

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

**BEFORE**

**SHRI LALIET KUMAR, HON'BLE JUDICIAL MEMBER  
AND  
SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA Nos.465 and 489/Hyd/2024**  
(निर्धारण वर्ष / Assessment Years: 2017-18 and 2018-19)

The Deputy Commissioner of Income Tax, Central Circle – 1(3), Hyderabad.	Vs.	M/s.Adventures International Pvt. Ltd. C-30, Road No.8, Jubilee Hills, Hyderabad – 500096, Telangana. PAN : AAJCA1657R
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

**CO Nos.5 and 6/Hyd/2024**

(Arising out of ITA Nos.465 and 489/Hyd/2024  
निर्धारण वर्ष / Assessment Years: 2017-18 and 2018-19)

M/s.Adventures International Pvt. Ltd. C-30, Road No.8, Jubilee Hills, Hyderabad – 500096, Telangana. PAN : AAJCA1657R	Vs.	The Deputy Commissioner of Income Tax, Central Circle – 1(3), Hyderabad.
Cross Objector		Respondent

निर्धारिती द्वारा/Assessee by: Shri M.V. Prasad, C.A.  
राजस्व द्वारा/Revenue by: Shri B. Bala Krishna, CIT-DR.

सुनवाई की तारीख/Date of hearing: 28/10/2024  
घोषणा की तारीख/Pronouncement on: 19/12/2024

## **ORDER**

### **PER BENCH :**

The appeals filed by the Revenue and the cross appeals filed by the assessee are directed against the common order of Commissioner of Income Tax (Appeals) – 11 dated 13.02.2024 invoking proceedings under section 153C of the Income Tax Act, 1961 (in short, “the Act”) relating to A.Ys. 2017-18 and 2018-19. Since facts are identical and issues are common, for the sake of convenience, both the appeals filed by the Revenue are being heard together and are being disposed of, by this consolidated order by taking appeal of Revenue in ITA No.465/Hyd/2024 for A.Y. 2017-18 as lead appeal.

2. In both the appeals of Revenue, grounds are common in nature and hence, for the sake of brevity, the grounds of appeal filed by the Revenue in ITA No.465/Hyd/2024 are reproduced as under :

*“1. The Ld CIT(A) erred on the facts and in the circumstances of the case and in law.*

*2. The Ld CIT(A) erred in quashing the notice issued u/s 153C of the Act for the A.Y. 2017-18, through the mandatory conditions as prescribed in section 153C, that the seized material has a bearing on the determination of the total income of the assessee, have been met and the satisfaction also accordingly recorded by the Assessing Officer.*

*3. The Ld CIT(A) erred in quashing the notice u/s 153C only on technical grounds by placing reliance on the decision of Apex Court in the case of M/s Singhad Technical Education Society 84 taxmann.com 290, the ratio of which is distinguishable from the facts of the present case, without adjudicating on the merits of the additions made based on seized annexures adnumbered UPF/RP/EL-30, 31, 34, 47, 50, and 637.*

*4. The Ld CIT(A) erred in quashing the assessment proceedings u/s 153C without appreciating the fact that seized material for the relevant period was there and was also mentioned in the satisfaction note for the A.Y. 2017-18 (combined with other assessment years).*

*5. The Ld CIT(A) erred in holding that a combined satisfaction note cannot be made without appreciating that the incriminating material for the relevant periods was mentioned and was available for examination by the AO.*

*6. The Ld CIT(A) erred in quashing the notice issued u/s 153C of the Act without taking cognizance of the fact that there exists another satisfaction note in the case of M/s A K Entertainment (India) Pvt Ltd (merged with the assessee company), which formed the basis for making additions in the hands of the assessee company.*

*7. The Ld CIT(A) erred in admitting the additional ground filed by the assessee regarding the validity of the notice issued u/s 153C of the Act without giving reasonable opportunity to the Assessing Officer under Rule 46A of the I.T. Rules.”*

3. Facts of the case, in brief, are that assessee is a company, filed its original return of income for A.Y. 2017-18 on 01.11.2017 admitting loss of Rs.(-) Rs.3,63,97,482/-. Subsequently, scrutiny assessment was completed u/s 143(3) of the Act on 23.07.2019, assessing loss at (-) Rs.1,34,56,949/-. A search and seizure operation u/s 132 of the Act was conducted in M/s. Usha Bala Group of cases on 28.01.2021 covering Sri V. V. Bala Krishna Rao (HUF), Prop: M/s. Usha Pictures and Financers. As per the material, it was observed that the assessee had given distribution rights for West Godavari District to Usha Picture

Group in respect of certain movies and received consideration totaling to Rs.59,00,000/- During the search proceedings, certain incriminating material was found and seized. Notice u/s 153C of the Act was issued to the assessee on 30.06.2012 through ITBA Portal. In response, assessee filed its return of income on 08.10.2022 admitting loss of (-) Rs.3,63,97,482/-. Subsequently, notice u/s 143(2) dt. 20.01.2023 and notices u/s 142(1) from time to time were issued to the assessee. Thereafter, assessee furnished its reply on 13.03.2023 and 28.03.2023. On verification of the information furnished by the assessee, Assessing Officer found not tenable for certain reasons and thereby made additions of Rs.1,46,76,000/- as consideration received for movie distribution rights, Rs.7,66,19,800/- as unexplained money u/s 69A of the Act and Rs.1,76,55,800/- u/s 69C on account of interest expenditure and accordingly, completed assessment u/s 153C of the Act dt.30.03.2023 assessing the total income of the assessee at Rs.9,54,94,651/-.

4. Feeling aggrieved by the order passed by the assessing officer, assessee filed appeal before the Ld. CIT(A), who granted relief to the assessee.


5. Feeling aggrieved with the order of ld.CIT(A), Revenue filed appeals before us and on the other hand, assessee filed Cross-Objections before us.

