

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad ' B ' Bench, Hyderabad

श्री रविश सूद, न्यायिक सदस्य एवं श्री मधुसूदन सावड़िया लेखा सदस्य समक्ष।
Before Shri Ravish Sood, Judicial Member
A N D
Shri Madhusudan Sawdia, Accountant Member

आ.अपी.सं / **ITA No.1398/Hyd/2025**
(निर्धारण वर्ष / Assessment Year: 2023-24)

Smt. Nomula Narmada Reddy, Hyderabad PAN:ABLPN5320J (Appellant)	Vs.	Dy. CIT Central Circle 3(3) Hyderabad (Respondent)
निर्धारिती द्वारा / Assessee by:	Shri C. Maheshwar Reddy, CA	
राजस्व द्वारा / Revenue by:	Shri Waseem UR Rehman, Sr. DR	
सुनवाई की तारीख / Date of hearing:	03 / 12 / 2025	
घोषणा की तारीख / Pronouncement:	12 / 12 / 2025	

आदेश/ORDER

Per Madhusudan Sawdia, A.M.:

This appeal is filed by Smt. Nomula Narmada Reddy ("the assessee"), feeling aggrieved by the order passed by the Learned Commissioner of Income Tax (Appeals)-11, Hyderabad ("Ld. CIT(A)") dated 28.06.2025 for the A.Y.2023-24.

2. The assessee has raised the following grounds of appeal:

1. The order of the Ld. CIT(A) in upholding the order of the Assessing Officer is erroneous in law as well as in facts of the case.
2. The Ld. CIT(A) ought to have observed that the addition was made basing on the draft agreement of sale which is not a valid "document" as it is a dumb document which has no evidentiary value.
3. The Ld. AO has only placed reliance on the sworn statement of a third party which has no basis and does not provide the Ld. AO to confirm the addition on account of capital gains for Rs.30,82,500/- without going into the facts of the case.
4. There is no separate satisfaction recorded by the Assessing Officer to initiate the proceedings in the case of the Appellant as there is no corroborating material evidence to make the addition.
5. The Ld. CIT(A) ought to have observed the fact that there is no tangible material available with the Ld. AO as the addition was made without understanding the facts of the case.
6. The draft agreement of sale does not belong to the Appellant which ought to have observed by the Ld. CIT(A) in light of the facts of the case.
7. The Ld. CIT(A) without allowing sufficient opportunity has upheld the addition which is bad in law.
8. The Appellant craves to add/leave/alter/modify any other ground of appeal at the time of hearing.

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3. The brief facts of the case are that the assessee is an individual and filed her return of income on 30.12.2023 for the Assessment Year 2023-24 admitting a total income of

Rs.76,83,250/-. A search and seizure operation under section 132 of the Income Tax Act, 1961 (“the Act”) was conducted on 15.03.2023 in the group cases of M/s. Bala Vikasa Social Service Society, in which the assessee was also covered. The case of the assessee was thereafter selected for compulsory scrutiny assessment and accordingly notice under section 143(2) of the Act dated 08.06.2024 was issued by the Learned Assessing Officer (“Ld. AO”). During the year under consideration, the assessee had sold seven plots. On examination of the details furnished, the Ld. AO noticed that in respect of Plot No.233, the assessee admitted sale consideration of Rs.6,44,000/-, whereas an unsigned agreement of sale found during the search mentioned consideration of Rs.37,26,500/-. Relying on the said unsigned agreement of sale, the Ld. AO treated the difference of Rs.30,82,500/- as undisclosed sale consideration and made an addition under the head “Capital Gains.” Accordingly, the assessment was completed by the Ld. AO under section 143(3) of the Act on 09.01.2025 determining the total income of the assessee at Rs.1,07,65,750/-.

4. Aggrieved with the order of the Ld. AO, the assessee filed appeal before the Ld. CIT (A). The Ld. CIT(A) upheld the addition made by the Ld. AO and dismissed the appeal of the assessee.

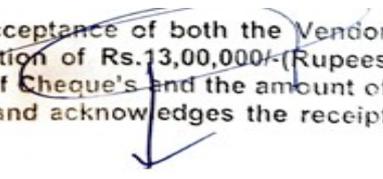
5. Aggrieved with the order of the Ld. CIT (A), the assessee is in further appeal before this Tribunal. During the appellate proceedings, the Learned Authorized Representative

("Ld. AR") submitted that the unsigned agreement of sale found during the search, placed at page nos. 38 to 42 of the paper book is a dumb document, cannot be relied upon since it is unsigned, the vendor named therein is different, and no corroborative evidence was brought by the Ld. AO to prove receipt of any higher consideration. The Ld. AR submitted that the actual sale deed (placed at page nos. 58 to 69 of the paper book) was executed between the assessee and the purchaser for a consideration of Rs.6,44,000/-, and in the absence of evidence showing receipt of a higher amount, the addition made by the Ld. AO cannot be sustained.

6. Per contra, the Learned Departmental Representative ("Ld. DR") submitted that the vendor mentioned in the unsigned agreement of sale, namely Shri N. Ajay Reddy, is the son of the assessee and also executed the actual sale deed as General Power of Attorney holder of the assessee. The Ld. DR further submitted that the property described in the unsigned agreement of sale is the same property sold in the final registered sale deed. It was also submitted that Shri N. Ajay Reddy, during his statement recorded under section 132(4) of the Act on 16.03.2023, admitted the sale consideration of Rs.37,26,500/- and confirmed that a portion of the consideration was received in cash. The Ld. DR submitted that under these circumstances the unsigned agreement of sale cannot be treated as a dumb document and the addition was rightly made.

7. We have heard the rival submissions and examined the material available on record. On perusal of the unsigned agreement of sale (placed at page nos. 38 to 42 of the paper book) and the actual registered sale deed (page nos. 58 to 69 of the paper book), we find that there are significant similarities in both the documents. The name of the vendee, namely Shri Badepally Lakshmaiah, is the same in both documents. The property sold is also the same. Further, the vendor mentioned in the unsigned agreement of sale, namely Shri N. Ajay Reddy, is the son of the assessee and also signed the final registered sale deed as General Power of Attorney holder on behalf of the assessee. We also find that during the statement recorded under section 132(4) of the Act on 16.03.2023, Shri Ajay Reddy admitted to the sale consideration of Rs.37,26,500/- and also stated that certain portion of the consideration was received in cash. However, notwithstanding the above similarities, the unsigned agreement of sale cannot automatically be treated as establishing higher sale consideration unless corroborated by independent evidence. In this regard, we have gone through page no. 2 of the unsigned agreement of sale placed at page no. 39 of the paper book, the relevant portion of which is to the following effect:

IN PURSUANCE of the said offer, acceptance of both the Vendor and Purchaser, and the part sale consideration of Rs.13,00,000/- (Rupees Thirteen Lakhs Only) today paid by the way of Cheque's and the amount of which the Vendor hereby accepts, receives and acknowledges the receipt of the same.



8. On a perusal of the above, we found that the document clearly mention that an amount of Rs.13,00,000/- had already

been paid by the vendee to the vendor. In the absence of corroborative evidence showing receipt of this amount through identifiable banking channels either by the assessee or by Shri N. Ajay Reddy, the unsigned document cannot be treated as a reliable basis for determining sale consideration for the purpose of computation of capital gains. Therefore, in our considered view, there is a need for verification as to whether the amount of Rs.13,00,000/- mentioned in the unsigned agreement of sale has been received through cheque or other banking mode either by the assessee or Shri N. Ajay Reddy. If such receipt of Rs.13,00,000/- is found on verification, then the unsigned agreement of sale cannot be treated as a dumb document, and the inference drawn by the Ld. AO may warrant confirmation. However, if no such receipt is found to be received, then the addition made by the Ld. AO on the basis of the unsigned agreement of sale cannot be sustained. In view of the above, we restore the matter to the file of the Ld. AO with a direction to verify whether the amount of Rs.13,00,000/- has been received through banking channels either by the assessee or by Shri N. Ajay Reddy. The Ld. AO shall thereafter pass a fresh order in accordance with law, after granting due opportunity of being heard to the assessee. The assessee shall cooperate in the proceedings and shall not seek unnecessary adjournments.

9. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the Open Court on 12th December 2025.

Sd/-

Sd/-

(RAVISH SOOD) JUDICIAL MEMBER	(MADHUSUDAN SAWDIA) ACCOUNTANT MEMBER
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Hyderabad, dated 12th December 2025

Vinodan/sps

Copy to:

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2	Dy. CIT, Central Circle 3(3)Aayakar Bhavan, Hyderabad 500004
3	Pr. CIT – Central, Hyderabad
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order