

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद “एस एम सी” बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ‘ SMC ‘ Bench, Hyderabad

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI G. MANJUNATHA, HON’BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON’BLE JUDICIAL MEMBER

आयकर अपीलसं./I.T.A.Nos.1348 to 1352/Hyd/2025
(निर्धारण वर्ष/ Assessment Years: 2013-14 to 2017-18)

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| Sudhir Babu Chalasani, R/o.Hyderabad. PAN : AAMPC5157G (अपीलार्थी/ Appellant) | Vs. | The Income Tax Officer, Ward-17(1), Hyderabad. (प्रत्यर्थी/ Respondent) |
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| करदाता का प्रतिनिधित्व/ Assessee Represented by | : | Shri A.V. Raghuram, Advocate. |
| राजस्व का प्रतिनिधित्व/ Department Represented by | : | Shri Mathivanan, S.A. Sr.A.R. |
| सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing | : | 30.10.2025 |
| घोषणा की तारीख/ Date of Pronouncement | : | 19.11.2025 |

ORDER

PER MANJUNATHA G., A.M :

The captioned appeals are filed by a single assessee viz.,
‘Sudhir Babu Chalasani’ against the separate orders of learned
Commissioner of Income Tax (Appeals), National Faceless Appeal

Centre [in short “NFAC”], Delhi, dated 15.07.2025 relating to the assessment years 2013-14 to 2017-18 respectively. Since common issues are involved in all these appeals, these appeals were heard together and are being disposed of by this single consolidated order for the sake of convenience and brevity.

2. The assessee has, more or less, raised common grounds of appeal for all the assessment years. Therefore, for the sake of brevity, grounds of appeal filed for the A.Y. 2013-14 in ITA.No.1348/Hyd/2025 (being the lead appeal) are re-produced as under:

“1. The Ld. NFAC erred in sustaining the action of the AO in reopening of assessment for the asst. year 2013-14 which is beyond four years from the end of the relevant asst. year and on a borrowed satisfaction. The Id. NFAC failed to appreciate that the assessment could not have been reopened de hors tangible material and de hors any allegation that the reopening is for the reasons attributable to the Appellant. The NFAC ought to have appreciated that except quoting the alleged investigation report, the AO has not pointed out as to how the said report is relevant to the Appellant's case.

2. Without prejudice to the above grounds, the Ld.NFAC erred in sustaining the action of the AO in denying the benefit of exemption of LTCG of Rs.28,61,127 to the Appellant under section 10(38) of the Income Tax Act, and bringing the LTCG to tax as unexplained money under section 69A of the Act. The Ld.NFAC failed to appreciate the facts, evidences filed by the Appellant, and the evidences available on record in proper perspective and passed a perverted order.

3. The Ld. NFAC failed to appreciate that the Appellant held the shares of Brilliant Securities Limited much before the introduction of provisions of section 10(38) of the Act w.e.f. 1.10.2004, and therefore the question of raising doubts on the sale transaction of the Appellant after a period of

more than a decade in the previous year under consideration does not arise. On the facts and the circumstances of the case and the evidences filed on record, the Ld. NFAC ought to have held the transactions of the Appellant to be genuine and that the Appellant is a bona fide investor.

4. The Ld. NFAC failed to appreciate that the contents of the alleged investigation report relied does not implicate either the Appellant or the broker (RLP Securities Pvt. Ltd.) through whom the Appellant sold the shares, or does not even remotely touch upon the Appellant or his broker's role in the alleged illegal transactions, and therefore could not have relied on the said report.

5. On the facts of the present case, the Ld.NFAC failed to appreciate that provisions of section 69A of the Act could not have been invoked in as much as the Appellant has recorded the sale of shares and has produced all the evidence in this regard.

