

**THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCH "A", HYDERABAD**

**BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER  
AND SHRI B. RAMAKOTIAH, ACCOUNTANT MEMBER**

**ITA No.1292/Hyd/2015  
Assessment Year: 2011-12**

M/s Pirani Steels Pvt Ltd., vs. Dy. CIT,  
Ranigunj, Circle-16(3),  
Secunderabad. Hyderabad.

PAN – AABCP2161P

(Appellant)

(Respondent)

Assessee by : Shri K.C. Devdas  
Revenue by : Smt. Geetender Mann

Date of hearing : 29-06-2018  
Date of pronouncement : 11-07-2018

**ORDER**

**PER SHRI B. RAMAKOTIAH, AM:**

This is an appeal by Assessee against the order of the CIT(A)-4, Hyderabad, dated 28.09.2014. The issue in this appeal is with reference to bringing into tax certain unaccounted sales stated to have been made to Assessee-company.

2. Briefly stated facts are that Assessee engaged in the business of trading in Iron & Steel Scrap and Hotel business. Survey operations have been conducted in the premises of M/s Pennar Industries Ltd., on 20.07.2011 during which some unaccounted sales of iron and steel scrap made to M/s Pirani Steels Pvt Ltd., was noted. In the course of assessment proceedings, Assessee was asked to explain how the purchases made from M/s Pennar

Industries Ltd., have been paid and treated. The director of the Assessee company has denied the transactions with M/s Pennar Industries Ltd., to submit that the Assessee has always paid by way of cheques and there are no cash transactions and mere mention of M/s Pirani Steels the sales does not belong to Assessee-company as there are many other firms operating in the city. However, A.O observed that the diary indicated the name as that of M/s Pirani Steels Pvt Ltd., and it belongs to Assessee only. Assessee has further contended that the name Mr. Azgar which is written against the name of Pirani Steels is associated with Assessee-company. Mere denial by Assessee without explanation was not accepted by A.O. In view of the entries found in the diary of the said company an amount of Rs. 33,08,551/- stated to be purchases from 1.09.2010 to 31.03.2011 has been considered as unexplained expenditure towards purchase of steel scrap by Assessee-company.

3. Ld. CIT(A) confirmed the order of AO stating that Assessee has not furnished any evidence that Assessee is not transacted with the said company. Hence, Assessee is aggrieved on this issue and appealed before us.

4. In the course of assessment proceedings, A.O noticed that 26AS has excess credit of Rs. 12,276/- compared to what was claimed in the return. On being asked to reconcile the amounts, Assessee submitted that the excess TDS was wrongly reflected against Assessee's name and it has not received any payments from the parties who have credited the excess TDS in the account of Assessee. Since

Assessee could not reconcile and as TDS made showing turnover against Assessee an amount of Rs. 12,11,294/- was brought to tax by A.O

4.1 Before Ld. CIT(A), Assessee submitted a copy of the letter addressed to one of the Director M/s HBL Power Systems Pvt Ltd. It was the submission that the TDS was wrongly credited against Assessee name. Ld. CIT(A) however confirmed the same.

4.2 Contesting the above two additions, it was the submission of Ld. Counsel for Assessee that Assessee was not furnished / confronted with any evidence of so called diaries and whether any action was taken by the company who supposed to have sold scrap to Assessee. The DR was asked to furnish the evidence the basis on which the addition was made. A.O vide letter dated 19.02.2018 has submitted that the survey folders of Assessee M/s Pennar Industries Ltd is not available with the office and further confirmed that impounded material in the case of M/s Pennar Industries Pvt., Ltd., has been handed over to Assessee by ITO, Ward-16(3), Hyderabad. As seen from the assessment order in the case of M/s Pennar Industries Ltd., there seems to be no addition towards unaccounted sales. Since the very basis of the addition has not been substantiated before us and since there is no TDS on these transactions we delete the addition so made by A.O. It is to be noted that Assessee had regular transactions with M/s Pennar Industries Ltd., and almost those transactions were covered by TCS provisions. In view of that we delete the addition allowing the grounds of Assessee.

4.3 Coming to the issue of excess credit of TCS in Assessee's account the company M/s HBL Power Systems Pvt Ltd., (placed in paper book at page No. 4) has confirmed that they have regular transactions with M/s Pirani Steels Pvt Ltd., to an extent of Rs. 6,90,598/- and TCS on that amount to an extent of Rs. 6,914/- was correctly remitted to the Government. Since the said company has clearly confirmed the transactions with M/s Pirani Steels Pvt Ltd., the addition to an extent of Rs. 6,90,598/- on that transaction with Assessee stands confirmed, as Assessee failed to reconcile the same.

4.4 With reference to the balance of the TCS and turnover, it was the submission of Ld. Counsel that Assessee had accounted for this transaction in the turnover but TCS was not claimed as there is no confirmation from the sole proprietor Shri Syed Md. Iqbal on the turnover to an extent of Rs. 5,20,296/- and with M/s Prime Industrial suppliers Pvt Ltd., on a turnover of Rs. 4,75,473/- who supplied wrong PAN. It was the submissions that Assessee is in a position to reconcile the turnover, if given a chance. Considering the details placed on record, we are of the opinion that the TCS on these two amounts required verification by A.O. In case Assessee has accounted the turnover but not claimed any TCS then addition to that extent does not survive. This requires verification by A.O whether the said turnover has been shown by Assessee or not in the books of accounts. Assessee is directed to furnish the necessary evidence before A.O for proper verification. With these observations,

the grounds are considered partly allowed for statistical purpose.

5. In the result, appeal filed by Assessee is partly allowed for statistical purposes.

Pronounced in the open court on 11<sup>th</sup> July, 2018.

**Sd/-**  
**(P. MADHAVI DEVI)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(B. RAMAKOTAIAH)**  
**ACCOUNTANT MEMBER**

Hyderabad, Dated 11<sup>th</sup> July, 2018.

KRK

- 1) *M/s Pirani Steels Pvt Ltd., Door No. 5-4-38, distillery Road, Ranigunj, Secunderabad.*
- 2) *The Dy. CIT, Circle-16(3), Hyderabad.*
- 3) *CIT(A) -4, Hyderabad.*
- 4) *The Addl. CIT, Range-16, Hyderabad.*
- 5) *The Departmental Representative, I.T.A.T., Hyderabad.*
- 6) *Guard File*