

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH : BANGALORE**

**BEFORE SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER  
AND SHRI PRAKASH CHAND YADAV, JUDICIAL MEMBER**

ITA Nos.1780 and 1781/Bang/2024
Assessment Years : 2017-18 and 2018-19

M/s. Greens Nature Fresh Produce Pvt. Ltd., No.325/1, 14 <sup>th</sup> Main, 5 <sup>th</sup> Cross, RMV Extension, Sadashivanagar, Bengaluru – 560 080. <b>PAN : AADCG 4938 K</b>	Vs.	The Income Tax Officer, Ward – 3(1)(1), Bengaluru.
APPELLANT		RESPONDENT

Assessee by	:	Shri. Zain Ahmed Khan, CA.
Revenue by	:	Ms. Neha Sahay, JCIT(DR)(ITAT), Bengaluru.

Date of hearing	:	26.11.2024
Date of Pronouncement	:	28.11.2024

**ORDER**

*Per Laxmi Prasad Sahu, Accountant Member*

These two appeals filed by the assessee against the Order passed by the CIT(A) vide DIN ITBA/NFAC/S/250/2024-25/1064140835(1) dated 16.04.2024 and DIN ITBA/AST/S/144/2021-22/1033179739(1) dated 17.04.2024 for Assessment Years 2017-18 and 2018-19 respectively.

2. Since the nature of business carried out by the assessee for both the Assessment Years are similar, for the sake of brevity of the case, we are taking first the appeal for the Assessment Year 2017-18 and decision of the same shall apply mutatis mutandis for Assessment Year 2018-19.

3. At the outset, we notice that the appeal filed by the assessee is time barred by 100 days and 93 days respectively for which assessee has filed condonation petition along with affidavit dated 19.11.2024 which is placed on record. We have perused the reasons stated in the condonation petition and are of the view that there is reasonable cause for delay in filing the appeals before the Tribunal. Hence, we proceed to dispose off the appeals on merits.

4. In both the appeals, the issue raised by the assessee is regarding disallowance of agricultural income claimed as exemption in the return of income. For the Assessment Year 2017-18, the agricultural income declared by the assessee is Rs.1,36,84,050/- and out of this 30% was disallowed, resultantly, Rs.41,05,215/- was treated as business income. During the course of assessment proceedings, the financial statements and other documents were submitted and it was noted that the revenue from operations was declared at Rs.6,77,72,000/- and declared Nil income from business and agricultural income at Rs.1,36,84,050/-. The company has leased 53 acres and 2 guntas of land from Shri. Anil C. Gowda and Smt. Ramya GC at Konayakanhalli Village, Madihalli Hobli, Belur Taluk, Hassan, for a period of 10 years for a consideration of Rs.10,00,000/- per year as per the Lease Agreement dated 01.04.2015 and the assessee has claimed as per the ledger account and supporting documentary evidence and purchase / farming cost of Rs.4,77,11,175/-. The monthly summary of sales register and bills / vouchers were uploaded randomly. It was noted that the assessee was supplying vegetables to various hotels and restaurants in Bangalore on a regular basis and it was selling exotic vegetables (English Vegetables) as claimed along-with other vegetables, peeled garlic, fruits like apple and also paneer which is a dairy product. The AO noted that the profit earned by the

assessee from the sale of products which is not grown by the assessee and the dairy produce is business income from trading, therefore, the same cannot be claimed as agricultural income in the case of assessee. Further, in respect of Assessment Year 2018-19, various opportunities were provided to the assessee after issuing notice under section 143(2) of the Act but there was no response from the assessee side. Accordingly, the AO disallowed agricultural income of Rs.1,50,88,760/- for want of proper documents/submissions. The assessee filed appeal against both the Assessment Years separately and the CIT(A) also issued various notices which were delivered on 21.02.2024. For the Assessment Year 2017-18, the assessee filed part submissions and sought adjournment for two weeks for detailed submissions but there was no response subsequently and for Assessment Year 2018-19, assessee filed submissions on 06.01.2024. Subsequently, the assessee did not respond to the other notices. The remand report was also called for from AO for the Assessment Year 2018-19 which was communicated to the assessee and after discussing the issue in detail, he dismissed the appeal for the Assessment Year 2017-18 and he partly allowed for Assessment year 2018-19.

