

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "B" 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.1725 and 1726/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2018-19)

1. Leckon Industries Pvt. Ltd., Hyderabad. PAN : AABCL6748E	Vs.	The ACIT/DCIT Central Circle – 3(2), Hyderabad.
2. Purushotham Naidu Lekkala, R/o. Hyderabad. PAN : ABGPL4958H		
(अपीलार्थी/ Appellants)		(प्रत्यर्थी/ Respondent)

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri H. Srinivasulu, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Shri P. Dhivahar, CIT-DR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	22.12.2025
घोषणा की तारीख/ Date of Pronouncement	:	21.01.2026

ORDER

PER MANJUNATHA G., A.M :

The appeals filed by the captioned assesseees are directed
against the separate orders of the learned Commissioner of

Income Tax (Appeals) - 11, Hyderabad, dated 16.08.2025 and 23.08.2025, respectively, pertains to the assessment year 2018-19. Since common issues are involved in both these appeals, the same were heard together and are being disposed of by this single consolidated order for the sake of convenience and brevity.

2. First, we take up appeal in ITA No. 1725/Hyd/2025. The grounds raised by the assessee in this appeal are re-produced as under:

“1. Ld. A.O. and Ld. CIT(A) erred in relying on the seized document Page No. 39 of Annexure A/LKN/OFF/01 which is a dumb document. Ld. CIT(A)'s findings are based on assumptions, surmises and presumptions and failed in sustaining the addition of Rs. 9,76,20,000/- [Rs. 8,25,00,000 + Rs. 25,00,000 + Rs. 50,00,000 + Rs. 76,20,000].

2. Ld. CIT(A) erred in giving a finding that the provisions of Section 292C are applicable.

3. Ld. CIT(A) failed to appreciate that the document Page No. 39 and figures therein were not related to the assessee and no enquiry was caused either by Ld. A.O. or Ld. CIT(A).

4. Ld. CIT(A) failed to appreciate that Page No. 39 is a rough paper, unsigned sheet, with no name and no certainty of chargeability to tax under Section 4 of the Income-tax Act. No evidence was brought on record that transactions in Page No. 39 pertained to or belonged to the assessee.

5. Ld. A.O. and Ld. CIT(A) came to the conclusion that the assessee lent money of Rs. 8,25,00,000/- and charged interest at 18%, which is an assumption and presumption. It is not known from the document OTURE PVT. LTD. who received and who paid. The assessee is not in money lending business.

6. Ld. A.O. and Ld. CIT(A) erred in extrapolating the figure of 8,25,000 as Rs. 8,25,00,000/-. Further, extrapolated the figure of Rs. 25,000 as Rs. 25,00,000/- and figure of Rs. 50,000 as Rs. 50,00,000/- and calculated interest at 18% amounting to Rs. 76,20,000/-, totaling Rs. 9,76,20,000/-.

7. *Ld. A.O. and Ld. CIT(A) erred in assuming that the assessee received the interest of Rs. 76,20,000/-, which is factually not correct. The assessee denies having received any interest.*

8. *Ld. A.O. and Ld. CIT(A) erred in interpreting that the assessee advanced Rs. 8.25 Cr., Rs. 25 lakhs and Rs. 50 lakhs at 18% interest without any basis and enquiry.*

9. *Ld. A.O. and Ld. CIT(A) failed to appreciate that no cash was found during search and the employee in whose custody Page No. 39 was found stated that the contents were rough workings and he failed to explain the contents thereof.*

10. *Without prejudice to the above grounds, the assessee admitted a sum of Rs. 5 Cr. as undisclosed income in the tax return and paid tax thereon. To the extent of Rs. 5 Cr., adjustment ought to have been allowed against the addition of Rs. 8,99,25,000/- by Ld. CIT(A).*

11. *Ld. Addl. CIT, Central Range, erred in giving the approval in a mechanical manner under Section 153D in respect of proposed assessment order by the A.C.I.T., Central Circle-3(2), Hyderabad.*

12. *Ld. A.O. and Ld. CIT(A) failed to appreciate that the WhatsApp chats do not constitute valid evidence without a certificate under Section 65B of the Indian Evidence Act, 1872.*

13. *Ld. A.O. erred in invoking the provisions of Section 115BBE of the Act.*

14. *The appellant craves leave to add, amend and/or alter the above grounds of appeal, at any time before or at the time of hearing of the appeal.”*

3. The brief facts of the case are that, the assessee is a company engaged in the business of construction and development, filed original return of income for the assessment year 2018-19 on 31.01.2019, declaring total income of Rs. 15,73,10,720/-. A search and seizure operation under Section 132 of the Income-tax Act, 1961 was conducted in the case of M/s. Raghava Constructions along with other group companies and connected

concerns on 18.09.2018. The assessee has made certain transactions with M/s. Raghava Constructions and hence, the assessee was also covered under Section 132 of the Income Tax Act, 1961 along with other main group concerns.

