

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

**Before Shri Manjunatha G., Accountant Member**  
**and**  
**Shri Ravish Sood, Judicial Member**

आ.अपी.सं /**ITA No.235/Hyd/2025**  
(निर्धारण वर्ष/Assessment Year:2020-21)

Assistant Commissioner of Income Tax, Central Circle-2(4), Hyderabad.	Vs.	M/s. R.K. Infracorp Private Limited, Hyderabad. PAN: AAECR0071P
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri M V Prasad, CA	
राजस्व द्वारा/Revenue by:	Dr. Narendra Kumar Naik, CIT-DR (Hybrid mode)	

आ.अपी.सं /**ITA No.363/Hyd/2025**  
(निर्धारण वर्ष/Assessment Year:2020-21)

M/s. R.K. Infracorp Private Limited, Hyderabad. PAN: AAECR0071P	Vs.	Deputy Commissioner of Income Tax, Central Circle-2(4), Hyderabad.
(Appellant)		(Respondent)
निर्धारिती द्वारा/Assessee by:	Shri M V Prasad, CA	
राजस्व द्वारा/Revenue by:	Shri K. Vinoth Kannan, Sr. AR	
सुनवाई की तारीख/Date of Hearing:	07/01/2026	
घोषणा की तारीख/Date of Pronouncement:	25/02/2026	

आदेश / ORDER**PER. RAVISH SOOD, J.M:**

The present cross-appeals filed by the assessee company and the revenue are directed against the order passed by the Commissioner of Income Tax (Appeals)-12, Hyderabad, dated 12/12/2024, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 143(3) of the Income Tax Act, 1961 (for short, "the Act"), dated 30/03/2022 for the Assessment Year (AY) 2020-21. The revenue has assailed the impugned order of the CIT(A) on the following grounds of appeal before us:

“1. Whether on the facts and in the circumstances of the case and in law, the id. CIT(A) erred in deleting the addition of Rs.3,45,00,000/- in respect of seven entries as per loose sheets seized Annexure-A1 wherein the names were found and matched in Tally data which was not rebutted by the assessee as detailed in the Remand Report furnished by the assessing officer?

2. Whether on the facts and in the circumstances of the case and in law, the Id.CIT(A) erred in deleting the addition of Rs. 12,86,73,000/- in respect of eight entries as per loose sheets seized Anneure-A1 pertaining to the related part of the assessee and not owned up by the assessee as detailed in the Remand Report furnished by the assessing officer?

3. Whether on the facts and in the circumstances of the case and in law, the Id. CIT(A) in holding that AO's invocation of the provisions of section 69A is incorrect in the absence of clear cut finding by CIT(A) as to disallowance of expenditure in respect of entries in loose sheets in seized annexure u/s 37(1) of the Act by the Id.CIT(A)?

The appellant craves leave to amend or alter any ground or add any other grounds which may be necessary.”

Also, the assessee company has challenged the impugned order of the CIT(A) on the following grounds of appeal:

1. “The Learned CIT(A) is erred in facts and law while passing the order.
2. The Learned CIT(Appeals) is not justified in confirming an amount of Rs.20,00,000/- alleged to have received back from "Basheer Khan Pump direct RRR out of the total addition made of Rs.20,35,50,000/-representing the cash received back from purchasers.
3. The Learned CIT(Appeals) is not justified in confirming an amount of Rs.27,00,000/- alleged to have received back from "Venkata Rama Ref-Vinayak Fertilisers out of the total addition made Rs.20,35,50,000/-representing the cash received back from purchasers.
4. The Learned CIT(Appeals) is not justified in confirming an amount of Rs.30,00,000/- alleged to have received back from "Cement Shop Dwaraka RRR out of the total addition made Rs.20,35,50,000/-representing the cash received back from purchasers.”

Apart from that, the assessee company has raised the following additional ground of appeal:

“Ground No.5: "On the facts and circumstances of the case, the Learned CIT(Appeals) is not justified to holding that the assessment completed by the Learned Assessing Officer u/s.143(3) was made within the time as prescribed in the Section 153B of the I.T. Act.”

