

IN THE INCOME TAX APPELLATE TRIBUNAL PANAJI BENCH
PANAJI

BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER &
SHRI G D PADMAHSHALI ACCOUNTANT MEMBER

I T A. No.147/PAN/2024
(A.Y.2018-19)

Idrees Mohammed, Shop 4CC,New Vegetable Market, Main Road, Kalaburagi-585101, Karnataka.	Vs	DCIT-Central circle, Saraf Colony, Khanaput, Tilakwari, Belagavi--590001, Karnataka.
PAN .No. AAJPI7572E		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

Assessee by	Shri.Ramesh V Mudhol.AR
Revenue by	Shri. Naveen Kumar.B.CIT DR

सुनवाई की तारीख/Date of Hearing	03.02.2026
घोषणा की तारीख/Date of Pronouncement	20.02.2026

ORDER

PER PAVAN KUMAR GADALE, JM:

The appeal is filed by the assessee against the order of the CIT(A)-2 Panaji passed u/sec 143(3) and U/sec 250 of the Act. The assessee has raised the grounds of appeal challenging the order of the CIT(A) sustaining the addition of unexplained investment in stock by the Assessing Officer.

2. The brief facts of the case are that, the assessee is a proprietor of M/s Well Worth Incorporation Kalaburagi and

deals in agricultural products. The assessee has filed the return of income for A.Y.2018-19 on 31.10.2018 disclosing a total income of Rs.9,03,210/-.A search was initiated u/sec132 in the case of Hajimohammed Ilyas, and M/s Hussain Builders and Developers. The assessee is a partner of M/s Hussain Cold Storage and there was a survey operations conducted u/sec133A of the Act. Subsequently notice u/sec 142(1) of the Act were issued and the assessee has furnished the details and explanations. Whereas the Assessing officer(A.O) has dealt on the nature of business of the assessee engaged in agriculture products, The A.O. on verification of bank statements find that the assessee has bank credits in two bank accounts aggregating to Rs.3,16,54,959/- in the F.Y.2017-18. The A.O dealt on the financial statements and the turnover and net profit of the assessee business and sale of products and deposits of sale proceeds in the branches maintained at Sholapur and Gulbarga. The A.O considered the statement recorded u/sec131 of the Act and profit margin of the assessee, agriculture income and unexplained stock kept in cold storages. The A.O was not satisfied with the explanations on the disputed issues and made addition of (i) estimated profit of Rs.24,42,263/- on the total sales turnover (ii) difference of Agriculture income of Rs.15,01,615/- taxed under Income From Other Sources and (iii) unexplained stock of chilli powder in the storage unit valued at Rs.79,67,500/- was added u/sec69 of the Act. Finally the A.O has passed assessment order

u/sec 143(3) of the Act determining the total income of Rs.1,28,14,588/- on 6.04.2021.

3. Aggrieved by the order, the assessee has filed an appeal before the CIT(A), whereas the CIT(A) has considered the grounds of appeal, submissions of the assessee and findings of the A.O but sustained the addition of unexplained stock of chilli powder and has granted relief in other grounds of appeal and partly allowed the assessee appeal. Aggrieved by the order of the CIT(A), the assessee has filed an appeal with the Hon'ble Tribunal.

4. At the time of hearing, the Ld.AR submitted that the CIT(A) has erred in confirming addition of unexplained stock of chilli powder u/sec69 of the Act by the Assessing officer overlooking the information of the proceedings. The Ld.AR mentioned that the CIT(A) has not dealt on the details, documents and evidences filed in the appellate proceedings to substantiate that chilli powder stock belongs to M/S Home Spices and were duly recorded in their books of accounts and prayed for allowing the appeal. The Ld.AR supported the submissions with the factual paper books. Per Contra, the Ld.DR supported the order of the CIT(A).

5. We heard the rival submissions and perused the material on record. The sole crux of the disputed issue envisaged by the Ld.AR that the CIT(A) has erred in sustaining the addition of unexplained investment u/sec69 of the Act made by the Assessing Officer without providing proper opportunity and overlooking the facts and material evidences. The assessee has filed the details before the lower authorities and the CIT(A) has not considered the documents and information supporting the claim of the assessee that the chilli powder stock belongs to M/S Home Spices .The Ld.AR highlighted on the submissions, made in the proceedings at page 21 to 31 of the paper book to substantiate that the chilli powder stock belongs to M/S Home Spices and were duly recorded in their books of accounts and the assessee has a good case on merits. Prima-facie, the CIT(A) has dealt on the findings of the AO and has not considered the submissions/evidences of the assessee filed in the proceedings referred and has not allowed the grounds of appeal. Therefore, considering the facts, submissions and principles of natural justice, shall provide with one more opportunity of hearing to the assessee to substantiate the case with evidences and information. Accordingly, we set aside the order of the CIT(A) and remit the disputed issue to the file of the CIT(A) to adjudicate afresh and the assessee should be provided adequate opportunity of hearing and shall cooperate in submitting the information

for early disposal of the appeal. And the grounds of appeal of the assessee are allowed for statistical purposes.

6. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 20.02.2026.

Sd/-
(GD PADMAHSHALI)
ACCOUNTANT MEMBER

Panaji Dated: 20/02/2026

Sd/-
(PAVAN KUMAR GADALE)
JUDICIAL MEMBER

Copy of the Order forwarded to:

1. The Appellant,
2. The Respondent
3. The CIT(A)-
4. CIT
5. DR, ITAT,
6. Guard file.

//True Copy//

BY ORDER,
(Asstt. Registrar)ITAT,
Panaji.

		Date	<u>Initial</u>	
1.	Draft dictated on			PS
2.	Draft placed before author			PS
3.	Draft proposed & placed before the second member			PS
4.	Draft discussed/approved by Second Member.			PS
5.	Approved Draft comes to the Sr.PS/PS			PS
6.	Kept for pronouncement on			
7.	File sent to the Bench Clerk			
8.	Date on which file goes to the AR			
9.	Date on which file goes to the Head Clerk.			
10.	Date of dispatch of Order.			
11.	Dictation Pad is enclosed			