6. The finding of the Ld. NFAC that the Appellant did not explain how the shares of Brilliant Securities were converted to Stampede Capital Ltd. and how the appellant purchased the shares of Stampede Capital Ltd., is incorrect in as much the Appellant got his shareholding in Brilliant Securities demated way back in the year 2008, and subsequently, the name of the Brilliant Securities Ltd., was changed to Stampede Capital Ltd. in July 2011 as per the information available in public domain.

*7. The authorities below failed to appreciate that pursuant to change of name of the Company from Brilliant Securities Ltd. to Stampede Capital Ltd. in July 2011, the shares of Brilliant Securities were automatically converted to Stampede Capital Ltd. in electronic form by the depositories and traded on the Stock Exchanges with the same ISIN (International Securities Identification Number) **INE224E01010** which was previously allotted to Brilliant Securities Ltd. The authorities below ought to have appreciated that this is evident from the statement of holdings in demat account of the appellant submitted for the years 2012 to 2018. The contract notes issued by RLP Securities Pvt. Ltd., for the sale of shares of Stampede Capital Ltd., also mentions both names as **STAMPEDE CAPITAL (BRILLIANT SECURITIES)** in **Security description column.***

8. The finding of the Ld. NFAC and the AO that Appellant did not submit the contract notes in respect of sales made through RLP Securities Pvt. Ltd., is factually incorrect in as much as the same were filed on record before ld. AO., and pleaded in the submissions filed before ld. NFAC (pg.35 of CIT(A) order). The Ld.NFAC ought to have appreciated that the contract notes issued by M/s. RLP Securities Pvt. Ltd, through whom the shares of Stampede Capital Ltd. were sold, were submitted to AO by the appellant in his reply dated 05-01-2022 vide Para 5(c).

9. The Ld. NFAC erred in upholding the finding of AO that the Appellant purchased 24,044 shares at very low price of Rs.2.52 per share in all

Rs.60,591, and sold them at very high price of Rs.28,61,127 is incorrect and baseless. The authorities below failed to appreciate that the shares were purchased at a low price during the year 2000 and sold after a gap of more than 10 years at an average price of Rs. 119/- per share which is not abnormal by any means when compared stock market returns in terms of index movement of BSE Sensex.

10. The reliance placed by the Id. NFAC on various judgements is totally misplaced and are not applicable to the facts of the present case. Both the authorities failed to appreciate the basic facts and relied on judgements which could not have been applied to the facts of the Appellant's case. For these and other grounds that may be urged, it is prayed that the appeal may be allowed.”

3. The brief facts of the case, as extracted from the assessment order for the A.Y. 2013-14 passed u/s 147 r.w.s. 144B of the Act, dated 28.03.2022 are that, the assessee is an individual and e-filed his return of income for A.Y. 2013-14 on 28.08.2013 declaring total income of Rs.3,60,560/-. The assessment has been subsequently reopened u/s 147 of the Income Tax Act, 1961, for the reasons recorded, as per which, information received from Investigation Wing shows that, the assessee had sold shares of penny stocks from Stampede Capital Ltd during the F.Y. 2012-13 relevant to assessment year 2013-14 for Rs.28,67,659/-. Further, Stampede Capital Ltd is one of the penny stock companies, as identified by Investigation Wing, was engaged in the activity to provide accommodation entries by accepting undisclosed cash.

Therefore, notice u/s 148 of the Act, dated 31.03.2021 was issued and duly served upon the assessee. In response to notice, the assessee has filed his return of income for A.Y. 2013-14 on 31.05.2021 declaring total income of Rs.4,39,540/-.

4. During the course of assessment proceedings, the A.O. noticed that, as per the information received from Investigation Wing, Stampede Capital Ltd, is a penny stock company, was engaged in providing accommodation entries to various persons by accepting undisclosed cash. Therefore, the A.O. called upon the assessee to furnish relevant evidences in respect of purchase and sale of shares of Stampede Capital Ltd along with relevant contract notes, computation of capital gain, if any, etc. In response, the assessee submitted that, he had purchased 1,99,900 equity shares of Brilliant Securities Ltd on various dates during the year 2000 out of personal savings and paid the purchase consideration through Vijaya Bank account. The above off-market purchase of shares of Brilliant Securities Ltd (subsequently the name is changed to Stampede Capital Ltd and referred to Stampede Capital Ltd) has been converted into Demat account in financial year 2008 and

started selling from the F.Y. 2008-09 onwards in Demat form. The assessee further submitted that, he has purchased the above shares from Brilliant Securities Ltd., and said company has been subsequently merged with Stampede Capital Ltd. He further submitted that, he has purchased shares as investors and that once the share price has gone up in the market, he sold the shares in different lots on various rates and computed capital gain in terms of Section 10(38) of Income Tax Act, 1961. In this regard, the assessee has furnished relevant purchase details of shares along with bank account, indicating payment through cheque, subsequent Demat account issued by M/s. Venture Capital and Corporate Investments Pvt. Ltd., GSV Securities Pvt. Ltd. and Integrated Enterprises (India) Limited showing the holding of shares right from A.Y. 2001-02 to 2013-14. The assessee had also furnished relevant details of holding statements of various scrips and claimed that, he is a regular investor in shares for a purpose of investment and therefore, the allegation that, the assessee is a beneficiary of accommodation entry provided by Stampede Capital Ltd, is incorrect.

5. The A.O., after considering the relevant submissions of the assessee and observed that, the assessee has purchased 1,99,900 shares of Stampede Capital Ltd in F.Y. 2001-02 @ 2.52 per share and sold the said shares during F.Y. 2012-13 relevant to A.Y. 2013-14 at a huge rate. From the above, it is very clear that, the assessee is also involved in modus operandi employed by the entry providers operating at Kolkata and Mumbai through the penny stock of Stampede Capital Ltd for converting unaccounted income of various persons. The A.O. has discussed the issue at length in light of the financials of Stampede Capital Ltd and also sudden rise in price of the above stock in the stock market to an abnormal high, observed that, there is no justification for sudden increase of price of the above company from 2.52 to more than 100 in a short period. Further, the investigation carried out by the Directorate of Investigation, Kolkata clearly shows the modus operandi employed by various persons by using the scrips of Stampede Capital Ltd for providing entries to various persons for conversion of unaccounted money in the form of bogus Long Term Capital Gains. Therefore, by considering certain judicial precedents, rejected the explanation of the assessee and treated sale consideration

received for sale of shares of Stampede Capital Ltd, as unexplained money and brought to tax u/s 69A of the Act.

6. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A).

7. Before the Ld. CIT(A), the assessee has challenged the additions made by the A.O. towards the consideration received from sale of shares as undisclosed money u/s 69A of the Act by filing relevant evidences, including details of Demat account holding period of shares, sale of shares of Stampede Capital Ltd in different financial years at different rates, purchase details of shares along with relevant bank account statements, computation of Long Term Capital Gains and resultant exemption claimed u/s 10(38) of the Act, and argued that, the A.O. only on suspicion and surmises has treated the consideration received from the sale of shares as unexplained money only on the basis of investigation report submitted by the Directorate of Investigation, Kolkata, even though, the said report does not throw any light on the involvement of the assessee in the alleged modus operandi employed by various persons for providing accommodation entries

at bogus Long Term Capital Gains claimed by various persons. Therefore, he submitted that the addition made by the A.O. should be deleted.

