

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

BEFORE  
SHRI RAMA KANTA PANDA, VICE PRESIDENT  
&  
SHRI K.NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 565/Hyd/2023  
(निर्धारण वर्ष / Assessment Year: 2021-22)

Ravi Kumar Reddy Kataru,  
Hyderabad  
[PAN : AHGPR6665M]

The Deputy Commissioner of  
Income Tax,  
Central Circle-1(1),  
Hyderabad

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri K.C. Devdas, AR  
राजस्व द्वारा/Revenue by: Ms. Sheetal Sarin, DR

सुनवाई की तारीख/Date of hearing: 01/01/2024  
घोषणा की तारीख/Pronouncement on: 01/01/2024

आदेश / ORDER

**PER K. NARASIMHA CHARY, J.M:**

Aggrieved by the order dated 20/09/2023 passed by the learned Commissioner of Income Tax (Appeals)-11, Hyderabad, in the case of Ravi Kumar Reddy Kataru ("the assessee") for the assessment year 2021-22, assessee preferred this appeal.

2. Facts of the case are that the assessee happened to be a Joint Managing Director of M/s Axis Energy Ventures India Pvt. Ltd., at relevant

time. There was a search and seizure operation under section 132 of the Income Tax Act, 1961 ('the Act') carried out on 10/12/2020 in the case of M/s. Axis Energy Ventures India Pvt. Ltd. in which warrant u/s. 132 of the Act was also executed in the case of the assessee. During the course of Search, cash of Rs.7,18,500/- was found in the residence of the assessee. Out of this cash, an amount of Rs. 6 lakhs was seized by the department.

3. He filed his return of income for assessment year 2021-22 on 28/01/2022 declaring total income of Rs.51,39,820/-. During the assessment proceedings, when the learned Assessing Officer enquired about the sources for the impugned cash found during the search, assessee stated that it was out of cash withdrawals from bank accounts and accumulated savings for daily expenses. Assessee also stated that he had been earning considerable incomes over the years cumulating to Rs.4,41,20,870/- and went on to state that considering his reputation and the substantial income earned by him, it was normal to keep cash of Rs.6 to 10 lakhs at residence.

4. learned Assessing Officer, however, did not accept the explanation offered by the observing that in the statement recorded from the assessee during the course of search proceedings, the assessee stated that the cash found in his residential premises is part of his family's savings and also gifts received by his wife from her father on multiple occasions; whereas during the course of assessment proceedings, the assessee took a stand that the cash found at the time of search was out of cash withdrawals made by him from his bank account and also out of accumulated savings kept for the purpose of day to day expense, and there is a contradiction in these two versions. Learned Assessing Officer further observed from the bank

statement of the assessee with HDFC Bank, Ameerpet, Hyderabad that there are no cash withdrawal in the bank account from 01/04/2020 to 10/12/2020 that is up to the date of search. Thus, the learned Assessing Officer rejected the explanation offered by the assessee that the cash seized is part of his withdrawals from his bank account and treated the same as unexplained money under section 69A of the Act and added it to the income of the assessee.

5. Aggrieved, assessee preferred appeal before the learned CIT(A), but failed to enter appearance and prosecute his case. Learned CIT(A) looked into the facts of the case and held that there is no material substantiating the plea taken by the learned Assessing Officer and, therefore, the assessment order does not warrant any interference. Accordingly, he upheld the addition and dismissed the appeal.

6. Aggrieved, assessee preferred appeal before us, stating that the addition made by the learned Assessing Officer was without any basis and the explanation of the assessee is highly probable. Having regard to the common course of events and human conduct. Learned AR submitted that the assessee is a man of means and his earnings during the last seven years were to the tune of Rs. 4,52,55,560/- and for that matter, in the financial year 2019-20 itself his earnings were to the tune of Rs. 1,18,68,267/- and, therefore, holding a sum of Rs. 6 lakhs is not at all suspicious keeping in view the cost of medical care and health services now a days.

7. Per contra, learned DR vehemently submitted that in the absence of any evidence to the contrary, the orders of the authorities below cannot

be interfered with, and the assessee did not file any evidence in support of his contentions.

8. We have gone through the record in the light of the submissions made on either side. There is no denial of the fact that the assessee is a joint Managing Director of M/s Axis Energy Ventures India Pvt. Ltd, and disclosed the following income in the return of income from various assessment years to take a plea that he is capable of maintaining a minimum cash balance of Rs.6,00,000/- to 10,00,000/- for day to day expenses and family needs:-

Assessment Year	Acknowledgment Number	Gross Total Income (Rs.)	Net Total Income (Rs.)
2015-16	334752490230821	5,70,761	4,14,850
2016-17	653944040081021	22,66,214	21,11,160
2017-18	654010880081021	77,80,2171	76,23,400
2018-19	654021080081021	86,83,366	85,23,370
2019-20	654029650081021	87,66,919	86,00,000
2020-21	654037020081021	1,18,68,267	1,17,08,270
2021-22	989891430280122	52,99,82 1	51,39,820
Total		4,52,35,564	4,41,20,870

9. The above information furnished before the learned Assessing Officer not only goes undisputed, but also establishes that his gross income in the financial year 2019-20 was Rs. 1,18,68,267/- and net income was Rs. 1,17,08,270/-. According to the assessee, such an amount of about Rs. 7 lakhs, that was found at the time of search comprises of his withdrawals, savings and gifts received by his wife from her father. According to the assessee, his family was always holding that much amount to meet any medical emergency or other unexpected expenditure.

10. Having regard to the probabilities of the case in the light of the common course of natural events, human conduct and public and private business in particular relation to the facts of this case, wherein the assessee happens to be an occupant of the position of the Joint Managing Director of a company with annual earnings of about Rs. 1.15 crores. Generally, when his wife receives any amount from her father, it will not be documented. So also, every amount that is accumulated, may not have any evidence to clinch the accumulation. But the preponderance of probabilities of this case leaves no doubt in our mind to believe the explanation offered by the assessee and we do not think it any suspicious for a man of means to hold such amount in his possession, having regard to the cost of health care in the present-day scenario.

11. With this view of the matter, we are inclined to accept the explanation offered by the assessee and direct the learned Assessing Officer to delete addition so made. Grounds are answered accordingly.

12. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on this the 1<sup>st</sup> day of January, 2024.

Sd/-  
**(RAMA KANTA PANDA)**  
**VICE PRESIDENT**

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

Hyderabad,  
Dated: 01/01/2024

TNMM

Copy forwarded to:

1. Ravi Kumar Reddy Kataru, C/o. B. Narsing Rao & Co., Chartered Accountants, Plot No. 554, Road No. 92, Jubilee Hills, Hyderabad.
2. The DCIT, Central Circle-1(1), Hyderabad.
3. Pr.CIT(Central), Hyderabad
4. DR, ITAT, Hyderabad.
5. GUARD FILE

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ASSISTANT REGISTRAR  
ITAT, HYDERABAD