. These include the registered purchase deed, bank statement showing payment of Rs. 2,21,40,000/-, ledger accounts of the

land and sellers, Form No. 26QB and the earlier assessment order for A.Y. 2021-22. The appellant therefore prayed that the addition of Rs. 1,47,60,000/- be deleted.

DECISION:

6.1.4. The Assessment Order, Grounds of Appeal, the Statement of Facts, submission of the appellant and law in this regard is considered.

6.1.5. I have carefully considered the assessment order, the material relied upon by the Ld.AO, the submissions of the appellant and the documentary evidence furnished during the appellate proceedings. The dispute is essentially whether the appellant made an unexplained investment of Rs. 1,47,60,000/- over and above the registered consideration of Rs. 2,21,40,000/- for acquisition of the freehold property.

6.1.6. The undisputed documentary position emerging from the record is that the appellant purchased the property through a registered Sale Deed dated 20.06.2023. The Sale Deed was registered on 21.06.2023 and records the consideration at Rs. 2,21,40,000/-. The vendors are Shri Sachiv Sahni and Smt. Bina Sahni and the vendee is the appellant. The property is specifically described as freehold property and the Sale Deed records transfer of rights, title and interest in the property.

6.1.7. The appellant has furnished the registered Sale Deed itself. It has also furnished the bank statement evidencing payment of Rs. 2,21,40,000/- to the sellers. The ledger accounts relating to the land purchased and the sellers have also been furnished. Further, Form No. 26QB relating to the property transaction has been submitted. Thus, the registered document, banking records, books of account and TDS documentation constitute a consistent documentary trail of the transaction.

6.1.8. It is significant that the consideration recorded in the registered Sale Deed is Rs. 2,21,40,000/-, whereas the stamp duty value of the property is stated to be Rs. 1,90,06,680/-. Therefore, the consideration recorded in the Sale Deed is higher than the stamp duty value. More importantly, the Ld.AO is required to establish the actual alleged additional investment independently.

6.1.9. The central evidence relied upon against the appellant is the third-party Excel sheet and the statement of Smt. Sandhya Sanzgiri. The appellant has specifically demonstrated that the description of the relevant portion of the Excel sheet is "Table No. A – Cash receipt by Sachiv Sahni and Bina Sahni against sale of tenancy rights in sheds". The transaction actually entered into by the appellant, as evidenced by the registered Sale Deed, is purchase of freehold land with rights, title and interest. No material has been brought on record establishing that the appellant purchased

tenancy rights in a shed or that the transaction described in the Excel sheet corresponds to the registered freehold land transaction.

6.1.10. Merely because the names of the appellant and the sellers may appear in third-party material, the nexus between that material and the specific registered transaction has to be established by independent evidence. The addition under section 69 is not sustainable merely on the basis of suspicion. Before an amount can be treated as unexplained investment, there must first be a reliable basis for concluding that the appellant actually made the alleged investment.

The fact that certain particulars in the seized Excel sheet correspond to the registered transaction may lend relevance to the document, but such correspondence does not, by itself, establish the truth of every entry contained therein. In particular, the allegation that an additional amount of Rs.1,47,60,000/- was paid in cash requires a finding based upon reliable material connecting the appellant with the alleged unrecorded investment. Section 69 contemplates an investment made by the assessee which is not recorded in the books of account, if any, maintained by the assessee, and for which no satisfactory explanation is offered. Accordingly, the question is not merely whether the alleged cash figure appears in third-party material, but whether the material, considered as a whole, sufficiently establishes that such investment was actually made by the appellant.

6.1.11. In the present case, the appellant has satisfactorily demonstrated the recorded investment of Rs. 2,21,40,000/- through the registered Sale Deed and banking records. The question is therefore whether the Revenue has established the additional investment of Rs. 1,47,60,000/-. On the material placed on record, the answer is in the negative.

6.1.12. There is no material brought on record demonstrating an actual payment of Rs. 1,47,60,000/- by the appellant. The appellant has pointed out that no cash or other unaccounted asset was found from it. There is also no independent bank trail, receipt, agreement, diary, books of account of the appellant or other direct documentary evidence establishing payment of the alleged amount. The addition consequently rests substantially upon third-party material.