8. The Ld. CIT(A), after considering the submissions of the assessee and also taking note of certain judicial precedents, including the decision of Hon'ble Supreme Court in the case of Suman Poddar Vs. Income Tax Officer (2019) 112 taxmann.com 330 held that, although the assessee claimed that, he was a regular investor in shares and acquired the shares of Brilliant Securities Ltd in the F.Y. 2000-01 through off-market purchases, but failed to explain how the shares of Brilliant Securities Ltd were converted into the shares of Stampede Capital Ltd, and also failed to substantiate the mode of acquisition. Further, though the assessee, in his written submissions, had stated that the contract notes were submitted, no such evidence was produced before him. The A.O. in para 8 of the assessment order has discussed about the financial statements of Stampede Capital Ltd which does not show any strength in the increase in the price of shares. Also, there is no price movement even when large quantities of shares

have been traded, again indicating the transactions were pre-arranged. Although, the assessee has been harping on the period of holding of shares in his arguments and that these shares were held since F.Y. 2000-01 and has filed documentary evidences like payment through bank, consolidated share certificate by RTA and proof of holding the shares in Demat account etc regarding the purchases, however not a single document or evidence has been submitted with regard to the sale and how and when the sales of Brilliant Securities Ltd were converted into shares of Stampede Capital Ltd. He simply stated in the submissions dated 31.03.2022 that a change of name does not appear to be a genuine transaction or does not appear to result in the acquisition of new shares, without any supporting evidence. Since the assessee has not filed relevant evidences to prove the genuineness of purchases of shares through off-market transactions, subsequent conversion into Stampede Capital Ltd shares and further, the above penny stock shares have been used for providing accommodation entries to various persons, the A.O. has rightly treated the consideration received by the assessee from the sale of above shares as unexplained money and brought to tax

u/s 69A of the Income Tax Act, 1961. Therefore, the Ld. CIT(A) rejected the arguments of the assessee and sustained additions made by the A.O. for Rs.28,61,127/- towards consideration received for sale of shares, as unexplained money u/s 69A of the Act.

9. Aggrieved by the order of Ld. CIT(A), the assessee is now in appeal before the Tribunal.

10. The learned counsel for the assessee Shri A.V. Raghuram, Advocate, submitted that, Ld. CIT(A) erred in sustaining the additions made by the A.O. towards consideration received for sale of shares of Stampede Capital Ltd as unexplained money u/s 69A of the Act, without appreciating the fact that the assessee has rightly computed Long Term Capital Gains from sale of shares and claimed exemption u/s 10(38) of the Act, after considering the holding period of shares. Learned counsel for the assessee referring to various documents, including purchase documents and submitted that the assessee had purchased 1,99,900 equity shares of Brilliant Securities Ltd on various dates during the F.Y. 2000-01 and paid the consideration through Vijaya Bank account

and further Brilliant Securities Ltd has been subsequently merged with Stampede Capital Ltd and the assessee received shares of Stampede Capital Ltd., in lieu of his holding in Brilliant Securities Ltd. The above shares of Stampede Capital Ltd have been sold from F.Y. 2008-09 onwards at different dates through Demat form after converting the physical share certificates into Demat from assessment year 2008-09 onwards. The assessee is a regular investor in shares and in the process of his investment activity has acquired shares of Brilliant Securities Ltd, and the same has been held for more than 15 years which is evident from relevant transaction statement submitted by GSV Securities Private Limited. Further, the assessee has sold the shares of Stampede Capital Ltd in different years and also still holding the shares even in the F.Y. 2019-20, which is evident from the holding statement of the assessee, where the assessee is still holding 90,260 shares of the company. If at all the allegation of the A.O. is correct that, the assessee is beneficiary of accommodation entry provided by the entry providers in the name of purchase and sale of shares of Stampede Capital Ltd, then the assessee should have sold the entire lot of shares held by him in one go when the market price of