4. During the course of search, certain loose sheets were seized vide Annexure A/LKN/OFF/01 from page nos.1 to 41, which includes page No. 39, a document found in the WhatsApp messages of Shri G. Archan Kumar, employee in charge of office maintenance and also looks after vehicle insurance. A statement under Section 132(4) of the Act, was recorded from Shri G. Archan Kumar on 18.09.2018. In respect of printouts taken from his cell number 8790995367, and in response to question No. 9, he has confirmed page numbers 1 to 41 are the printouts taken from his mobile number, and he further, confirmed that WhatsApp chats were held between him and Mr. Purushottam Naidu, Managing Director of M/s. Lekcon Infrastructure Pvt. Ltd., and with Shri Jeevan Sivakrishna, Director of M/s. Lekcon Infrastructure Pvt. Ltd. Consequent to search, notice under Section 153A of the Income-tax Act, 1961 was issued on 06.12.2018, and in response to which, the assessee has filed return of income on 28.02.2019,

declaring total income of Rs. 15,73,10,720/-. The case was selected for scrutiny.

5. During the course of assessment proceedings, the A.O. called upon the assessee to explain as to why the additions shall not be made towards entries contained in the seized document, and more particularly, page No. 39, which contains details of loan transactions in cash given by the assessee to various persons. The A.O. had extrapolated the figures appearing on page No. 39, and has computed reverse working on the basis of interest amount recorded therein against receipt of sum of Rs. 8,25,000/- on 01.10.2017 and up to 31.03.2018, and observed that, the assessee has recorded interest amount of Rs. 74,500/- for a period of six months and if, we consider the interest amount and go for reverse workings, by applying 18% rate of interest, the principal amount comes to Rs. 8.25 crores. The A.O. had made similar workings in respect of receipt amount of Rs. 25,000/- on 25.01.2018 to 31.03.2018 and on the basis of interest amount of Rs. 82,500/- for a period of 66 days, has worked out the principal amount of Rs. 25,00,000/-. A similar calculation has been arrived at in respect of transaction dated 16.02.2018 and up to

31.03.2018 for Rs. 50,000/- and on the basis of interest amount of Rs. 1,12,050/- for a period of 45 days has arrived at the principal amount of Rs. 25,00,000/-. Thus, the A.O. on the basis of page No. 39 and entries contained therein, in respect of cash entries has issued a show-cause notice to the assessee and called upon the assessee to explain as to why the addition should not be made towards unexplained cash loans given to various persons and corresponding interest. The addition was proposed towards unexplained cash loans and interest aggregating to Rs. 9,76,20,000/-. The A.O. had also proposed additions towards land transactions, in respect of Manchirevula site on the basis of amount recorded therein for Rs. 98,98,512/- and observed that, the assessee has purchased land for a consideration of Rs. 9,89,85,000/- and the same has been paid equally by the assessee and the other party. A similar explanation was called for in respect of entries contained in the name of Dr. Reddappa Reddy and proposed the additions. In response to the show-cause notice, the assessee has not furnished any explanation. Therefore, the A.O., on the basis of the seized documents found during the course of search, has analysed the entries contained therein and

treated the same as unexplained cash credit under Section 68 of the Income-tax Act, 1961 and unexplained expenditure under Section 69C Income-tax Act, 1961 of the Act, and brought the same to tax.

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

7. Before the Ld. CIT(A), the assessee has challenged the additions made by the A.O. towards unexplained cash credit under Section 68 of the Act, and unexplained expenditure / investment under Section 69C of the Act, on the basis of the seized material found during the course of search and challenged the additions made by the A.O. on the ground that, the loose papers found during the course of search with Shri G. Archan Kumar in his WhatsApp message is an unsigned piece of paper and does not contain any clear names or details as to the nature of transactions, and therefore, the same is only a dumb and non-speaking document and on the basis of which no addition can be made. Further, no evidence as to the actual receipt of the said money by the assessee was referred to in the documents. Since the document is a dumb document without any reference as to the

nature of transaction, the additions made by the A.O. towards said transaction by extrapolating the amount by reworking the principal amount on the basis of the interest amount, is incorrect.