6. Before us, Id.DR submitted that the Ld.CIT(A) while passing the order has merely allowed the appeal of assessee for the reasons mentioned in para at pages 154 to 165 of his order. In this regard, it was submitted by the Id.DR that the order passed by the Ld.CIT(A) is contrary to record and law. It was submitted that the Ld.CIT(A) has merely relied upon one satisfaction note reproduced at page 156 of the order which is to the following effect :

**Proforma for Recording Satisfaction under section 153C**  
(to be filled by the Assessing Officer of the person referred to in section 153C)

1	Name of the Group Searched	USHA BALA GROUP
2	Name and PAN of the person referred to in section 153A	VV BALA KRISHNA RAO (HUF) Prop. Usha Pictures and Financiers, Raja Rammoohan Rai Street, Power Pet. ELURU, West Godavari District. PAN : AAAHV6609Q
3	Date of initiation of search in the case of the person referred to in section 153A	28-01-2021
4	Name, address and PAN of the person in whose case action under section 153C is proposed	M/s. AdVentures International Pvt. Ltd., H.No.8-2-293/82/F/C/30, Film Nagar, Jubilee Hills, Road No.8, Hyderabad - 500 096. PAN : AAJCA1657R
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material [money/bullion/jewellery/other valuable article or thing/books of account/document]	Documents
	(b) Description of the seized material	Loose sheets
	(c) Address of premise/place from where such material was seized	Residential Premises of Sri VV Balakrishna Rao, Prop. M/s. Usha Pictures and Finance Raja Ram Mohan Rai Street, Power Pet, ELURU, West Godavari District.
	(d) Date of seizure of such material	31/01/2021
	(e) Particulars of the relevant Panchanama	Panchanama Dated 31/01/2021
	(f) Annexure/s. No./page Number etc (particulars to be specified)	Annx/U/PF/RP/EL-47 pg.no.36,42,43 and Annx/U/PF/RP/EL-34, pg.no 66
6	Relationship of the person referred to in S.No.2 with the person referred to in S.No. 4	Usha Pictures & Financiers has made cash payments for acquisition of movie distribution rights to M/s. AdVentures International Pvt. Ltd.
7	Satisfaction of the Assessing Officer of the person referred to in section 153C that the seized material referred to in S.No. 5 belong to the person referred to in S.No. 4	As per Annexure
8	Assessment Years Involved	A.Y. 2015-16 to A.Y. 2021-22.

Date: 27.06.2022  
Place: HYDERABAD

  
(K. SHIVALINGAM)  
Assistant Commissioner of Income Tax,  
Central Circle 1(3), Hyderabad

6.1. Further, it was submitted that the Assessing Officer of the searched person had recorded a separate satisfaction on 14.03.2022 in the case of the A.K. Entertainments (India) Pvt. Limited, and Adventures International Limited. Further, ld.DR has submitted a letter dt.01.12.2022 wherein it was mentioned by assessee that A.K. Entertainments (India) Pvt. Limited was merged with the assessee company w.e.f. 30.04.2017 and therefore, the order passed by the Ld.CIT(A) is incorrect. Lastly, it was submitted that the contention of the ld.AR that a separate satisfaction has not been recorded for each assessment year is without any basis as the same material was used by the Assessing Officer for all the assessment years and it will be hyper technical for the Assessing Officer to place the same satisfaction note in each of the assessment years. In sum and substance, it was submitted that the order passed by the Ld.CIT(A) allowing the appeal of assessee on technical grounds is without any basis.

6.2. In support of his case, the ld.DR filed written submissions which are to the following effect :

*“1. The clarification regarding recording of two separate satisfactions u/s 153C in the case of M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd - (USHA BALA GROUP), as called for, during the course of hearings in **ITA No. 465/H/2024 , 489/H/2024 and CO 5/H/2024 and CO 6/H/2024 for the A.Yrs. 2017-18, and 2018-19** is submitted herewith as under.*

*2. A search and seizure operation u/s 132 of the I. T. Act, 1961 was conducted in M/s. Usha Bala Group of cases on 28.01.2021 covering Sri V V Bala Krishna Rao (HUF), Prop: M/s. Usha Pictures & Financers. During the search proceedings in the case of M/s. Usha*

*Pictures & Financiers, certain incriminating material i.e., loose sheets, documents, handwritten books etc., containing financial transactions, were found and seized.*

3. *Later, the cases i.e. M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd, Hyderabad, were centralized with this Circle and the Assessing Officer of the searched person i.e. ACIT, Central Circle-2, Rajahmundry, has forwarded separate satisfaction notes u/s 153C of the IT Act, in the cases of **M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd, Hyderabad**, along with copies of seized material. The ACIT, Central Circle, Rajahmundry has written separate satisfaction note in these two cases which are enclosed with this written submission.*

4. *On receipt of the satisfaction notes, a satisfaction note u/s 153C was recorded on **27.06.2022**, separately for the cases i.e. M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd, Hyderabad separately by the ACIT, CC-1(3), Hyderabad, and accordingly, notices u/s 153C were issued in both the cases.*

5. *The copies of satisfaction note recorded by the ACIT, Central Circle 2, Rajahmundry, and ACIT, Central Circle 1(3), Hyderabad are enclosed herewith for ready reference in the case of **M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd, Hyderabad**.*

6. *After issuing notices u/s 153C in the name of M/s. A. K.-Entertainments (India) Pvt. Ltd, the assessee company i.e. **M/s. Adventures International Pvt. Ltd**, has filed a letter dated **01.12.2022** wherein it was stated that, **the company M/s. A. K. Entertainments (India) Pvt. Ltd, has got merged with the assessee company M/s. Adventures International Pvt. Ltd, vide order of Hon'ble NCLT in C.P.No.239 of 2016 (CP(TCAA)No. 18/HDB/2017) dated 03.04.2017 and filed a copy of the said order.** The copy of the assessee letter is submitted herewith.*

7. *Further, the assessee has not produced any evidence before the ACIT, CC-1(3), Hyderabad that such merger was ever brought to the notice of the Department, i.e. before the regular Assessing Officer during the course of search proceedings. Hence, **it is to be taken that the assessee for the first time has brought to the notice of Department that M/s A.K. Entertainments India Pvt Ltd, Hyderabad merged with M/s Adventures International Pvt Ltd, Hyderabad on 01.12.2022 that too after issue of 153C notices in these two cases separately by the Assessing Officer.***

8. Since the company M/s. A. K. Entertainments (India) Pvt. Ltd, has got merged with the assessee company M/s. Adventures International Pvt. Ltd, and not in existence from AY 2017-18 onwards, the proceedings initiated in the case of M/s. A. K. Entertainments (India) Pvt. Ltd, u/s 153C for AYs 2017-18 to 2020-21, have been dropped on **27.03.2023**. The proceedings of Addl. CIT, Central Range-1, Hyderabad are submitted herewith.