above share was at peak. Further, the assessee is a regular investor, which is evident from the number of shares held by the assessee right from A.Y. 2001-02 onwards, as seen from the statement of transactions for the F.Y. 2013-14, where he was holding about 145 scrips of different companies. If at all the assessee wanted to convert his unaccounted income in the form of bogus Long Term Capital Gains by using the Stampede Capital Ltd shares, then the assessee would have carried out only one or a few transactions of purchase and sales. Since the assessee is a regular investor and in that process has invested in number of shares like investment in Stampede Capital Ltd, when the market value of the above company has gone up, he has realized the profit by selling shares at different lots which is evident from the sale of shares in different financial years. Although, the assessee has furnished various details, including bank payment details for purchase of shares, subsequent consolidation statement issued by M/s. Venture Capital and Corporate Investments Pvt. Ltd., for consolidation of shares and subsequent Demat statement right from A.Y. 2007-08 onwards and also contract notes for sale of shares through the stock exchange, the A.O. merely on the basis

of investigation report has treated the consideration received for sale of shares as unexplained money. The learned counsel for the assessee further referring to the assessment order submitted that, although the A.O. refers to the investigation report, but failed to provide the said report to the assessee and also failed to explain as to how the said report is relevant for the assessment of the income of the assessee. Since the assessee has furnished various details and proved the genuineness of sale transactions, the A.O. ought not to have made additions towards sale consideration as unexplained money. Therefore, he submitted that, the additions made by the A.O. should be deleted. In this regard, he relied upon the decision of ITAT, Delhi Bench in the case of ITO Vs. Smt. Shivani Gupta and Shri Dinesh Gupta (ITA No.5204 and 8571/Del/2019, dated 06.04.2021).

11. The learned Senior Authorized Representative for the Revenue, Shri S.A. Mathivanan, on the other hand, supporting the orders of A.O. and Ld. CIT(A) submitted that, the information received by the A.O. through the Insight Portal of the Department shows that, the assessee has sold shares of Stampede Capital Ltd,

a penny stock company, as identified by the department from the investigation carried out by the Directorate of Investigation, Kolkata and Mumbai. Further, the A.O. has discussed the issue of capital gains derived by the assessee from purchase and sale of shares of Stampede Capital Ltd and concluded that, the above company is a penny stock and without there being any credible business activity, the shares of the said company's price had risen to an all-time high which is evident from the purchase price of share @ 2.52 and selling rate of shares ranging from Rs.126/- to Rs.510/-per share in different financial years. Further, the A.O. has also discussed the modus operandi employed by the entry providers for conversion of unaccounted income of various persons in the form of bogus Long Term Capital Gains by using the scrip of Stampede Capital Ltd, which is evident from the investigation report submitted by the Directorate of Investigation, Kolkata. Further, although, the assessee claims to have purchased the shares by way of cheque, but fact remains that, the purchase transaction was off-market which gives rise to doubt about the transactions of the assessee. Further, the assessee has failed to file any evidences to show how the shares of Brilliant

Securities Ltd were converted into the shares of Stampede Capital Ltd. Since the assessee has failed to prove the genuineness of transactions by filing relevant evidences, the A.O. has rightly treated the consideration of share of shares as unexplained money taxable u/s 69A of the Act. The Ld. CIT(A) after considering the relevant facts, has rightly sustained the addition made by the A.O. Therefore, he submitted that the order of Ld. CIT(A) should be upheld.

12. We have heard both the parties and perused the material available on record and had gone through the orders of the authorities below. There is no dispute with regard to the fact that, the assessee is a regular investor in shares, which is evident from the shareholding statement of the assessee for the relevant assessment year where the assessee is holding more than 145 scrips of different companies as investments. It is also not in dispute that, the assessee has disclosed relevant Long Term Capital Gains derived from sale of shares of Stampede Capital Ltd and claimed exemption u/s 10(38) of the Act, for the assessment year under consideration and further, subsequent assessment