10. The assessee has also challenged the additions made by the A.O. towards unexplained investment in land transactions at Manchirevula site and has claimed that, the assessee has not made any investments in the land as claimed by the A.O. Similarly, the assessee has also challenged the additions made by the A.O. towards entries contained in the name of Dr. Reddappa Reddy and interpreted by the A.O. that, the assessee has paid a sum of Rs. 44 lakhs in cash to V.R. Sir for the land acquisition and Rs. 11 lakhs is only on the basis of suspicion and surmises without there being any actual transfer taking place.

8. The Ld. CIT(A) after considering the submissions of the assessee and also taking note of various evidences, including relevant seized material found during the course of search, deleted the various additions made by the A.O. on the basis of the said seized material, including the additions made by the A.O. towards land transactions at Manchirevula site on the ground that, the A.O. has failed to prove that, the assessee has purchased the land.

However, insofar as the additions made by the A.O. towards Cash through (B) accounts for Rs. 8,99,25,000/- and Rs. 51,12,500/-, the Ld. CIT(A) on the basis of reasons given by the A.O. to make additions coupled with the evidences submitted by the assessee and the remand report of the A.O. observed that, the seized sheet page No. 39 in question contains clearly tabulated entries showing receipts, amounts for specific periods and calculated interest amounts. Even the first table with heading "Bank Through – A" also contains similar information where the dates, account name, principal amount, period and interest calculations are recorded. If one observes the names mentioned therein, where entries are mentioned as Lekcon A/c, which is nothing but the assessee, and the other entries contained a Lekcon A/c, a sister concern of the assessee company, Jeevan A/c and Gopi A/c, apparently referring to the Directors in assessee company. These transactions are mentioned as bank transactions, and the assessee has not denied the transactions as well. Thus, the details are not rough or vague, and appear to be systematically maintained records. If one calculates the interest rate based on the principal, time period and

interest amount in the “Bank Through – A” table, it works out to 18% per annum.

9. The Ld. CIT(A) further observed that, coming to the second and impugned “Cash through -B” table, the interest amounts and periods are consistent with an annual interest rate of 18%, and when reverse calculated, indicate principal sums that are significantly higher than what is outwardly mentioned in the document. Therefore, he observed that, reverse calculation done by the A.O. on the basis of the interest amount with corresponding period, the workings arrived at by the A.O. towards principal appear to be correct. Since the mode of transaction is clearly indicated as “Cash through – B” at the top of the table, indicating that, the assessee has extended substantial cash loans and was recorded interest amount accordingly, and the onus was on the assessee to explain the transactions recorded therein. Since the assessee has not explained the transactions, the A.O. presumed that, the said documents belong to the assessee and contents recorded therein are true and correct, and accordingly worked out the principal amount on the basis of reverse calculations, which is exactly in line with the calculation done by

the A.O. Therefore, the Ld. CIT(A) rejected the explanation of the assessee and sustained the additions made by the A.O. towards unexplained cash credit and towards loan given to various persons and interest earned thereon.

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

11. The learned counsel for the assessee, Shri H. Srinivasulu, C.A., submitted that, the Ld. CIT(A) erred in sustaining additions made by the A.O. towards unexplained cash credit, being cash loans claimed to have been given by the assessee on the basis of page No. 39 of seized documents by Annexure A/LKN/OFF/01, even though the said document was found in the WhatsApp messages of Shri G. Archan Kumar, employee of the assessee, and the same has not been explained to the assessee, and the nature of the transactions. The learned counsel for the assessee further submitted that, the document found in possession of Shri G. Archan Kumar is unsigned and does not contain any names or details to establish a direct nexus with the assessee, and the figures noted on the page appear to be rough calculations and no independent evidence has been brought on record to demonstrate

the actual receipt or payment of the amounts by the assessee. The assessee has denied any knowledge of page No. 39 and contents therein, and once the assessee denied the contents, the primary onus lies on the A.O. to prove that, the transaction took place and thereafter the burden shifted to the assessee. In the present case, the A.O. shifted the burden to the assessee and sought explanation with regard to the contents of page No. 39, even though the assessee did not have any knowledge of the documents found in possession of the employee. In this regard, reliance was placed on the decision of ITAT Delhi Bench in the case of ITO v. Gammon Constructions Pvt. Ltd. in ITA No. 1264/Del/2020, dated 20.09.2023.