6.1.13. The statement of Smt. Sandhya Sanzgiri also requires to be considered with caution. The appellant has furnished her retraction affidavit dated 25.01.2024 and has submitted that the statement was retracted shortly after the search. The appellant has also submitted that Smt. Sandhya Sanzgiri stated that she was an Accounts Assistant and was not involved in the property transactions of Shri Sachiv Sahni. In these circumstances, once the statement was retracted, it could not reasonably be treated as conclusive evidence against the appellant without

independent corroboration.

6.1.14. The request for cross-examination is also material. The appellant had specifically requested during assessment proceedings that it be permitted to cross-examine Smt. Sandhya Sanzgiri before her statement was relied upon for making the addition. The appellant has furnished proof of such request as Annexure-D to its subsequent submission dated 16.10.2026.

6.1.15. The Hon'ble Supreme Court in ***Andaman Timber Industries v. CCE*** recognised the importance of cross-examination where statements of witnesses are relied upon against the affected party. The Hon'ble Supreme Court held that denial of the opportunity to cross-examine witnesses whose statements form the basis of the order amounts to a serious violation of natural justice.

In the landmark judgment of the Hon'ble Supreme Court of India in ***Andaman Timber Industries v. Commissioner of Central Excise, Kolkata-II*** (Civil Appeal No. 4228 of 2006, decided on September 2, 2015), the relevant and frequently cited portion emphasizing the absolute necessity of cross-examination and the violation of natural justice is reproduced below-

"According to us, not allowing the assessee to cross-examine the witnesses by the Adjudicating Authority though the statements of those witnesses were made the basis of the impugned order is a serious flaw which makes the order a nullity entailing vacation of the order. It was argued by the learned counsel for the Revenue that looking to the facts of this case, there was no requirement of cross-examine the witnesses. This argument cannot be accepted. To make the right of cross-examination of witnesses whose statements are relied upon by the authorities, a meaningful right, it is obligatory on the part of the authorities to the statements of all such witnesses [to be made available] and give an opportunity to the assessee to cross-examine them."

6.1.16. Similarly, in ***Kishinchand Chellaram v. CIT***, the Hon'ble Supreme Court emphasised the necessity of affording an effective opportunity to controvert material collected behind the back of the taxpayer before such material is relied upon for an adverse finding. The principle is relevant where third-party material is relied upon to sustain an addition against the appellant.

The relevant para is reproduced below-

"It is true that the proceedings under the income-tax law are not governed by the strict rules of evidence, but that does not mean that the taxing authorities can rely on any evidence or material collected behind the back of the

assessee without affording the assessee an adequate opportunity to cross-examine or controvert it before it is used to sustain an adverse finding or addition against them."

6.1.17. The principle emerging from the above decisions is that where an adverse third-party statement constitutes a material basis for an addition and the appellant disputes the statement and seeks cross-examination, the evidentiary value of such statement has to be examined in accordance with the principles of natural justice. In the present case, the appellant specifically disputed the statement and sought cross-examination.

6.1.18. The difficulty with the impugned addition is not merely the absence of cross-examination in isolation. The addition also lacks independent corroboration establishing that the appellant actually paid Rs. 1,47,60,000/- over and above the registered consideration. The registered Sale Deed records Rs. 2,21,40,000/-. The bank statement evidences payment of that amount. The ledger records the transaction. Form No. 26QB supports the transaction and the consideration subjected to TDS.

6.1.19. Against this documentary evidence, the Revenue has relied upon third-party material which, according to the appellant, relates to tenancy rights in sheds rather than the freehold property purchased by it. It is observed that the said sheet contains particulars corresponding to the appellant's property transaction, including the area of 246 square yards and the cheque component of Rs.2,21,40,000/-, which matches the consideration recorded in the registered Sale Deed. These similarities constitute relevant circumstances and cannot be disregarded. However, the issue requiring determination is whether the separate cash component of Rs.1,47,60,000/- mentioned in the said sheet establishes that the appellant actually paid such additional consideration. The appellant has specifically disputed this inference and pointed out that the relevant portion of the sheet refers to cash receipts against sale of tenancy rights in sheds, whereas the registered transaction concerns acquisition of freehold property. The evidentiary value of the alleged cash component must, therefore, be examined independently, having regard to the nature of the underlying transaction, the origin and reliability of the entries and the availability of corroborative evidence of actual payment.