years. The A.O. reopened the assessment on the basis of the information received from the Insight Portal of the Department which shows that, the assessee has sold the shares of Stampede Capital Ltd as a penny stock company as identified by the Directorate of Investigation Wing, Kolkata and modus operandi employed by certain individuals for providing accommodation entries of bogus Long Term Capital Gains to various beneficiaries. The A.O. had discussed the issue at length in light of financial statements of Stampede Capital Ltd and its sudden rise in the share price in the stock market and concluded that, without any supporting financials, the share price of the above company has raised to all-time high in the share market. Further, the above company has declared penny stock by SEBI and an investigation has been ordered. The A.O. on the basis of report of the Directorate of Investigation Wing, Kolkata coupled with the financial statements of Stampede Capital Ltd has arrived at a conclusion that, the above company has been used by various individuals for the purpose of conversion of unaccounted cash into bogus Long Term Capital Gains to derive the benefit of exemption provided u/s 10(38) of the Act. Therefore, it is necessary for us to

examine the reasons given by the A.O. and Ld. CIT(A) to assess the consideration received from the sale of shares of Stampede Capital Ltd, as unexplained money u/s 69A of the Act in light of relevant evidences submitted by the assessee.

13. Admittedly, the assessee had purchased 1,99,900 equity shares of Brilliant Securities Ltd on various dates during the F.Y. 2000-01 in physical form and paid purchase consideration through Vijaya Bank account for Rs.5,50,000/-. The entries in the bank statement establishes the payment towards purchase consideration on various dates during the F.Y. 2000-01. The above off-market purchase of shares of Brilliant Securities Ltd in physical form has been converted into Demat form in F.Y. 2008-09 which is evident from the consolidated share certificate issued by the M/s. Venture Capital and Corporate Investments Pvt. Ltd., dated 31.01.2018. The assessee has been holding the above shares as investment in his portfolio of investments right from 2000-01 up to 2008-09, which is evident from the relevant holding statement issued by the GSV Securities Private Limited showing the inter-depository transfer of shares Brilliant Securities Ltd as

on 03.02.2010 and subsequent financial years. The assessee starts selling the shares of Brilliant Securities Ltd (subsequently converted into Stampede Capital Ltd) right from the F.Y. 2008-09, which is evident from the details submitted by the assessee where 33,252 shares of Brilliant Securities Ltd were sold in the year 2008-09. Further, the assessee has sold the shares of Stampede Capital Ltd from F.Y. 2011-12 and upto F.Y. 2019-20 in different lots through stock exchange for which relevant Demat Account statement and contract notes have been furnished. The assessee has also furnished stock price quotation of Brilliant Securities Ltd in BSE for F.Y. 2000-01. From the above, it is very clear that the shares of Brilliant Securities Ltd were traded in Bombay Stock Exchange in physical form only. The assessee has also furnished stock exchange filing by the company i.e. Brilliant Securities Ltd, showing the shareholding pattern for the quarter ended during the F.Y. 2000-01 which contains the name of the assessee as an investor. The assessee has also furnished the order passed by the Hon'ble High Court of Telangana in Company Petition Nos.101 and 102 of 2011, dated 17.06.2011 between Stampede Capital Ltd and Brilliant Securities Ltd in the scheme of arrangements as

approved by the shareholders of the respective companies for amalgamation of Brilliant Securities Ltd with Stampede Capital Ltd. From the details submitted by the assessee, it is undisputedly clear that, the assessee has purchased 1,99,900 equity shares of Brilliant Securities Ltd in the F.Y. 2000-01 by paying consideration through cheque in off-market transactions and subsequently the above shares have been kept in Demat form right from A.Y. 2008-09 and upto A.Y. 2020-21. The assessee has also proved the acquisition of shares of Stampede Capital Ltd through amalgamation of Brilliant Securities Ltd with Stampede Capital Ltd by an order of Hon'ble High Court of Telangana dated 17.06.2011. Therefore, in our considered view, the observations of the Ld. CIT(A) that, the assessee has failed to prove as to how the shares of Brilliant Securities Ltd has been converted into the Stampede Capital Ltd, is not correct, devoid of merit and cannot be accepted.

