

**IN THE INCOME TAX APPELLATE TRIBUNAL  
"NAGPUR" BENCH, NAGPUR  
BEFORE SHRI PAWAN SINGH, JUDICIAL MEMBER &  
SHRI KHETTRA MOHAN ROY, ACCOUNTANT MEMBER  
ITA No. 131/NAG/2017 (AY : 2011-12)  
(Physical hearing)**

Shri Premroop V. Sahu C/o. M.S. Gupta, Advocate, 333, Darodkar Square, Central Avenue, Gandhibag, Nagpur – 440032. [PAN: AOEPS4542R]	Vs	ACIT, Central Circle – 1(2), Nagpur Aayakar Bhawan, 2 <sup>nd</sup> Floor, Telengkheddi Road, Nagpur – 440001.
Appellant / Assessee		Respondent / Revenue

Assessee by	Shri K.M. Gupta, CA
Revenue by	Shri Pankaj Kumar, CIT-DR
Date of hearing	16.02.2026
Date of pronouncement	16.02.2026

**Order under section 254(1) of Income Tax Act**

**PER PAWAN SINGH, JUDICIAL MEMBER:**

1. This appeal by assessee is directed against the order of Id. CIT(A) – 3, Nagpur dated 30.01.2017 for Assessment Year (A.Y.) 2011–12. The assessee has raised following grounds of appeal:

*"1. That, the search conducted in the premises of the assessee is without having any reason to believe which is mandatory condition for proceeding u/s. 132 and hence, the entire proceeding is void-ab-initio. And, hence the order passed needs to be set-aside.*

*2. That, in the facts and circumstances of the case and law applicable thereto, The Commissioner of Income Tax (Appeals) has erred in confirming the addition made by the Assessing Officer, particularly addition of Rs. 65,80,000/- towards the cash deposit in Akola Janta Commercial Co-op. Bank Ltd., Nagpur.*

*3. That, in the facts and circumstances of the case and law applicable thereto, The Commissioner of Income Tax (Appeals) has erred in confirming the addition made by the Assessing Officer, particularly addition of Rs. 4,86,900/- towards the cash deposit in Bank of Maharashtra, Wardhaman Nagar, Nagpur.*

*4. That, in the facts and circumstances of the case and law applicable thereto, The Commissioner of Income Tax (Appeals) has erred in confirming the addition made by*

*the Assessing Officer, particularly addition of Rs. 36,100/- as cash found in possession of the assessee at the time of search.*

*5. That, in the facts and circumstances of the case and law applicable thereto, The Commissioner of Income Tax (Appeals) has erred in confirming the addition made by the Assessing Officer of Rs. 2,19,537/- comprising of interest of Rs. 67,537/-, Salary of Rs. 1,28,000/- and Rent of Rs. 24,000/- received from M/s. Sidheshwar Coal Corporation.*

*6. That, without prejudice the ground No. 4, The Commissioner of Income Tax (Appeals) and the Assessing Officer has failed to give standard deduction in respect of Rental Income.*

*7. That, in the facts and circumstances of the case and law applicable thereto, The Commissioner of Income Tax (Appeals) has erred in confirming the additions made by the Assessing Officer which is passed on surmises and guesswork.*

*8. That, the order passed by The Commissioner of Income Tax (Appeals)-3 Nagpur is contrary to the facts of case and the law applicable thereto and the same needs to be modified.*

*9. That the assessee reserves his right to take any other ground or additional grounds at the time of hearing of the appeal."*

2. Rival submissions of both the parties have been heard and record perused. The learned authorised representative (Id. AR) of the assessee submits that ground no. 1 is general. Ground no. 2 & 3 relates to addition on account of cash deposit in Akola Janta Commercial Co-operative Bank Ltd. and Bank of Maharashtra, Wardhman Nagar, Bhandara Road, Nagpur. The Id. AR of the assessee submits that the assessee is proprietor of Texla Industries and also license holder of coal from Public Sector Unit (PSU) coal companies. The assessee deals in coal purchased from Western Coalfield Ltd. (WCL). The assessee was having current account with Akola Janta Commercial Co-operative Bank Limited and in Bank of Maharashtra, which is reflected in the final balance sheet and in profit and loss account. The cash deposit in the banks were used for issuing demand draft in the name of Westfield Coal Ltd. During the assessment, the assessee could not furnish cash

flow statement and complete bank statement to substantiate cash deposits, which resulted into addition on account of unexplained cash deposit. The Id. AR of the assessee submits that though such details were available with the Chartered Accountant (CA) of assessee, however, due to difference with assessee, the same could not be filed before lower authorities. The assessee has now obtained bank statement and prepared cash flow statement. Such bank statement and cash flow statement are part of books of account could not be furnished before lower authorities. The cash flow statement is essential for proper appreciation of fact and the same may be taken on record and admitted. The assessee has also filed separate application for admission of additional evidence under Rule 29 of ITAT Rules, 1963. The additional evidence may be admitted and matter may be restored back to the lower authorities to consider it afresh.

3. Ground no. 4 relates to addition of Rs. 36,100/- on account of cash found in the possession of assessee at the time of search. The Id. AR of the assessee submits that considering the fact that assessee is dealing in a sale of coal and considering the nature and transaction of assessee, the availability of cash of Rs. 36,100/- was not abnormal and may be deleted.
4. Ground no. 5 relates to not allowing standard deduction from rental income of Rs. 24,000/- received from Sidheshwar Coal Corporation and other income relates to interest of Rs. 67527/- and salary income of 1,28,000/- which is also part of this ground of appeal. The Id. AR of the assessee prayed that this ground of appeal may also be restored to the file of lower authorities as the assessee could not file

required details. Moreover, no standard deduction with regard to rental income was allowed by assessing officer.