6.1.20. The appellant has also furnished the assessment order for A.Y. 2021-22 in its own case, wherein, according to the appellant, an identical issue relating to purchase of property from the same sellers and reliance upon the same nature of third-party material had arisen and no addition was ultimately made. This fact is relevant to the issue of consistency.

6.1.21. The earlier assessment order does not create an absolute estoppel against the Revenue. However, where substantially similar material concerning the same appellant and the same sellers has already been considered by the Department and no addition was made, a departure in the present year requires cogent reasons and independent evidence distinguishing the present transaction. No such distinguishing evidence has been demonstrated in the material presently under consideration.

6.1.22. The appellant has produced direct documentary evidence of the present transaction. The evidence is contemporaneous, registered and independently verifiable. The bank payment of Rs. 2,21,40,000/- corresponds with the consideration stated in the registered Sale Deed. The books of account and Form No. 26QB further support the appellant's explanation.

6.1.23. The allegation of on-money payment is a factual allegation which requires factual support. Each addition must be based upon material having a direct nexus with the taxpayer and the particular transaction under consideration. In the present case, the alleged Excel sheet, on the basis of the material placed on record, relates to cash receipts against sale of tenancy rights in sheds, whereas the appellant's transaction is documented as purchase of freehold land.

6.1.24. Further, the appellant's contention that no addition was made in A.Y. 2021-22 in respect of an identical transaction involving the same sellers and the same nature of evidence strengthens the appellant's case when considered along with the present year's documentary evidence. The earlier assessment order is considered as corroborative of the appellant's contention that the third-party material does not, without further evidence, establish actual on-money payment by the appellant.

6.1.25. The provisions of section 69 cannot be invoked merely to replace documentary evidence with an inference founded upon a third-party document unless the Revenue establishes that the appellant made an investment which was not recorded in its books. The burden in respect of the alleged additional investment is not discharged merely by pointing to an entry in a third-party Excel sheet, particularly when the appellant has demonstrated that the description of the transaction in that material is different from the registered transaction and the person whose statement is relied upon has retracted the statement.

6.1.26. The appellant has not merely denied the allegation. It has produced the purchase deed, bank statement, ledger accounts and Form No. 26QB. The appellant has thereby provided a coherent documentary explanation regarding the nature and source of the recorded investment. There is no sufficient material on record establishing that the appellant possessed or utilised an additional sum of Rs. 1,47,60,000/- for acquisition of the property.

6.1.27. In view of the foregoing discussion, the documentary evidence furnished by the appellant establishes that the property was purchased through a registered Sale Deed for Rs. 2,21,40,000/- and that the said consideration was paid through banking channels. The Ld.AO has not brought sufficient independent and corroborative material on record to establish the alleged additional investment of Rs. 1,47,60,000/-. Accordingly, the addition of Rs. 1,47,60,000/- made under section 69 of the Act is not sustainable and is directed to be deleted.

In the result, Grounds of Appeal No. 1 to 9 are Allowed.

6.2. In Additional Ground of Appeal No. 11, 12 and 13 [As per Para 3 above]

6.2.1. Through these additional grounds, the appellant has challenged the validity of the assessment proceedings on jurisdictional grounds. The appellant has contended that the material relied upon by the Ld.AO was allegedly seized during a search conducted in the case of a third party and that the requisite satisfaction, prior approval and other conditions contemplated under sections 148, 148B and the relevant provisions relating to seized material were not complied with. The appellant has, therefore, sought quashing of the assessment order passed under section 143(3) r.w.s. 144B of the Act.

6.2.2. Ld. AO's findings:

The assessment was completed by the Ld.AO under section 143(3) r.w.s. 144B of the Act. During the course of assessment proceedings, the Ld.AO examined the material and information available on record, including material emanating from search proceedings conducted in the case of the concerned third parties. On the basis of such material and the enquiries conducted during the assessment proceedings, the Ld.AO formed a view regarding the unexplained investment allegedly made by the appellant in connection with purchase of immovable property and made the impugned addition under section 69 of the Act.

The Ld.AO issued a show-cause notice to the appellant and confronted the appellant with the material proposed to be relied upon. The appellant furnished detailed submissions disputing the evidentiary value and relevance of the third-party material. The Ld.AO considered the explanation of the appellant but did not accept the same and completed the assessment under section 143(3) r.w.s. 144B.