9. As the company M/s. A. K. Entertainments (India) Pvt. Ltd, got merged with the assessee company M/s. Adventures International Pvt. Ltd, the seized material pertaining to M/s. A. K. Entertainments (India) Pvt. Ltd, have been considered in the assessments of the assessee company M/s. Adventures International Pvt. Ltd, which is clearly evident from the assessment orders passed for AYs 2017-18 to 2020-21. It can be seen that all the seized material pertaining to M/s. A.K. Entertainments (India) Pvt. Ltd., (i.e. copies of letter heads containing the transactions), were also made part of the Assessment Order for the years under consideration and the fact of merger of the company M/s. A. K. Entertainments (India) Pvt. Ltd, with M/s. Adventures International Pvt. Ltd., was brought out by the Assessee itself, vide its letter dated 13.03.2023, at page no.4 of the Assessment Orders for AY 2017-18 & 2018-19 under consideration, wherein the assessee has confirmed the transactions made in the name of M/s. A. K. Entertainments (India) Pvt. Ltd (merged with M/s. Adventures International Pvt. Ltd) and the receipts received through bank mode.

10. Aggrieved by the assessments, the assessee company i.e. M/s. Adventures International Pvt. Ltd, has filed appeal before CIT(A), The Ld. CIT(A), has allowed the appeal of the assessee for the AYs 2017-18, 2018-19 and 2019-20, by stating that the satisfaction was not recorded as required under the provisions of Sec. 153C and accordingly, quashed the notices issued u/s 153C of the IT Act. The Ld.CIT(A), has allowed the appeal of the assessee by taking into consideration **only** the satisfaction note u/s 153C recorded in the case of M/s. Adventures International Pvt. Ltd., wherein the seized material mentioned are: Annx/UPF/RP/EL-47 pg. no.36,42,43 and Annx/UPF/RP/EL-34 pg. no.66.

**11. However, the Ld.CIT(A), has not taken into cognizance of the fact that there exists another satisfaction note recorded for the seized material in the case of M/s. A K Entertainments (India) Pvt. Ltd,(merged with M/s. Adventures International Pvt. Ltd.) which formed the basis for making the additions in the hands of the assessee company M/s. Adventures International Pvt. Ltd., which**

***were discussed in detail in the assessment orders along with the extracts of the seized material. Therefore, the observation of the Ld. CIT(A) that there is no satisfaction recorded for the assessment year under consideration was completely incorrect and hence, the same was not accepted.***

12. Accordingly, further appeal has been filed before the Hon'ble ITAT, on the ground that the Ld.CIT(A) has not taken into cognizance of the fact that there exists another satisfaction note recorded for the seized material in the case of M/s. A K Entertainments (India) Pvt. Ltd, (which was merged with M/s. Adventures International Pvt. Ltd.,) and the seized material mentioned in the grounds of appeal i.e. **Annx.UPF/RP/EL-30,31,34,47,50 & 63** and the Ld. CIT(A) **failed** to take into the notice this satisfaction note and seized material mentioned there in.

13. In view of the above facts, it is clearly evident that **there exists two valid separate satisfaction notes u/s 153C dated 27.06.2022**, which were recorded separately for the seized material in the cases viz., M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd.

14. Further, it is noticed that, ACIT, Central Circle 1(3), Hyderabad recorded satisfaction both in the cases of M/s Adventures International Pvt Ltd, Hyderabad and M/s A.K. Entertainments India Pvt Ltd, Hyderabad, mentioning that satisfaction is for, **the assessment years 2015-16 to A.Y.2021-22**. In the respective cases, in the common satisfaction for the Assessment years 2015-16 to 2021-22, **reliance was placed on seized material spread over all the assessment years 2015-16 to A.Y.2021-22 and not just material pertaining to any one particular assessment year**. As the satisfaction is based on incriminating material pertaining to the all the assessment years between 2015-16 to 2021-22, the satisfaction needs to be treated as valid for the purposes of assessment u/s. 153C.”

7. On the other hand, Id.AR submitted that the Assessing Officer has recorded two satisfaction notes on the same day u/s 153C in the case of the assessee as well as in the case of A.K. Entertainments (India) Pvt. Limited. It was submitted that besides the above, as per the decision of hon'ble Delhi High Court in the case of Saksham Commodities Ltd Vs. ITO reported in (2024) 161

taxmann.com 485, satisfaction in each case is required to be recorded separately as mentioned. Therefore, the satisfaction recorded by the Assessing Officer was not in accordance with law. The Id.AR further submitted that the satisfaction recorded in the case of the assessee by the Assessing Officer of the searched person is available at page 213(supra), which clearly states that only 2 Annexures and Annex/UPF/RP/EL-34 and Annex/UPF/RP/EL-47 were only relied upon for recording the satisfaction. Whereas, the order of the Assessing Officer clearly shows that these documents were not referred by the Assessing Officer while making the addition in the hands of the assessee. It was submitted that the proforma of the satisfaction note recorded u/s 153C in the case of the assessee clearly shows that the satisfaction was recorded for the A.Y. 2015-16 to A.Y. 2021-22. It is not clear from the recording of the satisfaction as to which document i.e., Annex/UPF/RP/EL-47 or Annex/UPF/RP/EL-34 pertains to the assessment year under consideration. It was submitted that the satisfaction was recorded by the Assessing Officer / searched person on 14.03.2022 and the satisfaction in the case of the A.K. Entertainments (India) Pvt. Limited and assessee u/s 153C were recorded on 27.06.2022. It was submitted that as per the record, the said A.K. Entertainments (India) Pvt. Limited was merged with assessee company w.e.f. 30.04.2017 and at the time of recording of satisfaction i.e., 27.06.2022, the said A.K. Entertainments (India) Pvt. Limited was not in existence. It was further submitted that A.K. Entertainments (India) Pvt. Limited ceases to be the legal

entity after 30.04.2017 and no satisfaction can be recorded by the Assessing Officer u/s 153C in the case of A.K. Entertainments (India) Pvt. Limited. It was further submitted that even the recording of satisfaction and issuing notice by the Assessing Officer u/s 153C in the case of A.K. Entertainments (India) Pvt. Limited was not in accordance with law and the same is contrary to the judgment of the hon'ble Supreme Court in the case of Maruti Suzuki India Limited reported in 107 Taxman 375 vide order dated July 25, 2019 as well as in the case of M/s. Skyline Builders. Vs. CIT and lastly, it was submitted that the assessee namely, A.K. Entertainments (India) Pvt. Limited, after the date of merger has been filing return of income in the subsequent assessment years in the name of assessee namely, M/s. Adventures International Pvt. Ltd and for the above said purposes, the assessee has filed return of income for A.Y. 2018-19 onwards. He had also drawn our attention to the order dt.03.04.2017 passed by NCLT in the merger petition.

