

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD "B" BENCH: HYDERABAD

BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MANJUNATHA G, ACCOUNTANT MEMBER

ITA.No.769/Hyd./2019
Assessment Year 2014-2015

The DCIT, Circle-1(2), Hyderabad – 500 004. Telangana.	vs.	M/s. Bio Green Papers Limited, Hyderabad. PIN – 500 035. PAN AAFCS5460G
(Appellant)		(Respondent)

For Assessee :	-None-
For Revenue :	Dr. Sachin Kumar, Sr. AR

Date of Hearing :	04.09.2025
Date of Pronouncement :	12.09.2025

ORDER

PER MANJUNATHA G. :

The above appeal has been filed by the Revenue against the Order of the learned CIT(A)-1, Hyderabad, dated 15.09.2019 relating to the assessment year 2014-2015.

2. At the outset, there is a delay of 3 days in filing the appeal before the Tribunal. The Revenue has filed petition for condonation of delay in filing the appeal before the Tribunal within the prescribed period duly explaining

the reasons. We, therefore, condone the delay of 3 days in filing the appeal before the Tribunal and admit the appeal for adjudication.

2. Brief facts of the case are that, the assessee company is engaged in the business of manufacturing of kraft paper, e-filed its return of income on 29.11.2014, declaring a loss of Rs.2,01,05,736/-. The case was selected for scrutiny under CASS. During the course of assessment proceedings, the Assessing Officer noticed that, in the computation of income, the assessee company has claimed exemption of Rs.4,51,75,861/- on agriculture Income. The Assessing Officer called-upon the assessee to furnish documents with reference to the cropping on the land and proof of sale of agricultural produce etc., In response, the assessee company has furnished a Certificate from the VRO for carrying-out agricultural operations and cultivation of Jatropha seeds. The Assessing Officer in order to verify the correctness of Certificate issued by the VRO, issued Commission under section 131 of the Income Tax Act to Income Tax Officer, Srikakulam vide letter dated

16.12.2016. Further, based on the report submitted by the Income Tax Officer, Srikakulam, the Assessing Officer observed that, the assessee company failed to substantiate the claim of agriculture income with relevant evidences. Further, as per the sworn statement of the Director of the assessee company, he could not identify or produce the farmers for interrogation. As per the statement of ground position of the lands, part of the land parcels are vacant and on the cultivated part, cashew and Mango trees are grown, which are reasonably big in size and thus, they could not have been planted Jatropha plantations. Further, as per the Inspector report, cultivation of Jatropha in 25 acres as claimed by the assessee company has not been confirmed during local enquiry. As per the Sarpanch of the village, no Jatropha cultivation has been ever done in the village, where assessee company lands are situated. The Assessing Officer had also taken statement of a two farmers who were produced by the Director of the assessee company for interrogation and from their statements it was noticed that, they are not aware of the utilisation of the land for Jatropha

cultivation. Therefore, the Assessing Officer observed that, the assessee company could not substantiate the claim of agricultural income and thus, disallowed the claim of agriculture income of Rs.4,51,75,861/- and assessed the income as per the financial statements of the assessee company.

3. Aggrieved by the assessment order, the assessee preferred appeal before the learned CIT(A). Before the CIT(A), the assessee company has filed detailed written submissions on this issue which has been reproduced at pages 4 to 5 of the CIT(A) order. The sum and substance of the arguments before the learned CIT(A) are that, the Company has derived income from agriculture being cultivation of Jatropha seeds, for which, it had filed necessary evidences including Certificate from VRO and also confirmation from the farmers. The learned CIT(A) after considering the relevant submissions of the assessee and also taking note of available facts observed that, although, the assessee company has furnished relevant evidences in support of it's claim, but, the Assessing Officer has decided

the issue mainly on the basis of Income Tax Inspector report, wherein it was mentioned that, there are no agricultural lands were used for agriculture purposes during the year as per the local enquiry. The learned CIT(A) further noted that, the Assessing Officer simply treated the agricultural income as profit and not made enquiries or detailed evidences to support this income is earned from non-agriculture activity. Therefore, directed the Assessing Officer to delete the addition made towards agriculture income.