12. The learned counsel for the assessee, further referring to the observation of the Ld. CIT(A) with regard to the above issue, submitted that, the Ld. CIT(A) confirmed the additions on the basis of the seized paper and held that, the documents contain certain details of transactions in bank and the same has not been denied by the assessee. Since the assessee has not denied the transactions through bank, it is presumed that, the cash transactions contained in cash (B) are also true and correct. The

Ld. CIT(A) took support from the provisions of Section 292C of the Income-tax Act, 1961 and held that, once a document is found in possession of a person, it is presumed that, the said document belongs to him and the contents recorded therein are true and correct. In this regard, the assessee submitted that, first of all, page No. 39 found during the course of search was not in the possession of the assessee and the same has been taken from the WhatsApp message of an employee. The employee did not explain the contents of the document. The assessee has also denied the document and the contents therein. Once the assessee denied the document and the contents therein, the onus shifts to the A.O. to prove the transactions recorded therein have taken place. Since the A.O. has not proved the transactions because the document is silent about the names and purpose of the transactions, the Ld. CIT(A) ought not to have reached to the conclusion that, the presumption contained under Section 292C of the Act, applies on the assessee and it is the assessee to explain the said document. Therefore, it was submitted that, the Ld. CIT(A) erred in sustaining the addition on the ground that, the said document was found in possession of the assessee. For this purpose, the learned counsel

for the assessee referred to the statement recorded from Shri G. Archan Kumar under Section 132(4) of the Act on 18.09.2018 and the affidavit of Shri G. Archan Kumar.

13. The learned counsel for the assessee, further referring to the additions made by the A.O. towards unexplained cash credit on the basis of page No. 39 by interpreting the said document and claiming that, the assessee has provided cash loans to various persons and earned interest thereon, submitted that, the above document was found in the mobile phone of Shri G. Archan Kumar and the same has been downloaded from his WhatsApp messages, which is evident from the statement recorded from Shri G. Archan Kumar under Section 132(4) of the Act, on 18.09.2018. The A.O. made additions on the basis of digital evidence collected during the course of search without following the provisions of Section 65B of the Indian Evidence Act, 1872 and the Digital Evidence Investigation Manual issued by the CBDT, which contains the manner in which digital evidence should be seized during the course of search. Although the Digital Evidence Investigation Manual instructs the officers to seize digital evidence after obtaining a Certificate under Section 65B of the Indian

Evidence Act, 1872, in the present case, no certificate has been obtained as per Section 65B(4) of the Evidence Act, 1872 by the Department. This fact was also confirmed by the Ld. CIT(A) in para 6.8.11 of the order. Since the A.O. relied upon the digital evidence collected during the course of search without following the mandatory procedure provided under Section 65B of the Indian Evidence Act, 1872 and the Digital Evidence Investigation Manual, 2014, the authenticity of the said evidence is in doubt and therefore, in the absence of corroborative evidence, no addition can be made on the basis of the said digital evidence. In this regard, reliance was placed on the decision of the Hon'ble Supreme Court in the case of Anvar P.V. Vs. P.K. Basheer (Civil Appeal No.4226 of 2012 dt.18.09.2014) and also the decision of the ITAT Hyderabad Bench in the case of L. Purushottam Naidu Vs. ACIT in ITA No. 608/Hyd/2023. Therefore, it was submitted that, the additions made by the A.O. and confirmed by the Ld. CIT(A) should be deleted.

14. The Ld. CIT-DR for the Revenue, Shri P. Dhivahar, on the other hand, supporting the order of Ld. CIT(A), submitted that, it is an admitted fact that, during the course of search,

incriminating material in the form of loose sheets from page nos. 1 to 41 were found from the possession of Shri G. Archan Kumar, an employee of the assessee company, and the same were confronted to the assessee, and the assessee was not able to explain the contents recorded therein. Section 292C of the Act, contains presumption as to the correctness of the documents found in possession of a person, and as per the said provisions, where documents are found in possession of a person, it is presumed that, the said documents belong to the said person and the contents recorded therein are true and correct. Since the assessee has failed to explain the contents recorded therein, and further, the A.O. has rightly analyzed the seized document, page No. 39, and found that, the assessee has provided cash loans to various persons and earned interest thereon, and has recorded the amount after truncating zeros, has rightly worked out the principal amount on the basis of interest amount and period of interest, which exactly works out to 18% per annum, and the loan amounts of Rs. 8.25 crores, Rs. 25 lakhs, and Rs. 50 lakhs. Further, the assessee company has also admitted additional income of Rs. 5 crores towards payments recorded in the seized

documents, and the same has been offered to tax. Although, the assessee claims that, the admission of additional income is in respect of the entries contained in the seized document, but the A.O. has given a clear finding that, the additions made towards cash credit entries are different from the admission made before the A.O.

