

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCH 'A', HYDERABAD**

**BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER
AND SHRI S. RIFAUH RAHMAN, ACCOUNTANT MEMBER**

ITA No. 1203/Hyd/2017
Assessment Year: 2009-10

Income-tax Officer, vs. Shree Hrishikeshaya
Ward – 3 (1), Hyderabad. Hospitals Pvt. Ltd.,
Hyderabad.

PAN – AAMCS5007N

Appellant

Respondent

Revenue by: Shri Y.V.S.T. Sai
Assessee by: Shri A.V. Raghuram

Date of hearing: 04/04/2019
Date of pronouncement: 03/05/2019

ORDER

PER S. RIFAUH RAHMAN, AM:

This appeal filed by the revenue is directed against the order of CIT(A) – 3, Hyderabad, dated, 03/05//2017 for AY 2009-10.

2. Brief facts of the case are, the assessee company e-filed its return of income for the AY 2009-10 on 21/05/2013 admitting a total income of Rs. 46,79,077/-. Subsequently, the case was selected for scrutiny and accordingly, statutory notices were issued to the assessee. Since there was no compliance from the assessee to the notices issued by the AO, the AO proceeded to complete the assessment u/s 144 of the Act.

2.1 The AO observed that as per the balance sheet, the assessee company had shown share application money of Rs.

6,75,00,000/- and since the assessee failed to prove the genuineness of claim and furnish any documentary evidence, the AO disallowed the entire amount of Rs. 6,75,00,000/- as unexplained investment u/s 68 of the Act.

3. Aggrieved by the order of AO, the assessee preferred an appeal before the CIT(A) and submitted before him that the entire share application money was received through banking channels from Sri K. Upender Reddy, who in turn received from S. Upender Reddy, M/s Srinivas Infrastructures Pvt. Ltd, Deepika Infrastek Pvt. Ltd., Sri Jityhender Reddy and G. Sunmohan Reddy.

4. The CIT(A) directed the AO to send a remand report after going through the bank account copies submitted by the assessee. In the remand report, the AO observed that the share application money contributed by Sri K. Upender Reddy to the assessee company is genuine. Sri K. Upender Reddy had given loan of Rs. 6.75 crores to the assessee company, he in turn, received amounts from banking channels from various persons, as detailed in tabular form by the CIT(A) in his order at pages 4 & 5.

4.1 The CIT(A) held that after verifying bank account of the assessee company and Sri K. Upender Reddy, also bank account copies of persons who have lent to Sri K. Upender Reddy, the AO accepted that the transactions as genuine, hence, the addition made by the AO of Rs. 6.75 crores is deleted.

5. Aggrieved by the order of CIT(A), the revenue is in appeal before us challenging the action of the CIT(A) in

deleting the addition of Rs. 6,75,00,000/- made by the AO towards share application money.

6. Ld. DR relied on the grounds of appeal and order of AO.

7. Considered the rival submissions and perused the material on record. We notice that assessee filed detailed submission before the CIT(A) along with Bank statement as per which the assessee has received share application money from Mr. K. Upendra Reddy through banking channel. Mr. K. Upendra Reddy gave the sources for the above investment which was also through banking channel only. These informations were forwarded to AO for verification by the CIT(A). The AO in his remand report confirmed that the sources submitted by the assessee are genuine and all are through banking channels. Based on the remand report, Id. CIT(A) gave relief to the assessee. Since there is no evidence brought before us by the revenue to contradict the findings of the CIT(A), we are inclined to accept the findings of Id. CIT(A) and accordingly, grounds raised by the revenue are dismissed.

8. In the result, appeal of the revenue is dismissed.

Pronounced in the open court on 3rd May, 2019.

Sd/-
(P. MADHAVI DEVI)
JUDICIAL MEMBER

Sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Hyderabad, dated 3rd May, 2019.

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Copy forwarded to:

1. *ITO, Ward – 3(1), 7th Floor, Signature Towers, Kondapur, Hyderabad.*
2. *Shri Hrishikeshaya Hospitals Pvt. Ltd., 2-6-71/A, Bharat Nagar, Near Masjid, Uppal, Hyderabad – 500 039*
3. *CIT(A) – 3, Hyderabad*
4. *Pr. CIT – 3, Hyderabad*
5. *The DR, ITAT, Hyderabad*
6. *Guard File*