5. Aggrieved from the above Order, assessee filed appeal before the Tribunal. The learned AR of the assessee submitted that the assessee was not given proper opportunity for producing detailed documents and he further submitted that the concerned employee of the assessee left the company. The learned AR undertook that if a chance is given, assessee will comply the notices for disposal of the cases.

6. The learned DR relied on the Order of the lower authorities and objected for sending back the matter to the lower authorities. She submitted

that assessee was given various opportunities of hearing before the lower authorities but there was no proper response by the assessee. The AO has considered 30% of the agricultural income as income from business for the Assessment Year 2017-18 and for Assessment Year 2018-19, the CIT(A) has also considered 30% of the income as income from business. Accordingly, the assessee has got part relief out the agricultural income declared for both the Assessment Years and therefore the Orders of the Revenue authorities should be upheld.

7. Considering the rival submissions, we noted that the assessee has claimed agricultural income as exempt and there was Nil income declared in the return of income filed and we note that for the Assessment year 2017-18, the AO has considered 30% of the agricultural income reported by the assessee as income from business and for the Assessment Year 2018-19, the CIT(A) has considered 30% of agricultural income as income from business out of agricultural income reported. We note from the Assessment Order for the Assessment Year 2017-18 that the assessee company has taken on lease 53 acres and 2 guntas of land for a period of 10 years for a consideration of Rs.10,00,000/- from Shri. Anil C Gowda and Smt. Ramya GC and we also note that for Assessment Year 2018-19, as per Order of the CIT(A) at para 7.2.3, on perusal of the copy of the lease agreement dated 01.03.2014 between the assessee and the land owner, signed on stamp paper of Rs.2 and it was for assigning the assessee 27 acres and 35 guntas of lease for a period of 10 years for a consideration of Rs.5,00,000/- per year with three yearly enhancement by 5%. From the analysis of the said agreement period, we noted that for the Assessment Year 2017-18, the lease agreement dated 01.04.2015 for 10 years for consideration of Rs.5,00,000/- per year from the two parties. However, we note from para 7.2.3 of the CIT(A)'s Order, the

lease period is 10 years for consideration of Rs.5,00,000/- for 27 acres and 35 guntas from Shri. Anil C Gowda and Smt. Ramya GC needs to be examined. Since the appeal before the CIT(A) has not been properly appreciated by the assessee and as requested by the learned Counsel noted supra, we remit this issue back to the AO for denovo consideration and in the interest of justice, we remit this issue to the file of AO with a cost of Rs.10,000/- for Assessment Year 2017-18 and Rs.10,000/- for Assessment Year 2018-19 and the assessee is directed to provide proof of payment of costs before the AO and update its email id, communication address and other details and file necessary documents that would be essential and required for substantiating his case and for proper adjudication by the revenue authorities. Needless to say that reasonable opportunity of being heard be given to the assessee. The assessee is directed to cooperate with the proceedings and in case of further default, the assessee shall not be entitled to any leniency.

8. In the result, the appeals by the assessee is allowed for statistical purposes.

*Pronounced in the open court on the date mentioned on the caption page.*

Sd/-  
**(PRAKASH CHAND YADAV)**  
**JUDICIAL MEMBER**

Sd/-  
**(LAXMI PRASAD SAHU)**  
**ACCOUNTANT MEMBER**

Bangalore,  
Dated : 28.11.2024.  
/NS/\*

Copy to:

1. Appellant
2. Respondent
3. Pr.CIT
4. CIT(A)
5. DR, ITAT, Bangalore.

By order

Assistant Registrar  
ITAT, Bangalore.