15. The Ld. CIT-DR, in the light of the provisions of Section 65B of the Indian Evidence Act, 1872 and the Digital Evidence Investigation Manual, 2014 issued by the CBDT, submitted that, the provisions of the Indian Evidence Act, 1872 are not strictly applicable to income-tax proceedings and, therefore, once the additions made by the A.O. are corroborated by evidence, even in the absence of a certificate issued under Section 65B(4) of the Indian Evidence Act, 1872, the additions made by the A.O. cannot be invalidated. Therefore, he submitted that, there is no merit in the arguments of the learned counsel for the assessee on this issue and the same should be rejected, and the order passed by the Ld. CIT(A) should be upheld.

16. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We have also carefully considered the relevant seized material vide Annexure - A/LKN/OFF/01, page nos. 1 to 41, along with various case laws referred to by the learned counsel for the assessee in support of his arguments. Admittedly, Annexure - A/LKN/OFF/01 containing pages 1 to 41, was found in the mobile phone of Shri G. Archan Kumar, and the same was downloaded from his WhatsApp messages, which is evident from the statement recorded from Shri G. Archan Kumar on the date of search on 18.09.2018. The above seized documents were confronted to Shri G. Archan Kumar, and in response to specific question No. 9, he has confirmed that, page numbers 1 to 41 are the printouts taken from his mobile, and also the WhatsApp chats were held between him and Mr. Purushottam Naidu, Managing Director of M/s. Lekcon Infrastructure Pvt. Ltd., and Shri Jeevan Sivakrishna, Director of M/s. Lekcon Infrastructure Pvt. Ltd. Although further questions were posed on the said document and its contents, the employee was unable to explain the transactions and the purpose of the said messages. The A.O. made addition on

the basis of page No. 39 of Annexure - A/LKN/OFF/01, and observed that, the assessee had given cash loans to various persons and the same were recorded after truncating two zeroes. The A.O. has reached to the above conclusion on the basis of interest amount recorded thereon, and on the basis of the interest amount and the period, he has computed the principal amount by reverse working the receipt amount of Rs. 8,25,000/- from 01.10.2017 to 31.03.2018, and observed that, the assessee has given Rs. 8.25 crores loan @ 18% per annum and received interest amount of Rs. 74,25,000/- for a period of six months. A similar calculation has been made for the amount from 25.01.2018 to 31.03.2018, and observed that, the assessee has advanced Rs. 25 lakhs loan @ 18% per annum for a period of 66 days, and earned interest of Rs. 82,500/-. Likewise, the A.O. has arrived at a loan amount of Rs. 50 lakhs on the basis of the entry for the period from 16.02.2018 to 31.03.2018, and observed that, the assessee has advanced Rs. 50 lakhs loan @ 18% per annum for a period of 45 days, and earned interest income of Rs. 1,12,000/-. Thus, the A.O. has arrived at principal amount of Rs. 9 crores and corresponding interest amount of Rs. 76,20,000/- and made

addition of Rs. 9,76,20,000/- towards unexplained cash loans given by the assessee to various persons.

17. Admittedly, the A.O. has interpreted the documents found during the course of search from the WhatsApp messages of an employee, Shri G. Archan Kumar, and has made additions by reverse calculating the principal amount on the basis of interest amount referred to in the said document. Page No. 39 contains certain entries with date, period, amounts and interest amount. On the top of page No. 39, certain entries were recorded under the head bank through A. Admittedly, the A.O. has not made additions on the said transactions and also not made any enquiries to ascertain what is the nature of the transactions recorded under bank through A. The A.O. only made additions towards cash through B, which contains certain entries with period and amounts. As we already stated earlier in the paragraphs of this order, the A.O. has interpreted the documents and reached to the conclusion that, the assessee has advanced loans to various persons and the same has been recorded after truncating two zeroes. First of all, the document relied upon by the A.O., i.e., page No. 39 of A/LKN/OFF/01, is not found in the

possession of the assessee or its Directors. Although the same has been found in the possession of Shri G. Archan Kumar, but the same has been taken from the WhatsApp messages of the employee. Therefore, the above evidence is in the form of digital data found during the course of search by the Department. Once the evidence relied upon by the A.O. is digital data without any corroborative evidence, then the same needs to be examined for its authenticity and integrity in the light of the provisions of Section 65B of the Indian Evidence Act, 1872 and the Digital Evidence Investigation Manual issued by the CBDT.