14. Having said so, let us come back, whether the transactions of the assessee with regard to purchase and sale of shares of Stampede Capital Ltd are genuine transactions carried out by an

investor in the ordinary course of investment activity or it was an arranged transaction in collusion with entry providers by employing a modus operandi for providing bogus Long Term Capital Gains for conversion of unaccounted income by using the scrip Stampede Capital Ltd, as alleged by the A.O. The A.O. alleged that, the scrip Stampede Capital Ltd has been used by the entry providers for conversion of unaccounted income of various individuals in the form of bogus Long Term Capital Gains, for which the A.O. took support from the investigation report submitted by the Directorate of Investigation Wing, Kolkata, where they have unearthed modus operandi employed by certain individuals for providing bogus entries of Long Term Capital Gains to various beneficiaries. Although, the A.O. refers to the report received from the Investigation Wing, Kolkata and discussed the modus operandi employed by certain individuals in his assessment order at length, but nowhere provided any findings as to how the assessee had played a role in the alleged modus operandi employed by various individuals or failed to provide any findings as to whether the assessee is one of the beneficiaries of the said entries provided by various persons in the form of bogus

Long Term Capital Gains of shares of Stampede Capital Ltd. Although, the A.O. has discussed the issue at length in light of financials of Stampede Capital Ltd and the findings of the investigation report, but failed to link the said investigation report to the assessee and its investment activity, which is evident from the assessment order passed by the A.O. where the assessment order is completely silent about the role of the assessee. Further, the Ld. CIT(A) also sustained additions made by the A.O. only on the basis of the findings given by the A.O. ignoring various evidences filed by the assessee on the sole basis of suspicion and surmises, but failed to link the assessee and its investment activity to the alleged investigation report submitted by the Investigation Wing, Kolkata. Therefore, in our considered view, the allegation of the A.O. and the Ld. CIT(A) that, the assessee is also a beneficiary of the bogus Long Term Capital Gains entries provided by the entry providers operating in Kolkata in the shares of Stampede Capital Ltd, is not backed by any evidences, but fully on the basis of suspicion and surmises. In our considered view, suspicion however strong cannot make it evidence. If the evidence furnished by the assessee proves otherwise then the findings

reached by the A.O. on the basis of suspicion cannot take place the evidences furnished by the assessee, so as to draw adverse inference against the assessee towards sale consideration received for sale of shares of Stampede Capital Ltd.

15. In the present case, going by the evidence furnished by the assessee, there is no dispute with regard to the fact that, the assessee has proved the genuineness of the transactions of purchase and sale of shares of Stampede Capital Ltd as an ordinary investor in shares which is evident from the relevant details of purchase of shares of Brilliant Securities Ltd and corresponding consideration paid through Vijaya Bank. Further, the assessee has also furnished relevant evidences in the form of consolidated share certificate issued by M/s. Venture Capital and Corporate Investments Pvt. Ltd., regarding the issue of consolidated share certificate of Brilliant Securities Ltd and further, furnished Demat statement issued by GSV Securities Private Limited for all these assessment years, which is undisputedly proves the fact that, the assessee held the shares of Stampede Capital Ltd as an investment, but not a beneficiary of

bogus Long Term Capital Gains as alleged by the A.O. Had it been the case of the A.O. that the assessee is also one of the beneficiaries of bogus Long Term Capital Gains provided by the entry provider, the assessee would have sold entire lot of 1,99,900 shares in one go, when the share price of Stampede Capital Ltd has reached all time high of about Rs.510/- per equity share. In the present case, the assessee was holding shares for more than 10 years which is evident from the date of purchase and subsequent sale of shares in small lots right from F.Y. 2008-09 and upto F.Y. 2019-20 in different lots., even though the share price was reached at all-time high in earlier financial years. Further, the assessee had not only made investment in one solitary share of Stampede Capital Ltd, which is evident from the holding statement of the assessee for these assessment years, where the assessee is holding more than 145 scrips for different companies for many years. From the holding statement of the assessee, it is undisputedly clear that, the assessee is holding the Blue-Chip stocks of many companies like Bajaj Finance Ltd., Coal India Ltd., Divis Laboratories Ltd., IDBI Bank Ltd, Infosys Ltd, ITC Ltd, Reliance Industries Ltd and other shares. In our

