

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में  
IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "SMC", HYDERABAD

BEFORE SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 2/Hyd/2023  
(निर्धारण वर्ष / Assessment Year: 2020-21)

Mr. Saathwik Reddy Meda, Vs. Deputy Commissioner of  
Hyderabad Income Tax,  
[PAN No. ARJPM0522D] Central Circle-1(4),  
Hyderabad

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri Joshi for  
Shri A. Srinivas, AR

राजस्व द्वारा/Revenue by: Shri SPG Mudaliar, DR

सुनवाई की तारीख/Date of hearing: 20/04/2023  
घोषणा की तारीख/Pronouncement on: 28/04/2023

आदेश / ORDER

This appeal is filed by the assessee challenging the order dated 09/11/2022 passed by the learned Commissioner of Income Tax (Appeals)-11, Hyderabad ("Ld. CIT(A)"), in the case of Saathwik Reddy Meda ("the assessee") for the assessment year 2020-21.

2. Brief facts of the case are that the assessee is an individual and engaged in the business of steel and cement trade. He filed his return of income for the assessment year 2020-21 on 23/10/2020 declaring income of Rs. 5,45,180/-. There was a search at his residential premises on 06/04/2019 and a cash of Rs. 26,19,070/- was found and seized from his possession by the Police, Punjagutta. Thereafter, on receiving the

information, the income tax authorities issued notice under section 132A(1) of the Income Tax Act, 1961 (for short "the Act") and seized such cash.

3. According to the Revenue, on 30/04/2019 the assessee was examined on oath under section 131 of the Act and at such time he stated that the seized cash of Rs. 26,19,070/- belongs to him and earned by way of commission income and by way of cash sales of steel and cement but not accounted for in the books, and admitted such amount as his additional income for the assessment year 2020-21.

4. Assessee, however, when filed the return of income did not show this amount, but declared the income as Rs. 5,45,180/- only. In these circumstances, learned Assessing Officer treated this amount of Rs. 26,19,070/- as un-explained income in the hands of the assessee under section 69A of the Act and passed the assessment order dated 15/09/2020 under section 144 of the Act.

5. Assessee preferred appeal before the learned CIT(A) and took the plea that the marriage of assessee was scheduled on 08/05/2019 and for such purpose, he accumulated some amount from his and his family savings. Learned CIT(A) did not believe this version of the assessee, stating that there is a deviation in the statement of the assessee from the statement recorded under section 131 of the Act at the time of requisition of cash and at such time the assessee did not mention any details, except stating that such cash was out of unaccounted business income from steel and cement trading. Learned CIT(A), therefore, held that the theory of accumulation of savings of family is an afterthought. According to the learned CIT(A), the income returned in the past years of wealth and family cannot be equated with the cash found with the assessee in the absence of any cogent evidence and cash withdrawals and accumulated cash beyond household expenses according to the learned CIT(A), the purpose

of pooling of amount is immaterial in the absence of evidence of such pooling. Learned CIT(A) observed that assessee failed to produce any proof of earning in trading of steel and cement by way of purchase bills, invoices or any other relevant documents in support of such business. In these circumstances, learned CIT(A) declined to interfere with the order of the learned Assessing Officer.

6. Assessee filed this appeal and submitted that authorities should not have added the entire amount of Rs. 26,19,070/- and very receipt cannot be equated to the income and at best the authorities could have added only the income component of such receipt. It is argued by the learned AR that the statement recorded under section 131 of the Act cannot be the sole basis to make any addition in the hands of the assessee.

7. Learned DR placed heavy reliance on the orders of the authorities below and he justified the addition on the ground that the assessee failed to produce any evidence whatsoever in support of his contentions, and unless and until the business activity of the assessee is supported by cogent evidence, the same cannot be accepted.

8. I have gone through the record in the light of the submissions made on either side. It could be seen from the impugned order that the assessee explained before the learned CIT(A) that the cash seized during the year was assessee's past savings and assessee's business receipts where the assessee had carried out trade of steel and cement during the year. Assessee further stated before the learned CIT(A) in the very income particulars during the assessment years 2016-17 to 2019-20 and the total income comes to Rs. 53,66,690/-.

9. Insofar as assessee earning the amounts are concerned, as extracted by the learned CIT(A) in a tabulated form in his order, the total earning of assessee and his family comes to Rs. 53,66,690/- in these four years. Learned AR submits that none of the authorities asked him to

produce evidence in respect of the business activity and as a matter of fact, given opportunity, the assessee is ready to produce the same. For this factual verification. learned DR reports no objection.

10. In these circumstances, I am of the considered view that it would be in the interest of justice to provide an opportunity to the assessee to produce evidence in relation to business activity and also accumulation of savings. With this view of the matter, I set aside the orders of the authorities below and restore the issue to the file of learned Assessing Officer to take a plausible view on verification of the documents, if any, to be produced by the assessee. It is the last opportunity to the assessee to put forth his contentions before the learned Assessing Officer.

11. In the result, appeal of the assessee is treated as allowed for statistical purposes.

Order pronounced in the open court on this the 28<sup>th</sup> day of April, 2023.

Sd/-  
**(K. NARASIMHA CHARY)**  
**JUDICIAL MEMBER**

Hyderabad,  
Dated: 28/04/2023

TNMM

Copy forwarded to:

1. Mr. Saathwik Reddy Meda, 6-3-886/302/A, Raj Bhavan Road,  
Somajiguda, Hyderabad.
2. Deputy Commissioner of Income Tax, Central Circle-1(4), Hyderabad.
3. Pr.CIT(Central), Hyderabad.
4. DR, ITAT, Hyderabad.
5. GUARD FILE.

TRUE COPY

ASSISTANT REGISTRAR  
ITAT, HYDERABAD