4. Aggrieved by the order of the learned CIT(A), the Revenue is now, in appeal before the Tribunal.

5. Dr. Sachin Kumar, learned Sr. AR for the Revenue, supporting the order of the Assessing Officer submitted that, the learned CIT(A) has erred in deleting the addition of Rs.4,51,75,861/- being alleged agriculture income, though, the assessee has failed to produce any evidence with respect to agriculture receipts by producing farmers for examination and complete address confirmation from them before the Assessing Officer. He further

submitted that, the assessee company has failed to furnish even basic evidences like details of cultivation of land, sale of agriculture produce and consequent expenditure incurred for carrying-out agricultural operations. Although, the assessee company has failed to furnish any evidences, but, the learned CIT(A) deleted the addition only on the basis of submissions of the assessee and relying on the reporter of VRO, even though, the report of VRO is not a reliable evidence. Therefore, he submitted that, the Order of the learned CIT(A) should be set-aside and addition made by the Assessing Officer should be upheld.

6. None appeared for the assessee. We have heard the learned Sr. AR for the Revenue, perused the material on record and the orders of the authorities below. The Assessing Officer has disallowed the agriculture income claimed by the assessee company on the basis of report submitted by the Income Tax Officer, Srikakulam, in response to Commission issued under section 131 of the Act and also on the basis of field report submitted by the Income Tax Inspector. According to the Assessing Officer,

the assessee company failed to substantiate its claim of agriculture income by filing any evidences. The Assessing Officer further noted that, as per the report of the Income Tax Inspector, there were no agriculture activity was carried out on the lands owned by the assessee company during the relevant period and further, few farmers produced by the Director of the assessee company for interrogation, have expressed no knowledge of any cultivation of Jatropha seeds. It was the argument of the assessee before the Assessing Officer and learned CIT(A) that, the Company has carried-out cultivation of Jatropha plants through various farmers and derived agriculture income. In support of its contentions, the assessee company has furnished relevant Certificate from the VRO and also list of farmers who carried out the agricultural operations.

7. We find that, the Assessing Officer disbelieved the evidences filed by the assessee company only on the basis of report of Income Tax Inspector who claims that, no agriculture activity has been carried-out by the assessee company, whereas the evidences filed by the assessee

company including Certificate from the VRO clearly shows cultivation of Jatropha plants during the relevant point of time. Once the assessee company has filed relevant evidences, it is for the Assessing Officer to bring further evidences on record to disbelieve the claim of the assessee company that, the assessee company has not carried-out any agricultural operations. In the present case, the Assessing Officer has simply by making general observations disbelieved the claim of the assessee company and made the addition. The learned CIT(A) after considering the relevant facts, has rightly deleted the addition made by the Assessing Officer. Thus, we are inclined to uphold the Order of the learned CIT(A) and direct the Assessing Officer to delete the addition made towards agriculture Income.

8. In the result appeal of the Revenue is dismissed.

Order pronounced in the open Court on 12.09.2025.

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Hyderabad, Dated 12th September, 2025
VBP

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Copy to

1	The DCIT, Circle-1(2), Room No.724, 7 th Floor, B-Block, I.T. Towers, Hyderabad – 500 004. Telangana.
2.	M/s. Bio Green Papers Limited, 3-69/B, Raghava Reddy Complex, New Nagole, Hyderabad – 500 035.
3.	The Commissioner of Income Tax (Appeals)-1, 7 th Floor, A-Block, I.T. Towers, AC Guards, Hyderabad – 500 004.
4.	The Pr. CIT-1, Hyderabad.
5.	The DR ITAT “B” Bench, Hyderabad.
6.	Guard File.

//By Order//

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