18. Section 65B of the Indian Evidence Act, 1872 deals with the admissibility of electronic records of computer output, making them equivalent to documents if specific conditions are met and validated by a mandatory Section 65B certificate, which authenticates the origin of the record, integrity and proper functioning of the device used. This certificate issued by a person in lawful control confirms the electronic information was generated, stored or processed regularly by a reliable computer system. The provisions of Section 65B of the Indian Evidence Act, 1872 is the subject matter of interpretation by various courts,

including the decision of the Hon'ble Supreme Court in the case of Arjun Panditrao Khotkar Vs. Kailash Kushanrao Gorantyal (2020) 7 SCC and also in the case of Anvar Vs. P.K. Basheer (supra), wherein the Hon'ble Supreme Court had clearly held that, certificates under Section 65B(4) is mandatory for admissibility of digital evidence collected during the course of investigation proceedings. Keeping in view the above judicial precedents, the CBDT has introduced the Digital Evidence Investigation Manual in the year 2014. The Manual was basically introduced to guide the Officer-in-charge to how to seize the digital data, analyse and use it in the assessment order. The Digital Evidence Investigation Manual contains many proformas like chain of custody form, mobile device collection form, checklists, digital evidence collection form, etc., and as per the Digital Evidence Investigation Manual, the digital evidence should be seized as per the directions given therein and a certificate under Section 65B(4) of the Act should be obtained. Unless the digital evidence is supported by a certificate under Section 65B(4) of the Indian Evidence Act, 1872, then the same cannot be admissible as evidence unless there are corroborative evidences to support the said evidence.

19. In the present case, there is no dispute with regard to the fact that a certificate under Section 65B(4) of the Indian Evidence Act, 1872 has not been obtained at the time of seizure of digital evidence, and this fact has been admitted by the Ld. CIT-DR at the time of hearing of the case. Once it is a confirmed fact that page No. 39, relied upon by the A.O., was taken from the WhatsApp messages of an employee without mandatorily following the directions contained in the Digital Evidence Investigation Manual and the provisions of Section 65B(4) of the Act, 1872, then in our considered view, the additions made by the A.O. on the basis of the said evidence cannot be sustained. In essence, neglecting the procedure prescribed for seizure of electronic evidence and authentication can cast doubt on the integrity of the entire document and data found in it, thereby compromising the fairness and legitimacy of the additions made during the course of assessment proceedings. Since the A.O. has made additions on the basis of digital data found and seized during the course of search from the WhatsApp messages of an employee without mandatorily following the provisions of Section 65B(4) of the Indian Evidence Act, 1872 and the Digital Evidence Investigation

Manual issued by the CBDT, in our considered view, the additions made by the A.O. on the basis of the said evidence cannot be sustained. This is further fortified by the findings of the Ld. CIT(A) in para Nos. 6.8.10 to 6.8.11 of the appellate order, wherein the Ld. CIT(A), by following the decision of the ITAT Hyderabad Bench in the case of Shri Lekkala Purushottam Naidu Vs. ACIT in ITA No.608/Hyd/2023 dt.11.06.2024, held that the additions could not be sustained. The ITAT, while observing has followed the decision of the Hon'ble Madras High Court in the case of Salvaratnam Retails Pvt. Ltd. Vs. ACIT, [2024] 160 taxmann.com 287 (Madras), wherein it was held that, in the absence of any corroborative evidence to support the WhatsApp chat messages, additions made by the A.O. on the basis of WhatsApp messages downloaded from the mobile phone of an employee cannot be sustained. This legal proposition is further supported by the decision of the ITAT Chennai Bench in the case of A. John Kumar Vs. DCIT (ITA No.3028/Chny/2019 dated 13.05.2022) and also in the case of Dell International Services Pvt. Ltd. Vs. Adeel Feroze & Others (2024 SCC Online Del 4576) (Delhi High Court). Therefore, we are of the considered view that, the additions made by the A.O.

towards unexplained cash credit under Section 68 of the Act on the basis of page No. 39 of the seized material on the ground that, the assessee has advanced cash loans and earned interest thereon cannot be upheld.

20. Having said so, let us come back to the issue on hand. Admittedly, the A.O. made additions of amounts towards cash loans given by the assessee to various persons on the basis of page No. 39 of A/LKN/OFF/01, wherein certain jottings were recorded with the details of date, receipts, period and interest amount. Admittedly, the rate of interest is not referred to in the above document. Further, the document does not show any details as to whether the said transactions are loans, and if at all the above transactions are loan transactions, who is a lender and who is a borrower. The A.O. interpreted the above document on the basis of the first part of page No. 39, which contains details under "Bank Through - A" table, with date, name, receipt, period and interest amount. In the name column, it was referred to as Jeevan A/c., Lekcon A/c., Nockel A/c., and Gopi A/c., The A.O. and the Ld. CIT(A) presumed that, Lekcon A/c., means the assessee account, Nockel A/c., means the sister concern of the