8. We have heard the rival submissions and perused the material on record, including the paper book and case laws relied upon by the parties. In the present case, the ACIT (Central Circle) – 2/(i/c), Rajahmundry had recorded a satisfaction on 14/3/2022 as Assessing Officer of the searched person, which is to the following effect :

## Proforma for Recording Satisfaction under section 153C

(to be filled by the Assessing Officer of the person referred to in section 153A)

1	Name of the Group Searched	USHA BALA CHITS PRIVATE LTD GROUP
2	Name and PAN of the person referred to in section 153A	(1) VV BALA KRISHNA RAO (HUF) Prop. Usha Pictures and Financiers, Raja Rammohan Rai Street, Power Pet, ELURU, West Godavari District. PAN : AAAHV6609Q
3	Date of initiation of search in the case of the person referred to in section 153A	28-01-2021
4	Name, address and PAN of the person in whose case action under section 153C is proposed	M/s. AdVentures International Pvt. Ltd., H.No.8-2-293/82/F/C/30, Film Nagar, Jubilee Hills, Road No.8, Hyderabad - 500 096. PAN : AAJCA1657R
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material [money/bullion/jewellery/other valuable article or thing/books of account/document]	Documents
	(b) Description of the seized material	Documents
	(c) Address of premise/place from where such material was seized	Residential Premises of Sri VV Balakrishna Rao, Prop. M/s. Usha Pictures and Finance Raja Ram Mohan Rai Street, Power Pet, ELURU, West Godavari District.
	(d) Date of seizure of such material	31/01/2021
	(e) Particulars of the relevant Panchanama	Panchanama Dated 31/01/2021
	(f) Annexure/s. No./page Number etc (particulars to be specified)	Annx/UPF/RP/EL-47 pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg.no 66.
6	Relationship of the person referred to in S.No.2 with the person referred to in S.No. 4	Usha Pictures & Financiers has lent loans to M/s. AdVentures International Pvt. Ltd.,
7	Satisfaction of the Assessing Officer of the person referred to in section 153A that the seized material referred to in S.No. 5 belong to the person referred to in S.No. 4	A Search and Seizure operation u/s.132 of the IT Act in the case of Sri VV Balakrishna Rao, Prop. Usha Pictures and Financiers was conducted on 28/01/2021. During

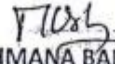
		<p>the course of search proceedings, certain incriminating material relating to the assessee were found and seized vide Annx/UPF/RP/EL-47 pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg.no 66</p> <p>In view of the above, I am satisfied that the seized materials referred to in S.no.5 relate to the person referred in S. no 4 and have a bearing on determining the total income of the assessee</p>
8	Assessment Years involved	A.Y. 2015-16 to A.Y. 2021-22.

Note:

1. Copy of relevant Panchanama may be sent at the time of handling over of the relevant seized material.
2. For the purpose of this proforma seized material includes material requisitioned under section 132A.

Date: 14.03.2022

Place: RAJAHMUNDRY

  
 (M. LAKSHMANA BABU)  
 Asst. Commissioner of Income Tax,  
 Central Circle-2(i/c), Rajahmundry.

9. In the satisfaction note dated 14.03.2022 (supra), the Assessing Officer has mentioned at Sl.No.5(f) as under :

5(f) Annexure/s No./Page number etc	Annx/UPF/RP/EL-47 pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg no.66
8. Assessment years involved	A.Y. 2015-16 to A.Y. 2021-22


10. On the receipt of the satisfaction note dated 14.03.2022 from the Assessing Officer / searched person, Assessing Officer of the assessee namely, ACIT, Central Circle -1, (3), Hyderabad recorded the satisfaction, which is to the following effect :

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**Proforma for Recording Satisfaction under section 153C**  
(to be filled by the Assessing Officer of the person referred to in section 153C)

1	Name of the Group Searched	USHA BALA GROUP
2	Name and PAN of the person referred to in section 153A	VV BALA KRISHNA RAO (HUF) Prop. Usha Pictures and Financers, Raja Rammohan Rai Street, Power Pet, ELURU, West Godavari District. PAN : AAHV6609Q
3	Date of initiation of search in the case of the person referred to in section 153A	28-01-2021
4	Name, address and PAN of the person in whose case action under section 153C is proposed	M/s. AdVentures International Pvt. Ltd., H.No.8-2-293/82/F/C/30, Film Nagar, Jubilee Hills, Road No.8, Hyderabad - 500 096. PAN : AAJCA1657R
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material [money/bullion/jewellery/other valuable article or thing/books of account/document]	Documents
	(b) Description of the seized material	Loose sheets
	(c) Address of premise/place from where such material was seized	Residential Premises of Sri VV Balakrishna Rao, Prop. M/s. Usha Pictures and Finance Raja Ram Mohan Rai Street, Power Pet, ELURU, West Godavari District.
	(d) Date of seizure of such material	31/01/2021
	(e) Particulars of the relevant Panchanama	Panchanama Dated 31/01/2021
	(f) Annexure/s. No./page Number etc (particulars to be specified)	Annx/UPF/RP/EL-47 : pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg.no 66
6	Relationship of the person referred to in S.No.2 with the person referred to in S.No. 4	Usha Pictures & Financers has made cash payments for acquisition of movie distribution rights to M/s. AdVentures International Pvt. Ltd.
7	Satisfaction of the Assessing Officer of the person referred to in section 153C that the seized material referred to in S.No. 5 belong to the person referred to in S.No. 4	As per Annexure
8	Assessment Years Involved	A.Y. 2015-16 to A.Y. 2021-22.

Date: 27.06.2022  
Place: HYDERABAD

  
(K. SHIVALINGAM)  
Assistant Commissioner of Income Tax,  
Central Circle 1(3), Hyderabad

AnnexureAdventures International Pvt. Ltd. (AAJCA1657R)

A search and seizure operation U/s. 132 of the Income Tax Act, 1961 was conducted in M/s. Usha Bala Group of cases on 28.01.2021 covering Sri V V Bala Krishna Rao (HUF), Prop: M/s. Usha Pictures & Financers, Eluru. During the search in the case of M/s. Usha Pictures & Financers, certain incriminating material i.e., loose sheets containing financial transactions etc., were found and seized.