The assessment order, as emanating from the facts placed on record, is not an order passed under section 147/148 of the Act. There is no indication in the assessment

proceedings placed before the appellate authority that the impugned assessment was initiated by issuance of a notice under section 148. Consequently, the provisions specifically governing reassessment proceedings under sections 148 and 148B cannot be imported into a regular assessment proceeding completed under section 143(3) r.w.s. 144B merely because some information or material considered by the Ld.AO originated from a search conducted in the case of another person.

The Ld.AO, therefore, proceeded to determine the total income of the appellant in the course of assessment proceedings under section 143(3), after providing opportunity to the appellant and considering the material available on record. The jurisdictional challenge raised by the appellant was not accepted by the Ld.AO, and the assessment was completed in accordance with the statutory procedure applicable to the proceedings.

6.2.3. Appellant's submission:

The appellant has submitted that the impugned assessment is without jurisdiction because the addition has been made with reference to documents allegedly seized during search proceedings conducted in the case of a third party. According to the appellant, satisfaction was a condition precedent for assuming jurisdiction and using such material against the appellant. The appellant has further contended that prior approval of the Principal Commissioner of Income Tax was required before reliance could be placed upon such seized documents.

The appellant has also contended that the assessment order under section 143(3) r.w.s. 144B could not have been passed without obtaining prior approval prescribed under section 148B of the Act. On this basis, it has been pleaded that the assessment order is illegal, bad in law and liable to be quashed.

In the submissions on merits, the appellant has also challenged the evidentiary value of the statement of Smt. Sandhya Sanzgiri and the alleged Excel sheet. It has been submitted that the statement was subsequently retracted and that no opportunity of cross-examination was granted. The appellant has relied upon the decision in *CIT-II, Hyderabad v. Naresh Kumar Agarwal*, wherein the Andhra Pradesh High Court discussed the evidentiary consequences of a retracted statement and observed that where a statement is retracted, the Department has to establish its case by independent material. Reliance has also been placed on the decision of the Mumbai Tribunal in *Tarun Nandkumar Seksaria v. DCIT*, concerning the requirement of confronting and cross-examining persons whose statements are relied upon.

The appellant has further relied upon decisions concerning loose sheets, electronic

material and uncorroborated third-party documents, including *Common Cause (A Registered Society) v. Union of India*, *ACIT v. Anuradha Shivkumar Gogia*, *SKZ Developers LLP v. ACIT/DCIT*, *Dheeraj Chaudhary v. ACIT* and other decisions. It has been submitted that the alleged Excel sheet did not establish that the appellant had paid any amount over and above the consideration recorded in the registered sale deed.

However, the present additional grounds are specifically directed against the assumption of jurisdiction and alleged non-compliance with sections 148, 148B and the requirement of prior approval. The appellant has not demonstrated that the impugned assessment was initiated under section 148 or that the assessment order under challenge was passed in reassessment proceedings.

Decision:

6.2.4. The Assessment Order, Grounds of Appeal, the Statement of Facts, Submission of the appellant and law in this regard is considered.

6.2.5. The principal issue for consideration in these additional grounds is whether the assessment completed under section 143(3) r.w.s. 144B can be held to be void merely on the ground that the Ld.AO considered information or material originating from search proceedings conducted in the case of a third party, without following the provisions of sections 148, 148B and the procedure alleged by the appellant.

6.2.6. On examination of the material available on record, it is observed that the impugned order is an assessment order passed under section 143(3) r.w.s. 144B of the Act. The appellant has not brought on record any material demonstrating that the impugned assessment was initiated by issuance of notice under section 148. In the absence of such a factual foundation, the appellant's contention that the mandatory requirements of section 148 or prior approval contemplated under section 148B were required to be complied with cannot be accepted.

6.2.7. Section 148B is a provision governing the procedure in respect of specified reassessment proceedings. Similarly, the jurisdictional requirements applicable to proceedings initiated under section 148 cannot automatically be applied to an assessment independently framed under section 143(3). The mere fact that information relied upon by the Ld.AO originated from a search conducted in the case of another person does not, by itself, convert a regular assessment under section 143(3) into proceedings under section 148.

6.2.8. The appellant has also pleaded that prior approval of the PCIT was mandatory before the Ld.AO could rely upon the seized material. However, the appellant has not demonstrated the specific statutory provision applicable to the assessment under

section 143(3) which mandates such approval merely for the purpose of using information received or material emanating from search proceedings conducted in the case of a third party. The additional ground, therefore, proceeds on the assumption that provisions governing a different statutory proceeding are applicable to the present assessment. Such assumption cannot be accepted in the absence of the foundational facts establishing that the assessment itself was initiated under those provisions.

6.2.9. The appellant has relied upon *CIT-II, Hyderabad v. Naresh Kumar Agarwal* and *Tarun Nandkumar Seksaria v. DCIT* principally in support of its objections concerning the retracted statement and the necessity of corroboration/cross-examination. These decisions may be relevant while examining the evidentiary worth of the statement and seized material on the merits of the addition. However, they do not establish that an assessment validly initiated and completed under section 143(3) becomes void merely because the Ld.AO considered material originating from a third-party search.

6.2.10. Likewise, the decisions cited by the appellant concerning loose papers, Excel sheets, third-party documents and uncorroborated material, including *Common Cause (A Registered Society) v. Union of India*, are primarily concerned with the evidentiary value of such material and the sustainability of additions based upon such material. Those authorities do not, on the facts placed before me, establish the proposition that the statutory jurisdiction under section 143(3) is lost merely because such material was considered during assessment proceedings.

6.2.11. The distinction between jurisdictional validity and evidentiary sufficiency is material. A challenge that the seized material was wrongly relied upon, that the statement was retracted, that the appellant was entitled to cross-examination, or that the Excel sheet was not sufficiently corroborated pertains essentially to the sustainability of the addition. Such objections may be examined while adjudicating the substantive ground challenging the addition. They cannot, without more, establish that the Ld.AO lacked jurisdiction to frame an assessment under section 143(3).

6.2.12. Further, the appellant has not established that the assessment order under challenge was passed pursuant to a notice under section 148. Consequently, the requirement of prior approval under section 148B, as pleaded in Additional Ground No. 13, does not arise in the present proceedings. The challenge based upon section 148B is therefore misconceived on the facts available on record.

6.2.13. Similarly, Additional Ground No. 11 proceeds on the premise that the jurisdictional conditions under section 148 and Explanation 2 thereto necessarily governed the assessment. Since the impugned assessment is under section 143(3) r.w.s. 144B and not under section 147/148, the said premise is not established. The

appellant has not pointed out any specific failure in the statutory conditions governing the assessment actually made.

6.2.14. As regards Additional Ground No. 12, the appellant has not demonstrated any statutory requirement applicable to the present assessment which rendered the entire assessment void merely because the Ld.AO considered documents emanating from a third-party search without the particular prior approval alleged by the appellant. The issue regarding the admissibility, reliability and corroboration of such material is distinct from the existence of jurisdiction under section 143(3).

6.2.15. It is also relevant that the appellant was confronted during assessment proceedings with the material proposed to be relied upon and was afforded an opportunity to furnish its explanation. The appellant in fact filed detailed submissions dated 02.03.2026, followed by further submissions before the appellate proceedings. Thus, the appellant has substantially disputed the material and its evidentiary value. These contentions, however, go to the merits of the addition and do not demonstrate that the Ld.AO lacked statutory jurisdiction to complete the assessment under section 143(3).

6.2.16. In view of the foregoing discussion, I find that the appellant has not established that the assessment under challenge was a reassessment proceeding under section 147/148 or that the statutory conditions relating to section 148B were applicable to the impugned assessment. The appellant has also failed to demonstrate any jurisdictional defect in the assumption or exercise of jurisdiction under section 143(3) r.w.s. 144B.

6.2.17. The objections regarding the third-party search material, the alleged Excel sheet, the retracted statement, cross-examination and corroboration are matters which may be relevant while adjudicating the substantive grounds relating to the addition. They do not, on the facts and circumstances of the present case, justify annulment of the assessment on jurisdictional grounds.

Accordingly, Additional Ground of Appeal No. 11, 12 and 13 are dismissed.

6.3. In Ground of Appeal No. 10, [As per Para 3 above]

6.3.1. Since the appellant has not added, amended, altered, modified or varied any of above ground either before or at the time of hearing of appeal, hence, **Ground of appeal No. 10 is dismissed.**

7. In result, the appeal filed by the appellant is **Partly Allowed**.

Commissioner of Income-tax (Appeals)
Income Tax Department