assessee, Jeevan and Gopi A/c., mean the Directors of the assessee company. Except this, the A.O. has not ascertained as to what is the nature of the transaction recorded in the first part of the document on page No. 39 under "Bank Through – A". Even during the search proceedings, there was no enquiry from the assessee and its Directors, and also from the person from whose possession the said document was found. However, the A.O., on the basis of the first part of the document, presumed that, the assessee has advanced cash loans to various persons @ 18% per annum and earned interest, and the same has been recorded after truncating two zeroes. The A.O. has arrived at the principal amount on the basis of the interest amount recorded therein and has computed the principal amount by reverse calculation by applying 18% rate of interest and has reached to the conclusion that, the assessee has advanced a loan amount of Rs. 8,25,00,000/- and has earned interest of Rs. 74,25,000/-. Similarly, the A.O. has arrived at loan amounts of Rs. 25,00,000/- and Rs. 50,00,000/- respectively, and earned interest amounts of Rs. 82,500/- and Rs. 1,12,500/-.

21. We have gone through the relevant page No. 39, which is annexed at page No. 143 of the Ld. CIT(A) order. Upon perusal of the said document, we find that, it is a non-speaking document without any details as to the nature of the transactions. First of all, it does not contain the name of the assessee. It does not contain any names of the lender or borrower. Further, it does not show any rate of interest. The amount has been referred to as cash receipt of Rs. 8,25,000/- and Rs. 25,000/-. The A.O. interpreted the cash receipt of Rs. 8,25,000/- as Rs. 8.25 crores and cash receipt of Rs. 25,000/- as Rs. 25 lakhs and cash receipt of Rs. 50,000/- as Rs. 50 lakhs, and came to the conclusion that, the assessee had given loans in cash and earned interest thereon. In our considered view, the A.O. has grossly misunderstood or misread the document found during the course of search, more particularly page No. 39 of Annexure - A/LKN/OFF/01, because the document clearly shows the cash receipts. If the document shows that, the assessee has received cash, then the interpretation of the A.O. that the assessee has paid cash loans to various persons is contrary to the entries contained in the document. If the assumption of the A.O. is correct that the

assessee has paid cash loans, then the document should show at least cash payments by the assessee, but it clearly shows receipts. Therefore, in our considered view, the interpretation given by the A.O. that the assessee has paid cash loans is totally a misreading of the document, even though the document clearly shows that it is a cash receipt. Be that as it may, assuming for a moment that the assessee has paid cash loans to various persons as claimed by the A.O., but the A.O. has miserably failed to bring any particulars on record like who is the lender, who is the borrower, and what are the terms and conditions of the loan, etc. There is no corroborative evidence like promissory note or any other documents given for security of the loan amount. In the absence of any details as to the nature of the loan, name of the borrower, name of the lender, and also the terms and conditions of the loan, the collateral security and also the promissory note, etc., in our considered view, the interpretation given by the A.O. by reverse working of the principal amount on the basis of the interest amount by assuming the rate of interest at 18% per annum is only on suspicion and surmises without there being any evidence on record. Since the document is not a speaking one without any

details as to the nature of transactions, in our considered view, the above document can be considered as a dumb document, and on the basis of the said document, the additions made by the A.O. cannot be upheld. This view is supported by the decision of hon'ble Supreme Court in the case of Common Cause (A registered society) Vs. Union of India (2017) 394 IR 220 (SC)

22. Further, the employee of the assessee company, Shri G. Archan Kumar, during the course of the search proceedings in the statement recorded under Section 132(4) of the Act, has clearly stated that, he was not aware of the contents of the document. Further, although the statement of Shri G. Archan Kumar has been confronted to the assessee and its Directors, once again the assessee has not owned up the document and has not explained the contents recorded therein. Once the document is denied by the assessee, then the primary onus lies on the A.O. to prove that, the transaction had actually taken place and thereafter the burden shifts to the assessee to prove otherwise. In the present case, the A.O., without bringing on record any evidence to show that, the transaction had actually taken place as contained in the seized document, has simply made additions purely on surmises

and suspicion without any corroborative evidence. Therefore, in our considered view, the additions made by the A.O. on the basis of suspicion cannot be upheld. This legal principle is supported by the decision of the ITAT Delhi Bench in the case of ITO Vs. Gammon Constructions Pvt. Ltd., wherein it has been clearly held that, in the absence of corroborative evidence, additions made by the A.O. cannot be sustained. Further, although the A.O. claims that, the assessee had given cash loans to various persons, even though the document does not contain any details of persons to whom the assessee has given loans, the A.O. has not carried out any enquiry during the assessment proceedings to ascertain the nature of transactions or to whom the assessee has given cash loans. No corroborative evidence was gathered to give a finding that, the assessee has received interest on loans, and no cash was found during the course of search. Therefore, in our considered view, the findings of the Ld. CIT(A) on the basis of Section 292C of the Act that, the transactions contained therein are to be presumed against the assessee, and in the absence of any explanation from the assessee, it is vaguely presumed that, the documents found during the course of search belong to the