2. As per the seized material, it was observed that M/s. Usha Pictures & Financers has advanced cash loans to various movie producers, production houses and other individuals and also cash payments were made for acquisition of movie distribution rights. On examination, it was found that the cash transactions reflected in the seized material were not recorded in its regular books of accounts and the same were treated as undisclosed income in the hands of the Usha Bala group cases.

3. The following incriminating material relating to the assessee found and seized during the course of search proceedings are marked as under :

Annx/UPF/RP/EL-47 pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg.no 66

4. From the above seized material, it is observed that the assessee Adventures International Pvt. Ltd. has given movie distribution rights to M/s. Usha Pictures and received consideration by way of cash mode. The receipt of cash loans and cash consideration for movie distribution rights are evidenced by the incriminating material in the form of letter of understanding, and the transactions recorded therein are spread over in various financial years and the same has a bearing on the determination of undisclosed income of the assessee.

5. The details of receipt of money as per the seized material are as under :

TABLE -1

Movie Name	Date of receipt	Mode of Receipt	Amount of money received (Rs.)
Gopichand Chanakya	04.10.19	Cash	52,88,000

From the above details of incriminating material seized, there are total cash receipts of Rs.52,88,000/- by the assessee from M/s. Usha Pictures during the F.Y. 2019-20.

6. In view of the above, I am satisfied that the information contained in the documents / loose sheets seized in the case of Sri V V Bala Krishna Rao (HUF) pertains to Adventures International Pvt. Ltd. and the same has bearing on the determination of total income of the assessee for the Asst. years 2015-16 to 2021-22 and hence, this is a fit case for initiation of proceedings u/s. 153C of the I. T. Act, 1961. Therefore, the proceedings are initiated in the case of the assessee u/s. 153C of I.T. Act.



(K. SHIVALINGAM)

Assistant Commissioner of Income-tax,  
Central Circle-1(3), Hyderabad.

10.1 From the above, it is observed that the Assessing Officer at Sl.No.5(f) and 8, mentioned as under :

5(f) Annexure/s No./Page number etc (Particulars to be specified)	Annx/UPF/RP/EL-47 pg.no.36,42,43 and Annx/UPF/RP/EL-34, pg no.66
8. Assessment years involved	A.Y. 2015-16 to A.Y. 2021-22

11. The Id.AR before us, had made two fold arguments (1) that no additions were made for the assessment year under consideration i.e., for A.Y. 2017-18 and 2018-19 based on the satisfaction note and the incriminating material mentioned therein and (2) the satisfaction recorded by the Assessing Officer was a composite satisfaction and it is in violation of the law laid down by the hon'ble Delhi High Court.

12. The Assessing Officer in order dt.30.03.2023 in paragraph 4 while making the addition on account of consideration received

towards movie distribution rights have referred to the following Annexures in Column 1.

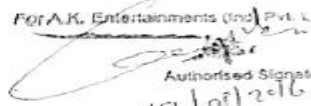
Hyper Annex/UPF/RP/EL-50 (Pg.no.12) dated 19.08.2016
'KITTU UNNADU JAGRATHA' Annx/UPF/RP/EL47(Pg.no.26 dated 03.03.2017)
EEDU GOLD EHE' Annx/UPF/RP/EL47(Pg.no.11 & 12 dated 06.10.2016 and Page No.10 handwritten letter dated 08.08.2016)
'EDORAKAM AADORAKAM' Annx/UPF/RP/EL47(Pg.no.5 dated 13.04.2016

13. Similarly, at page 7 of the order of Assessing Officer, Assessing Officer referred to the Annexure /UPF/RP/EL-50(page 12) addressed to Usha Pictures and the Assessing Officer reproduced the said Annexure which is as under :

**A.K. Entertainments (India) Pvt. Ltd.** (12)   
Dr. No. 8-2-293/82/F/C/30, Film Nagar, Jubilee Hills  
Hyderabad-500 096, INDIA

19-08-2016

Received amount Rs 50,00,000/- rupees - fifty lacs.  
through RTGS 10,00,000/- cash 40,00,000/- from  
Usha pictures. sum towards west Godavari distribution  
amount from 14 weeks for the picture "Hyper"  
Starring Ram, Rashikhanma. Directed by Santosh  
Srinivas. music by Ghibran. produced by Ramachand  
Gopi achanta. Anil Sankara.

For A.K. Entertainments (India) Pvt. Ltd.  
  
Authorised Signatory  
19/08/2016

14. The Assessing Officer at page 9 of his order, has referred the **Annexure /UPF/RP/EL-47 (pages 11 and 12)** and also referred to page 10. On the basis of the above said Annexures / seized documents, the Assessing Officer made addition of Rs.1,46,76,000/- in the hands of the assessee (Page 16 of Assessing Officer's order).

15. Similarly, in para 5, the Assessing Officer in his order in table 3 refers to the following Annexures for making the addition for Rs.176,55,800/- in the hands of the assessee (Para 6.3 of Assessing Officer's order). Table 3 as mentioned by the Assessing Officer at pages 16 to 18 is as under :

TABLE-3

Annx. No	Date	Payment (Cash loan repaid in Rs.)	Annx. No	Date	Receipt (Cash loan received in Rs.)
As per handwritten books/cash book entries Annx/UPF/RP/EL-121 (page no.30)	13.04.2016	1,72,00,000	As per handwritten books/cash book entries Annx/UPF/RP/EL-123 (page no.49A)	04.05.2016	50,00,0

Annx/UPF/RP/EL-121 (page no.26)	16.04.2016	17,58,800	Annx/UPF/RP/EL-123 (page no.48A)	05.05.2016	25,00,0
Annx/UPF/RP/EL-121 (page no.15)	21.04.2016	4,00,000	Annx/UPF/RP/EL-123 (page no.18A)	10.06.2016	50,00,0
Annx/UPF/RP/EL-123 (page no.48)	05.05.2016	25,00,000	Annx/UPF/RP/EL-123 (page no.16A)	13.06.2016	50,00,0
Annx/UPF/RP/EL-153 (page no.40)	07.10.2016	1,40,00,000	Annx/UPF/RP/EL-123 (page no.15A)	14.06.2016	25,00,0
Annx/UPF/RP/EL-153 (page no.36)	10.10.2016	1,76,21,000	Annx/UPF/RP/EL-119 (page no.49)	03.08.2016	1,00,00,0
Annx/UPF/RP/EL-153 (page no.22)	19.10.2016	30,00,000	Annx/UPF/RP/EL-119 (page no.47)	04.08.2016	25,00,0
Annx/UPF/RP/EL-153 (page no.20)	20.10.2016	20,00,000	Annx/UPF/RP/EL-119 (page no.13)	26.08.2016	25,00,0
Annx/UPF/RP/EL-153 (page no.12)	25.10.2016	25,00,000	Annx/UPF/RP/EL-153 (page no.35)	10.10.2016	1,00,00,0
Annx/UPF/RP/EL-153 (page no.6)	28.10.2016	10,00,000	Annx/UPF/RP/EL-153 (page no.35)	10.10.2016	50,00,0
Annx/UPF/RP/EL-153 (page no.4)	29.10.2016	15,00,000	Annx/UPF/RP/EL-93 (page no.69)	16.03.2017	8,0
Annx/UPF/RP/EL-93 (page no.94)	02.03.2017	23,00,000	Annx/UPF/RP/EL-93 (page no.65)	18.03.2017	24,0
Annx/UPF/RP/EL-	03.03.2017	15,00,000			

93 (page no.92)					
Annx/UPF/RP/EL-93 (page no.90)	04.03.2017	13,40,000			
Annx/UPF/RP/EL-93 (page no.70)	16.03.2017	20,00,000			
Annx/UPF/RP/EL-93 (page no.68)	17.03.2017	35,00,000			
Annx/UPF/RP/EL-93 (page no.66)	18.03.2017	25,00,000			
	<b>Total</b>	<b>7,66,19,800</b>			<b>5,00,32,0</b>

16. From the reading of the table 1 and 3 (supra), it is clear that there is no reference of the Annexures mentioned in satisfaction note for making the additions in the hands of the assessee for an amount of Rs.1,46,76,000/- and Rs.1,76,55,800/-. In other words, the addition made by the Assessing Officer not on the basis of the incriminating material found and referred in the satisfaction note at the time of making the addition. In our considered opinion, the law is fairly settled that the Assessing Officer or the ld.CIT(A) cannot made addition in the hands of the assessee unless the same is made on the basis of incriminating material which was sized or pertains to the assessment year for the year under consideration. For that purposes, we may fruitfully rely on the decision of hon'ble Supreme Court in the case of Singhad

Educational Society reported in 84 Taxmann.com 290. In view of the above, the challenge of the Revenue appeal is bound to fail. In view of the above, the appeal of the Revenue is required to be dismissed.

17. During the course of arguments, it was submitted by the ld.DR that the separate satisfaction notes recorded by the Assessing Officer of the searched person in the hands of A.K. Entertainments (India) Pvt. Limited, on 14.03.2022, which is to the following effect :

-left intentionally-

**Proforma for Recording Satisfaction under section 153C**


(to be filled by the Assessing Officer of the person referred to in section 153A)

1	Name of the Group Searched	USHA BALA CHITS PRIVATE LTD GROUP
2	Name and PAN of the person referred to in section 153A	(1) VV BALA KRISHNA RAO (HUF) Prop. Usha Pictures and Financiers, Raja Rammohan Rai Street, Power Pet, ELURU, West Godavari District. PAN : AAAHV6609Q
3	Date of initiation of search in the case of the person referred to in section 153A	28-01-2021
4	Name, address and PAN of the person in whose case action under section 153C is proposed	M/s. AK Entertainments India Pvt. Ltd., D.NO.8-2-293/82/F/C/30, Film Nagar, Jubilee Hills, Hyderabad - 500 096 PAN : AAGCA4251Q
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material [money/bullion/jewellery/other valuable article or thing/books of account/document]	Documents
	(b) Description of the seized material	Documents
	(c) Address of premise/place from where such material was seized	Residential Premises of Sri VV Balakrishna Rao, Prop. M/s. Usha Pictures and Finance Raja Ram Mohan Rai Street, Power Pet, ELURU, West Godavari District.
	(d) Date of seizure of such material	31/01/2021
	(e) Particulars of the relevant Panchanama	Panchanama Dated 31/01/2021
	(f) Annexure/s. No./page Number etc (particulars to be specified)	Annx/UPF/RP/EL-30 pg 118 to 137 and Annx/UPF/RP/EL-31 - pg 43 to 46, Annx/UPF/RP/EL-34 pg. 46 to 66, 1 to 31 Annx/UPF/RP/EL-47, pg. 10 to 60 Annx/UPF/RP/EL- 50, Pg.No. 12,50, pg.130 to 131, Annx/UPF/RP/EL-63 Pg. 147 to 202
6	Relationship of the person referred to in S.No.2 with the person referred to in S.No. 4	Usha Pictures & Financiers has lent loans to M/s. AK Entertainments India Pvt. Ltd.
7	Satisfaction of the Assessing Officer of the person referred to in section 153A that the seized material referred to in S.No. 5 belong to the person referred to in S.No. 4	A Search and Seizure operation u/s.132 of the IT Act in the case of Sri VV Balakrishna Rao, Prop. Usha Pictures and Financiers

		<p>was conducted on 28/01/2021. During the course of search proceedings, certain incriminating material relating to the assessee were found and seized vide Annx/UPF/RP/EL-30 pg 118 to 137 and Annx/UPF/RP/EL-31 - pg 43 to 46, Annx/UPF/RP/EL-34-pg. 46 to 66, 1 to 31 Annx/UPF/RP/EL-47, pg. 10 to 60, Annx/UPF/RP/EL-Pg.No. 12,50, pg.130 to 131, Annx/UPF/RP/EL-63 Pg. 147 to 202</p> <p>In view of the above, I am satisfied that the seized materials referred to in S.no.5 relate to the person referred in S. no 4 and have a bearing on determining the total income of the assessee</p>
8	Assessment Years involved	A.Y. 2015-16 to A.Y. 2021-22.

**Note:**

1. Copy of relevant Panchanama may be sent at the time of handling over of the relevant seized material.
2. For the purpose of this proforma seized material includes material requisitioned under section 132A.

  
 (M. LAKSHMANA BABU)  
 Asst. Commissioner of Income Tax,  
 Central Circle-2(i/c), Rajahmundry.

Date: 14.03.2022

Place: RAJAHMUNDRY

18. The Assessing Officer of M A.K. Entertainments (India) Pvt. Limited, on receipt of the satisfaction of the Assessing Officer of the searched person has recorded the satisfaction on 27.06.2022 and the same is as under :


**Proforma for Recording Satisfaction under section 153C**  
(to be filled by the Assessing Officer of the person referred to in section 153C)

1	Name of the Group Searched	USHA BALA GROUP
2	Name and PAN of the person referred to in section 153A	VV BALA KRISHNA RAO (HUF) Prop. Usha Pictures and Financiers, Raja Rammohan Rai Street, Power Pet, ELURU, West Godavari District. PAN : AAHV6609Q
3	Date of initiation of search in the case of the person referred to in section 153A	28-01-2021
4	Name, address and PAN of the person in whose case action under section 153C is proposed	M/s. AK Entertainments India Pvt. Ltd., D.NO.8-2-293/82/F/C/30, Film Nagar, Jubilee Hills, Hyderabad - 500 096 PAN : AAGCA4251Q
5	Specific details of seized material on the basis of which action under section 153C is proposed	
	(a) Nature of the seized material [money/bullion/jewellery/other valuable article or thing/books of account/document]	Documents
	(b) Description of the seized material	Loose sheets
	(c) Address of premise/place from where such material was seized	Residential Premises of Sri VV Balakrishna Rao, Prop. M/s. Usha Pictures and Finance Raja Ram Mohan Rai Street, Power Pet, ELURU, West Godavari District.
	(d) Date of seizure of such material	31/01/2021
	(e) Particulars of the relevant Panchanama	Panchanama Dated 31/01/2021
	(f) Annexure/s. No./page Number etc (particulars to be specified)	Annx/UPF/RP/EL-30 pg 118 to 137 and Annx/UPF/RP/EL-31 - pg 43 to 46, Annx/UPF/RP/EL-34-pg. 46 to 66, 1 to 31 Annx/UPF/RP/EL-47, pg. 10 to 60, Annx/UPF/RP/EL- 50, Pg.No. 12,50, pg.130 to 131, Annx/UPF/RP/EL-63 Pg. 147 to 202
6	Relationship of the person referred to in S.No.2 with the person referred to in S.No. 4	Usha Pictures & Financiers has given cash loans & also made cash payments for acquisition of movie distribution rights to M/s. AK Entertainments India Pvt. Ltd.
7	Satisfaction of the Assessing Officer of the person referred to in section 153C that the seized material referred to in S.No. 5 belong to the person referred to in S.No. 4	As per Annexure
8	Assessment Years involved	A.Y. 2015-16 to A.Y. 2021-22.

Date: 27.06.2022  
Place: HYDERABAD

(K. SHIVALINGAM)  
Assistant Commissioner of income Tax,  
Central Circle-1(3), Hyderabad

19. It was submitted by the Id.DR that the proceedings against M/s.A.K. Entertainments India Pvt. Ltd. were dropped as the said company had merged with the assessee on 30.04.2017. The Id.DR has drawn our attention to the approval of dropping of proceeding u/s 153D of the Act against A.K. Entertainments (India) Pvt. Limited, of the letter dt.27.03.2023. The letter of Addl. Commissioner of Income Tax at page 105 reads as under :

  
अपर आयकर आयुक्त, सेंट्रल रेंज-1  
OFFICE OF THE  
ADDITIONAL COMMISSIONER OF INCOME TAX, CENTRAL RANGE-1  
6<sup>th</sup> Floor, Room No. 602, Aayakar Bhavan, Basheerbagh, Hyderabad-500004.  
Ph.No. 040-23426026/Fax No. 04023426024  
e-mail: [hyderabad.addl.cit.central@incometax.gov.in](mailto:hyderabad.addl.cit.central@incometax.gov.in)

100  
105

F. No.45/CR-1Hyd/153D/2022-23

To  
The Dy. Commissioner of Income Tax,  
Central Circle 1(3),  
Hyderabad.

आयकर उप आयुक्त Date: 27.03.2023  
Deputy Commissioner of Income Tax  
27 MAR 2023  
केन्द्रीय सर्किल-1/Central Circle-1(1,2,3,4)  
7 फ्लोर, आयकर भवन, हैदराबाद.  
7th Floor, Aaykar Bhavan, Hyderabad-04.

Sub: Search & Seizure U/s. 132 – Usha Bala Group– Dropping of Proceedings – Approval U/s. 153D of I.T.Act – Reg.

Ref : (i) Letter of DCIT CC-1(3), Hyderabad in F.No. DCIT/CC-1(3)/Hyd/Draft Asst. Order/2022-23 dated 27.03.2023.  
(ii) This office letter in F.No.45/CR-1/Hyd/2022-23, dt: 16.09.2022 containing broad directions.  
(iii) This office letter in F.No.CR-1/Scrutiny Approvals/2022-23, dt: 01.12.2022.  
(iv) Broad directions issued vide this office letter in F.No.45/CR-1/Hyd/2022-23, dt: 10.01.2023.  
(v) This office letter in F.No.45/CR-1/Hyd/2022-23, dt: 09.02.2023 containing broad directions.

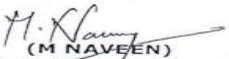
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Please refer to the above.

2. The proposal submitted by you vide reference (i) above in the below mentioned cases have been perused. Considering the reasons mentioned in the proposal submitted, approval is hereby accorded for dropping of the assessments U/s. 153C of the I T Act.

Sno.	Name of the case	PAN	Asst. Years	Reasons for dropping the proceedings as submitted by the AO in the proposal dated 08.03.2023.
(1)	(2)	(3)	(4)	(5)
1	A.K. Entertainments (India) Pvt. Limited	AAGCS4251Q	2017-18 to 2020-21	The company was merged with Adventure International Pvt. Limited on 30.04.2017, hence the proceedings initiated for AYs 2017-18 to 2020-21 are void ab-initio.
2	14 Reels Venkatboyanpally JV	AAAAZ2224L	2015-16 & 2016-17	The firm was incorporated on 09.04.2016. Hence the proceedings initiated for AY s2015-16 & 2016-17 are void ab-initio.

3. The records in 1 nos volume each of the above cases are returned herewith.

  
(M NAVEEN)  
Addl. Commissioner of Income Tax.

Encl: As above

20. The ld.DR had submitted that after dropping of the assessment proceedings in the hands of A.K. Entertainments (India) Pvt. Limited, the additions were made in the hands of the assessee by the Assessing Officer as mentioned in the assessment order.

21. Per contra, the ld.AR submitted that this explanation of the ld.DR is not correct. It was submitted by the ld.AR that once the Revenue in their communication dt.27.03.2023 has acknowledged and accepted that the proceedings initiated for the assessment year 2017-18 to 2020-21 were void, then no addition can be made in the hands of the assessee based on the documents belonging to the A.K. Entertainments (India) Pvt. Limited, and also without recording of the satisfaction by the Assessing Officer making the addition in the hands of the assessee based on such documents. It was submitted that no addition can be made in the hands of the assessee on the basis of seized documents. It was further submitted that the assessee had been filing the return of income after the merger in its name and A.K. Entertainments (India) Pvt. Limited, ceases to be a legal entity in the eyes of law. He had also submitted that even the order of the NCLT in the case on the merger petition dt.03.04.2017 was within the knowledge of the Revenue wherein in para 25, it is recorded that the information was given about the merger to the Revenue. Paragraph 25 reads as under :

*“25. The Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad has filed an Additional Affidavit dated 9th March, 2017, In addition to affidavit dated 29.11.2016, by interalia confirming all the material averments made in the Company petition and further submitted that that in pursuance to General Circular No. 1/2014 dated 15.1.2014 issued by the Ministry of Corporate Affairs, New Delhi, a letter dated 08.08.2016 was issued to the Income Tax Department for submitting their comments/objections, if any within 15 days. And the petitioners companies also sent notices to Income Tax Department. However, there are no objections/comments received in response to those notices. The Hon'ble High court has also duly dispensed with requirement of meeting of the shareholders of petitioner companies. And further confirmed that companies involved in the present scheme are regular in filing statutory returns and no complaints, no investigations are pending against them. Therefore, he submits that the Scheme in question can be considered as per merits by the Tribunal.”*

22. We have heard the rival contentions and perused the material on record. Admittedly, as per the communication at page 105 dt.27.03.2023, the Revenue has dropped the proceedings against A.K. Entertainments (India) Pvt. Limited, for the A.Y. 2017-18 to 2020-21. The question which requires to be answered is whether the dropping of proceedings based on merger of the company on 30.04.2017 whether the satisfaction note recorded in the hands of A.K. Entertainments (India) Pvt. Limited, can form basis of making the addition in the hands of the assessee or not. In our understanding, no addition can be made unless the Assessing Officer record the satisfaction u/s 153C of the Act disclosing the reasons for initiating the proceedings against the assessee. In the present case, after dropping of the proceedings against A.K. Entertainments (India) Pvt. Limited, no fresh satisfaction was recorded by the Assessing Officer within the four

corners of 153C recording the satisfaction that the material seized belongs to the assessee. In our view, in the absence of satisfaction as required to be recorded u/s 153C based on seized documents referred to in the satisfaction note in the case of A.K. Entertainments (India) Pvt. Limited, by the Assessing Officer of the assessee, no addition can be made and accordingly, we are of the opinion that the proceedings initiated based on such vital discrepancy which goes to the route of the jurisdiction of the Assessing Officer. Accordingly, we do not find any merit in the appeal of Revenue. There is another reason for dismissing the appeal of Revenue that once the Revenue was aware about the merger of A.K. Entertainments (India) Pvt. Limited, with the assessee on 30.04.2017, there was no reason for the Revenue to record the satisfaction by the Assessing Officer in the name of erstwhile company namely, A.K. Entertainments (India) Pvt. Limited, on 27.06.2022. The law is fairly settled by the decision of the Hon'ble Supreme Court in the case of Pr. Commissioner Of Income Tax vs Maruti Suzuki India Limited on 25 July, reported in 2019 (2019) 10 SCALE 21 (2019).

23. Lastly, as mentioned hereinabove the Assessing Officer in the case of the assessee had recorded a common satisfaction for A.Y. 2015-16 to 2021-22 under Section 153C of the Act. Furthermore, the Assessing Officer has failed to substantiate as to which seized material / documents referred to in the satisfaction note belongs to the particular assessment year. In this regard, the

ld.AR has drawn our attention to the law laid down by the Hon'ble High Court of Delhi and it was submitted that satisfaction for each year has to be recorded separately. The ld.DR had submitted that its only a technical objection and it makes no difference if the same satisfaction is recorded for the different assessment year.

24. We have perused the decisions relied upon by the ld.AR including the decision of hon'ble Delhi High Court in the case of PCIT Vs. Sunway Realtech (P.) Ltd. Reported in (2022) 142 taxmann.com 477 and Saksham Commodities Ltd Vs. ITO (surpa). In our considered opinion, the issue is covered in favour of the assessee and therefore, we are of the opinion that the appeal of Revenue is bound to be dismissed. Accordingly, the appeal of the Revenue is dismissed.

25. In the result, the appeal of Revenue in ITA No.465/Hyd/2024 is dismissed.

**ITA No.489/Hyd/2024**

26. The facts and issues involved in ITA No.489/Hyd/2024 are identical to the facts and issues which we had considered in ITA No.465/Hyd/2024 for A.Y. 2017-18. The facts considered by us and reasons given in preceding paragraph Nos.8 to 25 shall apply mutatis and mutandis to this appeal as well. Therefore, for similar reasons, we dismiss this appeal too.

27. In the result, the appeal of the Revenue in ITA No.489/Hyd/2024 is dismissed.

**C.O.Nos.5 and 6/Hyd/2024**

28. Coming to Cross – Objections filed by the assessee, in view of our finding in both the appeals of Revenue, the cross objections filed by the assessee are dismissed.

29. In the result, the C.Os. filed by the assessee are dismissed.

30. To sum up, the appeals of the Revenue and also the Cross – Objections of assessee are dismissed.

Order pronounced in the Open Court on 19<sup>th</sup> December, 2024.

**Sd/-**

**Sd/-**

<b>(G. MANJUNATHA)</b> <b>ACCOUNTANT MEMBER</b>	<b>(LALIET KUMAR)</b> <b>JUDICIAL MEMBER</b>
--	---

Hyderabad, dated 19.12.2024.

***TYNN/sps***

Copy to:

S.No	Addresses
1	M/s.Adventures International Pvt. Ltd, C-30, Road No.8, Jubilee Hills, Hyderabad – 500096, Telangana.
2	The Deputy Commissioner of Income Tax, Central Circle – 1(3), Hyderabad.
3	Pr.CIT (Central), Hyderabad.
4	DR, ITAT Hyderabad Benches
5	Guard File

*By Order*