

IN THE INCOME TAX APPELLATE TRIBUNAL PANAJI BENCH
PANAJI

BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER &
SHRI G D PADMAHSHALI ACCOUNTANT MEMBER

I T A. Nos. 217/PAN/2023
(A.Y. 2017-18)

Kwality Animal Feeds Pvt Ltd, 12, Kwality House, Machhe Industrial Area, Machhe, Belgaum-590014, Karnataka.	Vs .	ACIT-Circle 1, Civil Hospital Road, Belagavi-590001. Karnataka.
PAN .No. AABCK0589J		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

Appellant by	Shri.Pramod Vaidhya.AR
Respondent by	Shri.Ravindra Hattalli.Sr.DR

सुनवाई की तारीख/Date of Hearing	18.03.2025
घोषणा की तारीख/Date of Pronouncement	25.03.2025

ORDER

PER PAVAN KUMAR GADALE, JM:

The appeal is filed by the assessee against the order of NFAC/ CIT(A) passed u/sec 143(3) and u/sec 250 of the Act. The assessee has raised the grounds of appeal challenging the order of the CIT(A) sustaining the addition under section 68 of the Act made by the Assessing Officer.

2. The brief facts of the case are that, the assessee company is engaged in the business of manufacturing of poultry/animal feeds and running poultry farms. The

assessee has filed the return of income on 27-10-2017 disclosing a total income of Rs.67,06,060/- The Assessing Officer (AO) based on the information from ITBA data, found that the assessee has made cash deposits in the bank accounts during the demonetization period and the case was selected for scrutiny under the CASS. Further the notice u/sec143(2) and u/sec 142(1) of the Act along with questionnaire are issued and the assessee has complied the notice. Whereas the A.O found that the assessee has made the cash deposits aggregating to Rs.1,19,45,000/-in the different branches of HDFC Bank Ltd and Bank Of India in the F.Y.2016-17 and explanations were called to substantiate the deposits. And the assessee has filed the explanations mentioning the availability of opening balance of cash, direct deposits by the customers in the bank accounts and cash sales reflected in the financial statements. Whereas as the AO has considered the information and was not satisfied with the explanations and dealt on the provisions of the Act and finally made an addition u/sec68 of the Act of Rs.1,07,90,500/- and assessed the total income of Rs.1,74,96,560/- and passed the order u/sec 143(3) of the Act dated 28.12.2019

3. Aggrieved by the order, the assessee has filed an appeal before the CIT(A), whereas the CIT(A) has considered the grounds of appeal, statement of facts and findings of the AO and has issued notices of hearing and the assessee has filed the submissions. But the CIT(A) has confirmed

the action of the A.O and dismissed the appeal. Aggrieved by the order of the CIT(A), the assessee has filed an appeal before the Hon'ble Tribunal.

4. At the time of hearing, the Ld.AR submitted that the CIT(A) has erred in confirming the action of the Assessing officer overlooking the information of the assessment proceedings. The Ld.AR mentioned that the CIT(A) has not dealt on the details and evidences to substantiate the sources of cash deposits in the bank accounts and the Ld.AR substantiated the submissions with the paper book I&II and judicial decisions and prayed for allowing the appeal. Per Contra, the Ld.DR supported the order of the CIT(A).

5. We heard the rival submissions and perused the material on record. The sole crux of the disputed issues envisaged by the Ld.AR that the CIT(A) has erred in sustaining the addition u/s 68 of the Act without providing proper opportunity and overlooking the facts and material evidences. The assessee has filed all the details before the lower authorities and the CIT(A) has not considered the facts of availability of cash balance with the assessee. Prima-facie the CIT(A) has dealt on the findings of the AO and has not considered the submissions of the assessee dealt at Para 5.6 of the order. The Ld.AR demonstrated the division wise cash book summary at various branches and availability of cash balances in the paper book-II and opening cash balance and highlighted

on VAT reconciliation statement and copies of confirmations of customers at Page 95 to Page 231 of the Paper book-I. Therefore, we considering the overall facts, circumstances and principles of natural justice shall provide with one more opportunity of hearing and accordingly restore the disputed issue to the file of the CIT(A) for afresh adjudication on merits and the CIT(A) shall provide adequate opportunity of being heard to the assessee and the assessee should also cooperate in submitting the information for early disposal of the appeal and the grounds of appeal of the assessee are allowed for statistical purpose.

6. In the result, the appeal filed by assessee is allowed for statistical purposes.

Order pronounced in the open court on 25.03.2025.

Sd/-
(GD PADMAHSHALI)
ACCOUNTANT MEMBER

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Panaji Dated: 25/03/2025

Copy of the Order forwarded to:

1. The Appellant,
 2. The Respondent
 3. The CIT(A)-
 4. CIT
 5. DR, ITAT,
 6. Guard file.
- //True Copy/

BY ORDER,

(Asstt. Registrar)ITAT,
Panaji

		Date	<u>Initial</u>	
1.	Draft dictated on			PS
2.	Draft placed before author			PS
3.	Draft proposed & placed before the second member			PS
4.	Draft discussed/approved by Second Member.			PS
5.	Approved Draft comes to the Sr.PS/PS			PS
6.	Kept for pronouncement on			
7.	File sent to the Bench Clerk			
8.	Date on which file goes to the AR			
9.	Date on which file goes to the Head Clerk.			
10.	Date of dispatch of Order.			
11.	Dictation Pad is enclosed			