assessee and the contents recorded thereon are true and correct, are not acceptable on the facts available on record. First of all, the document was not found in the possession of the assessee. Therefore, the presumption contained under Section 292C of the Income-Tax Act, 1961, fails. Further, assuming for a moment that, the document was found in the possession of the assessee because it was taken from the WhatsApp messages of the employee of the assessee, still the presumption contained under Section 292C of the Act is rebuttable because, as per Section 292C of the Act, there is no scope for interpretation of the document and the same has to be read as it is, because Section 292C clearly states that, whatever is found during the course of search in the possession of a person belongs to that, person and whatever entries contained therein are true and correct without any interpretation. Therefore, in our considered view, the interpretation given by the A.O. on the basis of his own assumptions and presumptions that, the assessee has given loans to various persons is devoid of merit and cannot be accepted. The Ld. CIT(A), without appreciating the relevant facts, simply sustained the additions made by the A.O.

23. In this view of the matter and considering the facts and circumstances of the case and also by following the ratios of various case laws relied upon and referred to above by both the parties, we are of the considered view that, the additions made by the A.O. towards cash loans given by the assessee on the basis of seized document, vide page No. 39 of A/LKN/OFF/01, are not based on any evidence but purely on suspicion and surmises. Therefore, for the detailed reasons given hereinabove, we set aside the order of the Ld. CIT(A) and direct the A.O. to delete the additions made towards cash loans and interest thereon as unexplained cash credit under Section 68 of the Income-tax Act, 1961.

24. In the result, the appeal filed by the assessee is allowed.

ITA No.1726/Hyd/2025 for A.Y. 2018-19

25. Coming to Appeal No. 1726/Hyd/2025. The A.O. has made protective additions in the hands of the assessee towards cash loans given and interest earned thereon on the basis of page No. 39 of the seized document vide Annexure - A/LKN/OFF/01, because substantive addition has been made in the hands of M/s.

Lekcon Infrastructure Pvt. Ltd. Further, the A.O. has also made addition of Rs. 11 lakhs on the basis of page No. 39 of the seized document towards the amounts referred to under the head Dr. Reddappa Reddy on substantive basis. Both the additions made by the A.O. are on the basis of the seized document A/LKN/OFF/01, page No. 39.

26. We have dealt with this issue in detail in the case of M/s. Lekcon Infrastructure Pvt. Ltd. in ITA No. 1725/Hyd/2025 for A.Y. 2018-19, and for the detailed reasons given by us in the preceding paragraph nos. 16 to 23, we have deleted the additions made by the A.O. on two counts i.e. one in the absence of a valid certificate under Section 65B(4) of the Indian Evidence Act, 1872 and non-compliance with the Digital Evidence Investigation Manual issued by the CBDT, the additions made by the A.O. on the basis of electronic data found and seized during the course of search cannot be sustained. Secondly, we have also deleted the additions made by the A.O. towards unexplained cash credit under Section 68 of the Income-tax Act, 1961 on the basis of page No. 39 of Annexure - A/LKN/OFF/01 towards cash loans given by the assessee and interest earned thereon, on the ground that, the

seized document is a dumb document and non-speaking document and there is no scope for any interpretation of the same so as to make the additions. The reasons given by us in the preceding paragraph nos. 16 to 23 shall equally apply to this appeal also. Therefore, for the same reasons, we delete the protective additions made by the A.O. towards unexplained cash loans given by the assessee and interest thereon, and also the substantive addition of Rs. 11 lakhs made by the A.O. on the basis of page No. 39 of Annexure - A/LKN/OFF/01.

27. In the result, the appeal filed by the assessee is allowed.

28. To sum up, both the appeals of assesseees are allowed.

Order pronounced in the Open Court on 21st January, 2025.

Sd/- (श्री रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER	Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER
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Hyderabad, dated 21.01.2026.

TYNN/sps

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

1.	निर्धारिती/The Assessee	:	1. M/s. Lekcon Infrastructure Private Limited, 3-6-9/12, Narsingi Heights, Rajendra Nagar Mandal, Hyderabad – 500089, Telangana. 2. Shri Purushotham Naidu Lekkala, 3-6-9/12, Narsingi, Manchirevula, Hyderabad, K.v. Rangareddy – 500089, Telangana.
2.	राजस्व/ The Revenue	:	The ACIT/DCIT, Central Circle – 3(2), 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