5. On the other hand, the learned Commissioner of Income Tax – Departmental Representative (Id. CIT-DR) for the Revenue supported the order of lower authorities of the grounds of appeal. On admission of additional evidence which comprises of cash flow statement, the Id. CIT-DR for the Revenue submits that assessee has not given sufficient reason as to why such evidences were not furnished before lower authorities. In case such additional evidence is accepted, the matter may be restored back to the file of lower authorities to pass the order afresh instead of considering such evidence before this bench. Against ground no. 4, which relates to addition of Rs. 36,100/–, the Id. CIT-DR supported the order of lower authorities. On different addition which is a part of ground no. 5, the Id. CIT-DR for the revenue submits that assessee failed to substantiate such income and no corroborative evidence was furnished. In absence of evidence, the Id. CIT(A) upheld the addition. The Id. CIT-DR for the revenue submits that the assessee is not eligible for any relief.
6. We have considered the rival submissions of both the parties and have gone through the orders of lower authorities carefully. We find that a search action under section 132 was carried out on 16.03.2011 on Shree Agrawal Coal India Private Ltd. and its family members in Nagpur. Accordingly, the case for A.Y. 2011-12 was selected for compulsory scrutiny. The assessee while filing return of income declaring income of ₹. 2,95,137/–. During assessment, the assessing officer in

para 5 & 6 recorded that during assessment, he found that assessee made cash deposit of Rs. 65,80,000/- in Akola Janta Commercial co-operative Bank Ltd. and `Rs. 4,86,900/- in Bank of Maharashtra, Wardhman Nagar, Nagpur. On show cause notice, the assessee failed to furnish and explain source of such deposit. The assessing officer treated such cash deposit as undisclosed income. The Id. CIT(A) also confirmed the action of assessing officer in para 8 & 9 of his order by taking view that assessee could not explain the source of such cash deposit. Now before Tribunal, the assessee filed cash flow statement and submitted that such cash deposits were shown in the books of account and was considered were part of audit report. Such details were available with his C.A.; however, he has not filed such details due to difference with him. Considering the fact that assessee has made a prayer for allowing one more opportunity to prove the source of cash deposit with the help of cash flow statement. Therefore, considering the principles of natural justice, the ground no. 3 & 4 of the appeal is restored back to the file of Id. CIT(A). The assessee is directed to furnish complete details to substantiate the cash deposit in both the bank accounts. The Id. CIT(A) is given liberty to obtain remand report from assessing officer, in the even of filing such cash flow statement and supporting evidence. In the result, ground no. 2 & 3 of assessee's appeal are allowed for statistical purpose.

7. Ground no. 4 relates to addition of Rs. 36,100/-. We find that assessing officer made addition as per his finding in para 7 of assessment order by taking view that assessee has not furnished any explanation despite service of show cause notice.

The Id. CIT(A) confirmed the action of Id. Assessing Officer by holding that no satisfactory explanation is offered. Considering the fact that we have restored the ground no. 2 & 3 which relates to cash deposit in two different bank accounts and this ground of appeal is directly or indirectly relates to availability of cash in hand. Therefore, this ground of appeal is also restored to the file of Id. CIT(A) to adjudicate along with ground no. 2 & 3.

8. Ground no. 5 is divided into two sub-grounds, first relates to not allowing standard deduction in respect of rental income and other relates to interest of Rs. 67,537/- and salary income of Rs. 1,28,000/-. Firstly, we are considering the issue of standard deduction from rental income. We find that during assessment, the assessing officer in para 9 of assessment order recorded that assessee has shown rental income of Rs. 24,000/- which was treated as undisclosed income. The Id. CIT(A) also confirmed the action of assessing officer by taking view that assessee has not been able to rebut the addition. Before us, the Id. AR of the assessee submits that assessee has received such rental income from Sidheshwar Coal Corporation. Considering the fact that no standard deduction was allowed nor the assessee been able to give to substantiate the rental income. This ground of appeal is also restored to the file of Id. CIT(A). The assessee is directed to furnish complete details of rental income and any other information which may be required by Id. CIT(A). So far as other additions on account of interest of Rs. 67,537/- and salary income of Rs. 1,28,000/- are concerned, the assessing officer made addition with reference of any show cause notice. The Id. CIT(A) confirmed the

action of assessing officer for the want of evidence. Considering the facts that substantial grounds of appeal is restored to the file of Id. CIT(A), this part of ground of appeal is also restored to the file of Id. CIT(A) to decide it afresh. The assessee is also directed to provide required details to the Id. CIT(A). In the result, ground no. 2 to 5 are allowed for statistical purpose. Ground no. 1, 7, 8 & 9 are general and is dismissed. Ground No. 6 is alternative to ground-4, which we have already allowed for statistical purpose.

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

Order pronounced in open court on 16/02/2026 at the time of hearing

Sd/-

**KHETTRA MOHAN ROY**  
**ACCOUNTANT MEMBER**

Sd/-

**PAWAN SINGH**  
**JUDICIAL MEMBER**

Nagpur: Dated: 16/02/2026  
Biswajit

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The PCIT / CIT (Judicial);
- (4) The DR, ITAT, Nagpur; and
- (5) Guard file.

By order

Assistant Registrar  
ITAT, Nagpur