considered view, if we go by the modus operandi employed by the entry provider in respect of penny stocks, it was only one instance of purchase and sale of shares of penny stock but, in the present case, as per the facts available on record, the assessee is a regular investor in shares as an ordinary investor in the stock market and in that process, the assessee has invested in the shares of Brilliant Securities Ltd and the same has been subsequently converted into Stampede Capital Ltd. Therefore, in our considered view, the allegation of the A.O. and the Ld. CIT(A) that, the consideration received from sale of shares of Stampede Capital Ltd is unexplained money taxable u/s 69A of the Act, is totally on the basis of suspicion without there being any material to support the findings of the A.O. and thus, the findings given by the Ld. CIT(A) to sustain the additions made by the A.O. cannot be upheld.

16. The assessee has relied upon the decision of ITAT, Delhi Bench in the case of ITO Vs. Smt. Shivani Gupta and Shri Dinesh Gupta (supra), the ITAT, Delhi, under identical set of facts and also on identical issue of capital gains derived from sale of shares

and claimed exemption u/s 10(38) of the Act, held that, once the A.O. does not reject the documentary evidence furnished by the assessee in support of the transactions of Capital Gains derived from sale of shares, then merely on the basis of report of Investigation, that too without there being any reference to the assessee, additions cannot be made to consideration received from sale of shares as unexplained credit u/s 68 of the Act.

17. In this view of the matter and considering the facts and circumstances of the case, we are of the considered view that, the A.O. has erred in making addition towards consideration received for sale of shares of Stampede Capital Ltd as unexplained money u/s 69A of the Act. The Ld. CIT(A) without appreciating the relevant facts, simply sustained additions made by the A.O. Thus, we set aside the order of Ld. CIT(A) and direct the A.O. to delete the additions made towards consideration received for sale of shares as unexplained money u/s 69A of the Income Tax Act, 1961.

18. In the result, the appeal filed by the assessee in ITA No.1348/Hyd/2025 for A.Y. 2013-14 is allowed.

ITA Nos.1349 to 1352/Hyd/2025 for A.Ys.2014-15 to 2017-18

18. The facts and issues involved in these appeals are identical to the facts and issues which we had considered in the assessee's own case in ITA No.1348/Hyd/2025 for A.Y. 2013-14. Except for the difference in figures, the facts and issues are identical. The reasons given by us in preceding paragraphs 11 to 17 shall *mutatis mutandis* applies to these appeals as well. Therefore, for similar reasons, we set aside the order of the Ld. CIT(A) for these assessment years and direct the A.O. to delete the additions made towards consideration received for sale of shares as unexplained money u/s 69A of the Act.

19. In the result, appeals of the assessee in ITA Nos.1349 to 1352/Hyd/2025 for A.Ys.2014-15 to 2017-18 are allowed.

20. To sum up, all the appeals of the assessee are allowed.

Order pronounced in the Open Court on 19th November, 2025.

| | |
|---|---|
| Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER | Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER |
|---|---|

Hyderabad, dated 19.11.2025.
TYNM/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

| | | | |
|----|--|---|---|
| 1. | निर्धारिती/The Assessee | : | Sudhir Babu Chalasani, Flat No.I-803, Aparna Sarovar, Nallagandla, Serilingampally, Hyderabad – 500019. |
| 2. | राजस्व/ The Revenue | : | The Income Tax Officer, Ward -17(1), Hyderabad. |
| 3. | The Principal Commissioner of Income Tax, Hyderabad. | | |
| 4. | विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad | | |
| 5. | गार्डफ़ाईल / Guard file | | |

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad