

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad "B" Bench, Hyderabad**

श्री विजय पाल राव, माननीय उपाध्यक्ष एवं श्री मंजूनाथ जी, माननीय लेखा सदस्य  
**SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT**  
**AND**  
**SHRI MANJUNATHA G, HON'BLE ACCOUNTANT MEMBER**

आयकर अपील सं./I.T.A.No.691/Hyd/2025  
(निर्धारण वर्ष/ Assessment Year: 2009-10)

Avva Sitarama Rao, R/o. Hyderabad.  PAN : ABSPA6536E <b>(अपीलार्थी/ Appellant)</b>	Vs.	The Deputy Commissioner of Income-tax, Central Circle – 2(4), Hyderabad.  <b>(प्रत्यर्थी/ Respondent)</b>
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri P. Murali Mohan Rao, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Narendra Kumar Naik, CIT-DR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	08.12.2025
घोषणा की तारीख/ Date of Pronouncement	:	12.12.2025

**ORDER**

**PER MANJUNATHA G., A.M :**

This appeal filed by the assessee is directed against the order of  
the learned Commissioner of Income Tax (Appeals) – 12,

Hyderabad, dated 30.03.2025, pertaining to the assessment year 2009-10.

2. The brief facts of the case are that, the assessee filed his return of income for A.Y. 2009-10 on 31.03.2011, admitting total income of Rs. 23,00,740/-. A search and seizure operation under Section 132 of the Income Tax Act, 1961 was conducted in the case of the assessee on 23.01.2015. During the course of search, certain incriminating documents were found and seized, as per Annexure A/AGFEIPL/HYD/01, Page nos.170 to 175. Consequent to search, notice under Section 153A of the Income Tax Act, dated 28.03.2016, was issued and served on the assessee and the assessee had not filed his return of income. Therefore, notice under Section 142(1) of the Income Tax Act, dated 21.10.2016, was issued and requested the assessee to submit the return of income and explain the contents of seized documents. Since the assessee has not furnished any details and also not filed any return of income, the A.O. on the basis of documents found during the course of search, completed the assessment and determined the total income at Rs. 16,59,20,952/- by making addition

towards unexplained investment of Rs. 16 crores on the basis of an agreement of sale dated 23.03.2009.

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

4. Before the Ld. CIT(A), the assessee challenged the additions made by the A.O. towards unexplained investment on the ground that, the documents found during the course of search being agreement of sale dated 23.03.2009 is between Sri Swami Hathiramji Mutt and M/s. Billiard Farms Pvt. Ltd., a company represented by its Director A. Sitarama Rao (assessee). Further, the above agreement does not have any relation to the assessee or his business, therefore, the addition made by the A.O. on the basis of the said document cannot be sustained. The Ld. CIT(A), during the course of appellate proceedings, forwarded the submissions of the assessee to the A.O. for his comments and remand report. The A.O. vide his remand report dt.14.02.2025 stated that, the additions made in the assessment order do not have linkage to the seized material referred to in the assessment order. The Ld. CIT(A), after considering the relevant submissions of the assessee and also taking note of the agreement of sale dated

23.03.2009 between Sri Swami Hathiramji Mutt and Shri A. Seetha Rama Rao (assessee), Director of M/s. Billiard Farms Pvt. Ltd., and also taking note of the remand report of A.O. held that, there are no apparent contradictions in the contents of remand report and the assessment order, which resulted in ambiguity regarding the basis of the additions. Therefore, he set aside the issue to the file of the A.O. and directed the A.O. to redo the assessment de novo after providing the assessee an adequate opportunity of being heard.

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

6. The learned counsel for the assessee, Shri P. Murali Mohan Rao, C.A. referring to the additions made by the A.O. towards unexplained investment, on the basis of incriminating material, including the agreement of sale dated 23.03.2009, and the statement recorded from the assessee during the course of search on 23.01.2015, submitted that, the A.O. clearly admitted during remand proceedings that, there is no linkage between the additions made in the assessment order and the incriminating material found during the course of search. Further, the above

incriminating material referred to by the A.O. and furnished by the revenue is an agreement of sale between Sri Swami Hathiramji Mutt and M/s. Billiard Farms Pvt. Ltd., and the assessee is only a representative of the said company, and therefore, the contents of the agreement, if any, should be explained by the said company, but not the assessee. Therefore, the additions made by the A.O. on the basis of the said unrelated document cannot be said to be on the basis of incriminating material to sustain addition. Therefore, he submitted that, in view of the decision of the Hon'ble Supreme Court in the case of Pr. CIT Vs. Abhisar Buildwell Pvt. Ltd (2023) 454 ITR 212, the additions made by the A.O. should be deleted.

7. The Ld. CIT-DR, Dr. Narendra Kumar Naik, on the other hand, supporting the order of the Ld. CIT(A), submitted that, there is no dispute with regard to the fact that, there are apparent discrepancies in the material considered by the A.O. for making additions and the report submitted by the A.O. during the remand proceedings, and thus, the Ld. CIT(A) has rightly set aside the matter to the A.O. for further verification. Further, although the agreement is between Sri Swami Hathiramji Mutt and the

assessee, it is for the assessee to explain the contents of the agreement found during the course of search in the capacity of the Director of company. Since the assessee has not explained the contents of the documents found during the course of search, the Ld. CIT(A) has rightly set aside the matter and thus, the order of the Ld. CIT(A) should be upheld.

8. We have heard both parties, 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, during the course of search on 23.01.2015, incriminating material in the form of an agreement of sale, dated 23.03.2009 between Sri Swami Hathiranjee Mutt and M/s. Billiard Farms Pvt. Ltd., represented by its Director, A. Seetha Rama Rao (assessee), was found. The A.O. made additions towards unexplained investment of Rs.16,59,20,952/- on the basis of the above seized material, coupled with the statement recorded from the assessee during the course of search on 23.01.2015, and observed that, the assessee could not explain the contents of the seized material and therefore, made additions under Section 69 of the Income Tax Act, 1961. We have gone through the relevant incriminating material

found during the course of search being agreement of sale dated 23.03.2009, and we find that, the above agreement is between Sri Swami Hathiranjee Mutt and the assessee, and the assessee being a Director of the above company signed the agreement. The A.O. made additions towards unexplained investment on the basis of the agreement of sale between Sri Swami Hathiranjee Mutt and the assessee, on the ground that, in the statement recorded during the course of search, the assessee could not explain the agreement and source for making investment. First of all, the agreement is not directly related to the assessee or his business. The assessee has entered into an agreement with Sri Swami Hathiranjee Mutt as a Director of M/s. Billiard Farms Pvt. Ltd. The A.O., on the other hand, claims that, the additions were made on the basis of incriminating material found during the course of search, coupled with the statement recorded from the assessee. Although the A.O. in the remand report stated that, there is no linkage between the additions made in the assessment order and the incriminating material found during the course of search, but facts remain that, there are apparent contradictions in the reasons given by the A.O. in the assessment order and the reasons

given by the A.O. in the remand report on the issue of additions made towards unexplained investment. These apparent contradictions need further verification. The Ld. CIT(A), after considering relevant apparent contradictions, has rightly set aside the matter to the file of the A.O. for de novo consideration in light of relevant evidences found during the course of search and also explanation of the assessee. Since the Ld. CIT(A) has set aside the issue for de novo consideration of the matter, because of there are apparent contradictions in the order of the A.O. and the remand report, in our considered view, there is no error in the reasons given by the Ld. CIT(A) to remit the issue to the A.O. for further verification and de novo consideration of the issue. The assessee gets an opportunity to explain his case in light of relevant incriminating material found during the course of search and also remand report of the A.O. and to put forth all his defense in respect of additions made towards unexplained investment. Thus, we are inclined to uphold the order of the Ld. CIT(A) and dismiss the appeal filed by the assessee.

9. In the result, the appeal filed by the assessee is dismissed.

Order pronounced in the Open Court on 12<sup>th</sup> December, 2025.

<p><b>Sd/-</b> श्री विजय पाल राव <b>(VIJAY PAL RAO)</b> उपाध्यक्ष /VICE PRESIDENT</p>	<p><b>Sd/-</b> (मंजूनाथ जी) <b>(MANJUNATHA G.)</b> लेखा सदस्य/ACCOUNTANT MEMBER</p>
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Hyderabad, dated 12.12.2025.  
TYNM/sps

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

1.	निर्धारिती/The Assessee	:	Avva Sitarama Rao, C/o. P. Murali and Co., Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500082.
2.	राजस्व/ The Revenue	:	The Deputy Commissioner of Income-tax, Central Circle- 2(4), Hyderabad.
3.	The Principal Commissioner of Income Tax (Central), Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad