

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. 296/Hyd/2024**  
(निर्धारण वर्ष / Assessment Year: 2017-18)

Mahesh Kumar Sukhjika Kedia, Vs. Income Tax Officer,  
Hyderabad Ward-7(2),  
[PAN No. AOLPK1618M] Hyderabad

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा/Assessee by: Shri K.C. Devdas, AR  
राजस्व द्वारा/Revenue by: Shri R. Kumaran, DR

सुनवाई की तारीख/Date of hearing: 03/06/2024  
घोषणा की तारीख/Pronouncement on: 21/06/2024

**आदेश / ORDER**

Aggrieved by the order dated 31/01/2024 passed by the learned Commissioner of Income Tax (Appeals)- National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), in the case of Mahesh Kumar Sukhjika Kedia ("the assessee") for the assessment year 2017-18, assessee preferred this appeal.

2. Brief facts of the case are that the assessee is an individual and doing business in cattle feeds apart from dealing in purchase ingredients from farmers and sell them to buyers. Assessee is also into the business of consumer durables and fabric for auto rickshaw coves and Shatranji. For the assessment year 2017-18, he filed the return of income on 28/09/2017, declaring an income of Rs. 9,37,930/-.

3. The case was selected for complete scrutiny on three aspects, namely,

- i. large investment in property as compared to total income with issues involved "investment in immoveable property",*
- ii. value of property transferred as reported in SFT is higher than the value of property transferred as reported in return of income with issues involved – Capital Gain/loss on sale of property", and*
- iii. large cash deposits during demonetization period and abnormal increase in sales with decrease as compared to preceding previous year with issues involved "Cash deposit during demonetization".*

4. Learned Assessing Officer PASSED THE ORDER dated 30/12/2019 under section 143(1)(a) of the Income Tax Act, 1961 ('the Act'), without any adverse comments or addition in respect of the large investments in property or capital gains. Learned Assessing Officer found that on 24/11/2016 and 29/11/2016, the assessee deposited an amount of Rs. 24.9 lakhs and Rs. 9.9 lakhs respectively into his bank accounts. According to the assessee, such cash was the cash at hand and verifiable from the books of accounts. Assessment further reveals that month-wise cash balances and day-wise cash were also submitted to the learned Assessing Officer.

5. Learned Assessing Officer did not accept the explanation of the assessee on the ground that the sale ledger shows the opening balance as on 01/04/2016 was Rs. 1,12,273/- and balance on 08/11/2016 was Rs. 35,53,095/- whereas the cashbook shows daily balances. According to the learned Assessing Officer, the previous year's figures were not furnished by the assessee and the assessee also did not furnish the sales bills and stock registers. Learned Assessing Officer, therefore, added the entire amount of Rs. 34.80 lakhs to the income of the assessee.

6. Assessee filed appeal before the learned CIT(A) and pleaded that he started the business of regular transactions of sale of handloom and cattle

feed grass and other cattle feed items one year before the financial year 2016-17, such businesses picked up during the year under consideration, such sale consideration was not deposited in the bank, but due to the sudden declaration by the Government about demonetization, the assessee had to deposit the entire cash in hand that was received during the month on October to the tune of Rs. 34.80 lakhs into the bank. Learned CIT(A) did not believe the same observing that there was sudden substantial increase in the cash receipts during the month of August, September and October to the tune of Rs. 34.80 lakhs, whereas the earlier closing balances were only to the tune of Rs. 1.50 lakhs.

7. Assessee, therefore, filed this appeal and contended that there was no reason not to believe the plea of the assessee because the assessment order itself reveals that the assessee's turnover was Rs. 4,88,57,952/- and purchases were to the tune of Rs. 4,38,87,289/- during the year and the sales turnover was verified with reference to the books of accounts. Having verified the sales turnover with reference to the books of accounts, and without pointing any discrepancy therein, it is not open for the learned Assessing Officer to reject the contention of the assessee and also the learned CIT(A)'s finding is also erroneous. Assessee submitted that the copies of Ahar Products sales and purchases list, Ahar Products cash book and also the Ahar Products sales list were submitted before the authorities to substantiate his plea and were available before them.

8. Learned DR, vehemently supported the orders of the Revenue authorities, stating that the abnormal increase in cash on hand during the months of June, July and August itself is highly suspicious and, therefore, it was rightly disbelieved by the authorities.

9. I have gone through the record in the light of the submissions made on either side. Assessment order itself speaks vide paragraph No. 3 that during the year assessee's turnover was Rs. 4,88,57,952/- and purchases

were at Rs. 4,39,87,289/-, and the sales turnover is verified with reference to the books of accounts. Further, the learned Assessing Officer has taken the figures as to the opening balance and other figures from this cash ledger only. It, therefore, goes to establish that the assessee submitted the books of accounts before the learned Assessing Officer and from such books of accounts only the learned Assessing Officer picked up the relevant figures.

10. Learned Assessing Officer, however, did not find out or point out any discrepancy in the books of accounts of the assessee, nor did he reject the books of accounts. From the cash book it is clear that the opening balance of the assessee as on 01/11/2016 was about Rs. 31.60 lakhs and as on 31/11/2016, it was about Rs. 40 lakhs, after excluding the deposits. There is no material before the Revenue authorities nor before me to disregard the contention of the assessee that during financial year 2015-16, he started the other business and such businesses were picked up during the year under consideration. Without finding any discrepancy in the books of accounts of the assessee and that too after verifying the sales turnover with reference to the books of accounts of the assessee, it does not appear to be proper to disbelieve the source of cash deposits during demonetization period. In these circumstances, I believe the version of the assessee and direct the learned Assessing Officer to delete the addition so made. Grounds are allowed.

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

Order pronounced in the open court on this the 21<sup>st</sup> day of June, 2024.

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

Hyderabad, Dated: 21/06/2024

TNMM

Copy forwarded to:

1. Mahesh Kumar Sukhjika Kedia, 14-2-4481/1, Chandan Wadi, Sukhji Lane, Goshamahal, Hyderabad.
2. Income Tax Officer, Ward-7(2), Hyderabad.
3. The Pr.CIT, Hyderabad.
4. DR, ITAT, Hyderabad.
5. GUARD FILE.

TRUE COPY

ASSISTANT REGISTRAR  
ITAT, HYDERABAD