As the assessee company, by raising the aforesaid additional ground of appeal, has sought our indulgence for adjudicating a legal issue, which

requires looking no further beyond the facts available on record, therefore, we have no hesitation in admitting the same. Our aforesaid view is fortified by the judgment of the **Hon'ble Supreme Court** in the case of **National Thermal Power Company Ltd. Vs. CIT (1998) 229 ITR 383 (SC)**.

2. As the issues involved in the present cross-appeals are inextricably interlinked and interwoven, therefore, they are being taken up and disposed of together vide this consolidated order.

3. Succinctly stated, the assessee company, viz., M/s. R.K. Infracorp Private Limited is engaged in the business of executing civil contract works.

4. Search and seizure operations under section 132 of the Act were carried out in the case of the assessee company, viz., M/s. R.K. Infracorp Private Limited and others on 06/02/2020. Thereafter, the assessee company had filed its return of income for AY 2020-21 on 07/01/2021, declaring an income of Rs. 9,97,04,080/- (after claiming deduction under section 80IA of the Act of Rs. 15,18,20,494/-). The assessee company had disclosed its "book profit" under section 115JB of the Act at Rs. 24,69,59,809/-. Subsequently, the case was selected for scrutiny

assessment and notice under section 143(2) of the Act, dated 11/06/2021 was issued to the assessee company.

5. During the course of the assessment proceedings, the AO observed that the assessee company had received Rs. 58,40,75,961/- and Rs. 53,18,86,949/- from M/s. Megha Engineering & Infrastructure Limited (for short, "MEIL"), during the Financial Years (F.Ys.) 2018-19 and 2019-20, respectively, for executing works contracts for Kaleswarama project and Purushottapatnam project. The AO observed that the assessee company had sub-contracted the aforesaid works to several entities on a back-to-back basis. The AO, based on the material available before him, recorded his observations with respect to the parties to whom the assessee company had sub-contracted the aforesaid work, as under:

**A). M/s. Equus Infra Projects Private Limited:**

6. The AO observed that the aforementioned sub-contractor, viz., M/s. Equus Infra Projects Private Limited (for short, "M/s. EIPPL") had received an amount of Rs. 13,67,45,433/- and Rs. 3,20,86,115/- from the assessee company during the F.Y.2018-19 and F.Y.2019-20, respectively, for the aforementioned projects. It was observed by him that out of the total amount of Rs. 13.67 crores received from the

assessee company in March 2019, an amount of Rs. 9.03 crores was paid to different parties by M/s. EIPPL in a short span of time, i.e., from 14/03/2019 to 31/03/2019. Also, it was observed by the AO that the remaining amount was paid to different persons from 01/04/2019 to 10/04/2019, and the same was claimed as sub-contractor expense. Further, the AO observed that an amount of Rs. 3.25 crores, received by M/s. EIPPL from the assessee company, i.e., M/s. R.K. Infracorp Pvt Limited, on 09/04/2019, was immediately majorly withdrawn by the said sub-contractor in two tranches, viz., (i) on 09/04/2019: Rs. 70 lakhs; and (ii) on 10/04/2019: Rs. 1.30 crores. The AO observed that the aforesaid set of transactions between the assessee company and M/s. EIPPL and different persons appeared to be suspicious. Elaborating on his conviction, the AO observed that the persons who had in turn received the amounts from M/s. EIPPL were filing their returns of income under section 44AD of the Act and not maintaining any books of accounts. Apart from that, it was observed by him that the said sub-contractor parties had no significant machinery/stock, etc., to undertake the infrastructure work allocated by M/s. EIPPL. Also, the AO took cognisance of the fact that during the course of the search proceedings conducted at the premises of M/s. EIPPL, a handwritten diary was found which contained the names of the persons as “wages adjustment for

cash”, which proved beyond doubt that the cash withdrawals of Rs. 2 crores made by M/s. EIPPL during April 2019 was for non-business purposes.

7. The AO, based on the aforesaid facts, viz., (i) that no proper documentation was maintained at the premises of M/s. EIPPL regarding its transactions/payments made to the sub-contractor parties; (ii) the cash of Rs. 2 crores withdrawn by M/s. EIPPL, as per the handwritten diary seized in the course of the search proceedings at its premises, revealed that the amount so withdrawn was adjusted against the bogus labour expenses; (iii) that the sub-contractors to whom the payments were made by M/s. EIPPL had filed their returns of income under section 44AD of the Act, and there were no supporting documents to substantiate the fact that they had rendered their services as sub-contractors; and (iv) that no supporting documents evidencing that any work was actually done were found in the possession of M/s. EIPPL in the course of search proceedings, and it seemed that the same was in the nature of accommodation entries provided by M/s. EIPPL.

**B.) M/s. Sri Satya Gangamma Infrastructures:**

8. The AO, on a perusal of the record before him, observed that the assessee company had provided sub-contract work of Rs. 8,22,48,188/-

and Rs. 3,28,19,932/- to Sri Satya Gangamma Infrastructures (for short, "M/s. SSGI") during the F.Y 2018-19 and F.Y 2019-20, respectively. However, the AO observed that M/s. SSGI had not provided any details regarding the aforesaid sub-contract work. In fact, it was observed by him that M/s. SSGI had not shown the aforementioned amounts as part of its contract service receipts in its return of income for the subject year, but had shown the same as a part of its total turnover of Rs. 24,13,21,802/-, i.e., sale of goods. The AO observed that the amount of Rs. 7,47,71,080/- that was received by M/s SSGI from the assessee company during F.Y.2018-19 towards sub-contract for excavation of canal and formation of embankment was also shown as a part of its sale of goods. The AO, based on the analysis of the work order and the return of income of M/s SSGI, observed that though the contract work provided by the assessee company to M/s. SSGI majorly consisted of service part, viz., labour expense, site running expenses etc., but the said sub-contractor had not shown any labour expenses or site expenses in its return of income for the year under consideration. Accordingly, the AO, based on the aforesaid fact, held a conviction that M/s. SSGI had not executed any work for the assessee company and was only involved in providing accommodation entries to the main contract dealing entity, i.e., the assessee company.

**C). M/s. Aaria Projects Private Limited:**

9. The AO, based on the material before him, observed that the assessee company had provided sub-contract work of Rs. 5,08,63,687/- during the F.Y. 2019-20 to M/s. Aaria Projects Private Limited (for short, "M/s. APPL"). The AO observed that the search and seizure proceedings that were conducted in the case of M/s. APPL by the Director General of Intelligence (Investigation), Hyderabad on 04/04/2019, revealed that the said entity was primarily involved in providing accommodation entries to major infrastructure companies. Apart from that, it was observed by him that, as per the information received from the GST Department, the aforementioned party, viz., M/s. APPL was involved in generating fake invoices without supplying goods and services. The AO, based on his aforesaid deliberations, concluded that M/s. APPL had not executed any work for the assessee company and was involved in providing accommodation entries to the main contract giving entity, i.e., the assessee company.

10. The AO based on his aforesaid observations regarding the transactions between the assessee company and the aforementioned sub-contractor entities, viz., (i) M/s. EIPPL; (ii) M/s. SSGI; and (iii) M/s. APPL called upon the assessee company to explain why the respective

payments made to them may not be treated as bogus sub-contract expenses. Although the assessee company rebutted the inferences sought to be drawn by the AO, but failed to substantiate the same based on supporting documentary evidence. Accordingly, the AO, based on his aforesaid deliberations, concluded that the amount of Rs. 13,65,22,222/- received by the assessee company from M/s. Megha Engineering and Infrastructure Limited (for short "M/s. MEIL"), which was further transferred to the aforementioned parties, viz., (i) M/s. EIPPL: Rs.5,28,38,603/-; (ii) M/s. SSGI: Rs. 3,28,19,932/-; and (iii) M/s. APPL: Rs. 5,08,63,687/- during the year was nothing but accommodation entries that were provided by the assessee company to the main contractor, viz., M/s. MEIL. Thus, the AO, based on his aforesaid conviction, worked out commission income @ 1% of the total of the aforementioned amounts transferred by the assessee company to the sub-contractors aggregating to Rs. 13,65,22,222/- and made an addition of Rs. 13,65,222/- as the income of the assessee company from other sources.

11. Apart from that, we find that the AO in the course of the assessment proceedings relied upon the contents of certain loose sheets that were seized during the course of the search proceedings from the residential premises of Sri R. Srinivas Reddy, Director of the

assessee company, at Plot No.110, Road No.72, Navnirman Nagar, Jubilee Hills, Hyderabad, and were marked as, viz. Annexure A-1/Pages 01 to 02, and observed that the same revealed that the assessee company had prior to April, 2019, made certain payments towards purchases, which thereafter it had received back in cash from the said parties and not recorded the same in its books of accounts. On a perusal of the assessment order, we find that the AO had made a specific reference to three such transactions, based on which he held a conviction that cash was received back by the assessee company from the parties to whom payments were made towards purchases, as under:

(i). **Entry in the name of “Basheer Khan Pump Direct RRR”:**

12. The AO observed that the assessee company had made a payment of Rs. 25 lacs to Basheer Khan fuel station on 02/04/2019 from its SBI bank account. The AO, referring to the aforesaid noting mentioned in the seized Annexure A-1/Pages 01-02, held a conviction that the assessee company after making a payment of Rs. 25 lakhs to Basheer Khan fuel station through banking channel on 02/04/2019, had thereafter taken back an amount of Rs. 20 lakhs on 09/04/2019 from the said concern and used the same for its non-business purposes. Also, the AO referred to the statement of Sri R. Srinivasa Reddy, Director of the assessee company, recorded under section 132(4) of the Act on

08/02/2020, wherein, on being confronted with the aforesaid noting recorded in the seized Annexure A-1/Pages 01-02 he had failed to explain the same.

**(ii). Entries related to – (i) D. Hari (“200 Hari D”)-without date; and (ii) “From D Hari-3200000 on 28/03/2019”:**

13. The AO referred to the aforesaid notings mentioned in the seized Annexure A-1/Pages 01-02, and observed that, as per the Tally Data of the assessee company for the F.Y. 2018-19, a ledger account in the name of “DHR Quality Fuels” was found. It was observed by him that the assessee company had, in March 2019, made a payment of Rs. 2 crores to “DHR Quality Fuels” towards the purchase of diesel during the said preceding year. Accordingly, the AO, referring to the contents of the seized document, i.e., Annexure A-1/Pages 01-02, observed that the same revealed that the assessee company had first made a payment of Rs. 2 crores to M/s. DHR Quality Fuels during March 2019 and had thereafter taken back cash of Rs. 32 lakhs from the said party on 28/03/2019. The AO pressed into service the statement of Sri R. Srinivasa Reddy, Director of the assessee company, recorded under section 132(4) of the Act on 08/02/2020, wherein he had failed to explain the aforesaid noting in the seized document.

**(iii) Entry of “RRR-2700000-Venkat Rama Ref-Fertilr”, date 09/04/2019:**

14. The AO, referring to the aforesaid noting mentioned in the seized document, viz., Annexure A-1/Pages 01-02, observed that the assessee company, as per its Tally Data for the F.Y. 2019-20, had made total payments of Rs. 26,73,528/- to M/s. Vinayaka Fertilisers. The AO, after correlating the aforesaid entry recorded in the tally data with the contents of the aforesaid seized document, observed that the assessee company, against the payment of Rs. 26.73 lakhs made to M/s. Vinayaka Fertilisers had received back from the said concern cash of Rs. 27 lakhs.

15. The AO, based on his aforesaid observations, called upon the assessee company to explain the entries mentioned in the aforesaid seized documents, viz., Annexure A-1/Pages 01-02. It was submitted by the assessee company that the notings in the seized loose slips were nothing but unsigned scribblings, wherein some names, amounts and dates were mentioned, which were nothing but rough estimates that did not speak anything related to bogus purchases, etc. Elaborating on its contention, it was submitted by the assessee company that the scribblings on the loose slips did not reveal the nature of the transaction, signatures of the persons with whom the transactions were purported to have been entered or even the signatures of the assessee, which, thus, revealed beyond doubt that they were merely rough notings. However,

the explanation of the assessee company did not find favour with the AO, who held a conviction that, as specific amounts were mentioned against the names of certain persons with specific dates, therefore, the same could not be brought within the meaning of rough workings or estimates. Accordingly, the AO, based on his aforesaid deliberations, concluded that the aforementioned notings revealed the cash received back by the assessee company from the sub-contractors or other parties from whom it had shown bogus purchases in its books of accounts. The AO, based on his aforesaid observations, which though were explicitly recorded only in context of the aforementioned three entries, however drew adverse inferences with respect to 24 entries mentioned in the seized document, viz., Annexure A-1/Pages 01-02 and made an addition of Rs.20,35,50,000/- by treating the same as the assessee's unexplained money under section 69A of the Act.

16. Thereafter, the AO, based on his aforesaid deliberations, vide his order passed under section 143(3) of the Act, dated 30/03/2022, determined the income of the assessee company at Rs. 30,46,19,302/-.

17. Aggrieved, the assessee company carried the matter in appeal before the CIT(A).

18. The assessee company had, in the course of the proceedings before the CIT(A), withdrawn its grounds of appeal qua the addition of

commission income of Rs. 13,65,222/- made by the AO. Accordingly, the CIT(A) dismissed the said ground as not pressed.

19. Apropos, the addition of Rs.20.35 crores (approx.) made by the AO under section 69A of the Act based on the handwritten loose sheets seized from the residential premises of the Director of the assessee company, Mr. R. Srinivasa Reddy, viz., Annexure A1/Pages 01-02, the CIT(A) observed that the same containing 24 entries pertaining to April 2019, purportedly represented the cash received by the assessee company from various vendors and sub-contractors. The CIT(A) observed that the AO had treated the entire amount mentioned in the seized loose sheets as the unexplained money of the assessee company, and concluded that the assessee company had inflated its expenses and received cash back from the concerned parties. The CIT(A), considering the facts involved in the case before him, called for two remand reports, undertook entry-wise examination and partly confirmed the additions made by the AO to the tune of Rs. 77 lacs, pertaining to three entries viz. (i). Entry of "Basheer Khan Pump Direct RRR": Rs. 20,00,000/-, dated 09/04/2019; (ii). Entry of "RRR-2700000-Venkat Rama Ref-Fertilr",dated 09/04/2019: Rs. 27,00,000/-; and (iii). Entry of "Cement Shop – Dwaraka RRR", dated 07/04/2019: Rs. 30,00,000/-

20. Both the assessee and the revenue aggrieved with the CIT(A) order has carried the matter by way of their respective appeals before us.

21. We have heard the Ld. Authorised Representatives of both parties, perused the orders of the authorities below and the material available on record, as well as considered the judicial pronouncements that have been pressed into service by the Ld. Authorised Representatives of both parties to drive home their respective contentions.

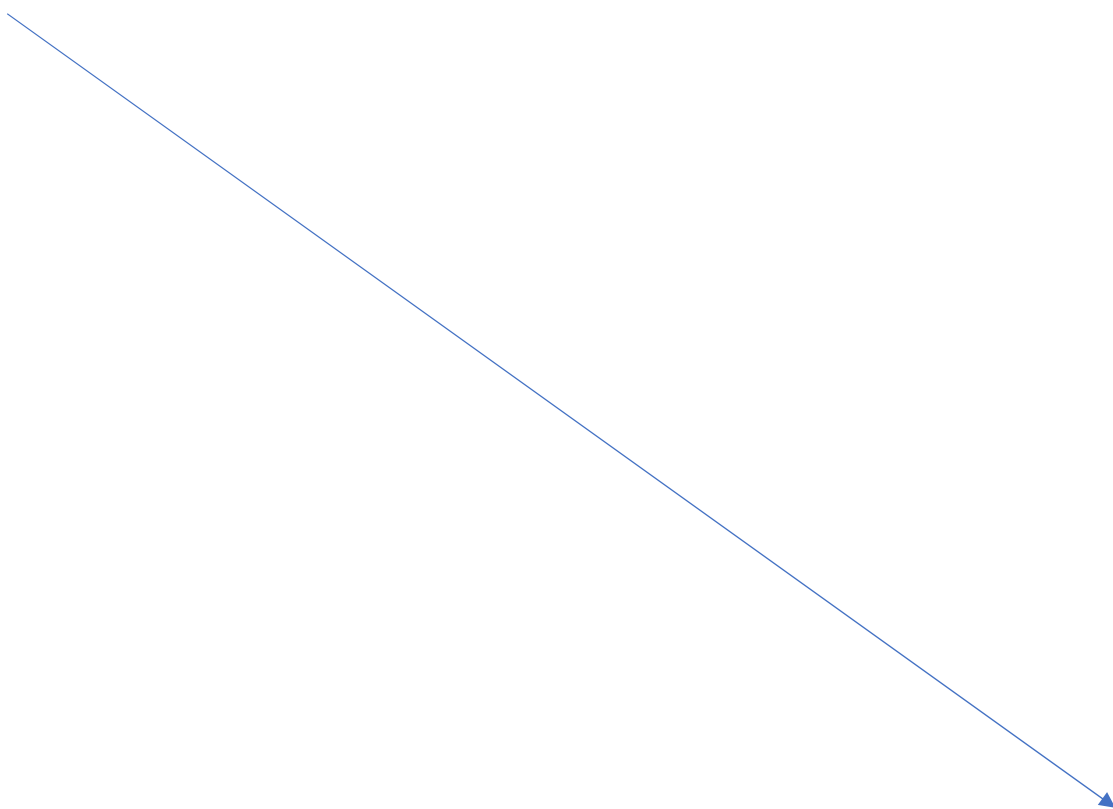
22. We find on perusal of the CIT(A) order that the assessee company had assailed the assessment order before him based on its three-fold contentions, viz., (i) that the order passed by the AO under section 143(3) of the Act, dated 30/03/2022 was barred by limitation under section 153B r.w.s 292CC(2) of the Act as the assessment that was to be completed latest by 30/09/2021 was concluded on 30/03/2022; (ii) that the addition made by the AO based on the rough notings/scribbings on the seized loose papers, viz., Annexure A1/Pages 01-02 which were unsigned, partly undated, uncorroborated and unsupported by any tangible evidence in absence of any unaccounted cash or assets could not have been made under section 69A of the Act; and (iii) that the additions made by the AO under section 69A of the Act of Rs.20.35

crores (supra) corresponding to 24 notings appearing on the seized loose sheets, Annexure A1/Pages 01-02 were not sustainable.

23. As is discernible from the record, the CIT(A) did not find favour with the contentions advanced by the assessee company that the order passed by the AO under section 143(3) of the Act, dated 30/03/2022, was barred by limitation as per section 153B r.w.s 292CC of the Act. Although, it was the claim of the assessee company that as the search in the case of the assessee company was concluded based on the last panchnama drawn on 09/02/2020 and the outer limit expired on 30/09/2021 after giving effect to the extensions granted under the Taxation And Other Laws (Relaxation and Amendment of certain provisions) Act, 2020 (for short, "TOLA"), but the CIT(A) held a firm conviction that as the search was conducted jointly in M/s. Prathima Infrastructure Limited (for short, "M/s. PIL") group of cases and as the date of the last panchnama drawn on the said group was 23/07/2020, therefore, the same would govern the reckoning of the period of limitation and, thus, the assessment completed in the case of the assessee company was within the statutory time limit.

24. We shall first deal with the observations of the CIT(A), wherein he had, though sustained the additions made by the AO pertaining to three entries viz. (i). Entry of "Basheer Khan Pump Direct RRR": Rs.

20,00,000/-, dated 09/04/2019; (ii). Entry of “RRR-2700000-Venkat Rama Ref-Fertil”,dated 09/04/2019: Rs. 27,00,000/-; and (iii). Entry of “Cement Shop – Dwaraka RRR”, dated 07/04/2019: Rs. 30,00,000/- aggregating to Rs. 77 lacs, but vacated the balance additions. Before proceeding further, we deem it apposite to observe that it is the claim of the assessee company before us that though the total of the 24 entries along with the further 4 entries aggregates to Rs. 13,38,27,000/-but the AO had taken the same at an amount of Rs. 20,35,50,000/-. Accordingly, it is the claim of the Ld. AR that the addition of Rs. 6,97,23,000/- is excessive in nature on bare reading of seized Annexure A-1/Pages 01-02. The Ld. AR’s claim, for the sake of clarity, as has been projected before us in his written submissions, is culled out as under:



Sr.No	Amount as per seized material	As per CIT(A) Order	Sr.No of Seized material
1	7,900,000	7,900,000	3,19 & 23
2	11,677,000	11,677,000	5,9,13 & 15
3	34,500,000	34,500,000	4,6,7,11,12,14 & 17
4	20,800,000	20,800,000	1 & 10
5	46,350,000	128,673,000	2,8,16,18,20,21,22 & 24 (Rs.4,63,50,000/- plus name less entries of 4 in number Rs.1,26,00,000/- totaling to Rs.5,89,50,000/-) and Balancing figure of Rs.6,97,23,000/-
6	4,000,000		
7	2,600,000		
8	4,000,000		
9	2,000,000		
	<b>133,827,000</b>	<b>203,550,000</b>	

25. Be that as it may, as on merits the assessee company has assailed the CIT(A) order w.r.t the aforesaid 3 additions made by the AO, which thereafter have been sustained by the CIT(A), and the revenue has challenged not all but certain specific additions made by the AO, which thereafter have been deleted by the CIT(A), therefore, we shall, hereinafter confine our observations and adjudication only regarding such additions that are challenged in the present cross-appeals before us, as under:

**(A). Entry dated 07/04/2019 stated as “Cement Shop-Dwaraka-RRR”  
for Rs.30,00,000/-:**

25. The AO observed that the assessee company had made a payment to M/s. Dwaraka Constructions of Rs. 1.50 crores on 12/04/2019. The AO taking cognisance of the noting/scribbling mentioned in the loose sheets found in the course of the search proceedings, viz., Annexure A-1/Pages 01-02, wherein it was mentioned, viz. “Cement Shop-Dwaraka-RRR”, dated 07/04/2019 for Rs. 30,00,000/-, held a conviction that the amount of Rs. 30 lakhs mentioned in the seized loose sheets, viz., Annexure A-1/Pages 01-02, could have been received by the assessee company from M/s. Dwaraka Constructions on 07/04/2019.

26. On appeal, the CIT(A) after considering the second “remand report” of the AO and the rejoinder of the assessee company, held a firm conviction that as the subject expenditure of Rs.1.50 crores was incurred by the assessee company on 12/04/2019, i.e., during the year under consideration itself, therefore, the noting/scribbling on the loose sheets seized in the course of the search proceedings, viz., Annexure A1/Pages 01-02 wherein an amount of Rs.30 lakhs was mentioned against the name of the aforementioned party to whom the payment was made during the year under consideration could safely be related to the said

transaction. Also, the CIT(A) observed that there was a similarity in the name of the party to whom the assessee company had made a payment of Rs. 1.50 crores, i.e., “M/s. Dwaraka Constructions” vis-à-vis the name mentioned in the loose sheet seized in the course of the search proceedings, i.e., “Dwaraka-RRR”. The CIT(A) based on his aforesaid conviction, viz., (i) there was a similarity in the names mentioned in the seized loose sheet and the transaction accounted for in the Tally Data by the assessee company; and (ii) that both the transactions were carried out during the subject year, i.e., AY 2020-21, upheld the addition made by the AO.

27. We have given thoughtful consideration to the observations of the authorities below. At the threshold, we may herein observe that the AO in his second “remand report” filed before the CIT(A) had observed that the amount of Rs. 30 lakhs *“could have been received from M/s. Dwaraka Constructions by the assessee company”*. Accordingly, the very observation of the AO itself evidences that he was himself not confident that the transaction gathered from the contents of the said loose sheet seized, i.e., Annexure A1/Pages 01-02, pertained to the payment that was made by the assessee company to M/s. Dwaraka Constructions of Rs. 1.50 crores on 12/04/2019. Apart from that, as the alleged cash receipt of Rs. 30 lakhs on 07/04/2019 precedes the

payment of Rs. 1.50 crores that was made by the assessee company to M/s. Dwaraka Constructions on 12/04/2019, therefore, are unable to comprehend that in case the aforementioned party/concern, viz., M/s. Dwaraka Constructions had provided an accommodation entry to the assessee company, i.e., a beneficiary, then how the payment of Rs. 30 lakhs could have been received by the assessee company prior to the making of the payment of Rs. 1.50 crores on 12/04/2019. Be that as it may, we find that the AO in his attempt to correlate the noting/scribbling on the loose sheets viz., "Cement shop-Dwaraka-RRR" with the transactions carried out by the assessee company with M/s. Dwaraka Constructions had failed to bring on record any grain of evidence which would irrefutably corroborate his view. In fact, we find that the AO had not even carried out any enquiry with M/s. Dwaraka Constructions, before drawing adverse inferences and treating the amount of Rs. 30 lakhs (supra) as mentioned in the seized loose sheet, viz., Annexure A-1/Pages 01-02, as the amount received by the assessee company from M/s. Dwaraka Constructions. In our view, such unsubstantiated additions merely based on suspicion, however strong, cannot be sustained *de hors* the absence of any material/evidence supporting the same. Our aforesaid view is supported by the order of the **Hon'ble Supreme Court** in the case of **Common Cause (Registered Society)**

**Vs. Union of India (2017) 394 ITR 220 (SC)**, wherein it is held that loose sheets and random notings without corroborative evidence lack evidentiary value. We thus, in terms of our aforesaid deliberations, are unable to concur with the view taken by the CIT(A), who, without giving any cogent and plausible reason, had sustained the addition of Rs. 30 lakhs made by the AO in thin air. Accordingly, the addition of Rs. 30 lakhs sustained by the CIT(A) is vacated. The **Ground of appeal no. 4** raised by the assessee company is allowed.

**(B) Entry of “RRR-2700000-Venkat Rama Ref-Fertilr”, date 09/04/2019:**

28. As observed by us hereinabove, the AO, referring to the aforesaid noting mentioned in the seized document, viz., Annexure A-1/Pages 01-02, observed that the assessee company, as per its Tally Data for the F.Y. 2019-20, had made total payments of Rs. 26,73,528/- to M/s. Vinayaka Fertilisers. The AO, after correlating the aforesaid entry recorded in the tally data with the contents of the aforesaid seized document, observed that the assessee company against the payment of Rs. 26.73 lakhs made to M/s. Vinayaka Fertilisers had received back from the said concern cash of Rs. 27 lakhs.

29. We have given thoughtful consideration to the contentions advanced by the Ld. AR's of both parties as regards the issue in hand,

i.e., the addition of Rs. 27 lacs made by the AO, which, thereafter, had been upheld by the CIT(A).

30. At the threshold, we may observe that as the name mentioned in the seized loose sheet is “Venkat Rama Ref-Fertilr”, while for that considered by the AO as recorded in the tally data of the assessee company is “Vinayak Fertilizers”, therefore, the AO, before drawing any inferences in context of the noting recorded in the seized loose sheet was statutorily obligated to have proved that both the above two entities were same. However, we find that the AO had failed to discharge the onus cast upon him and had summarily presumed without any basis that both the said entities were the same. In fact, we find that though the CIT(A) had taken cognisance of the said material fact that the names of the said two entities were not identical, but thereafter had most arbitrarily proceeded on the ground that there was some similarity in the names of the said two entities. We are unable to persuade ourselves to subscribe to the approach adopted by both the lower authorities, who we are pained to observe had put the said material aspect under the carpet and had proceeded to draw adverse inferences in the hands of the assessee company. Apart from that, we find that a reference to the amount of Rs. 27 lakh (dt. 09/04/2019) mentioned in the seized loose sheet as against the payments recorded in the tally data of the assessee company

aggregating at Rs. 26,73,528/-, viz. (i). On 15/04/2019: Rs. 16,23,477/-; and (ii). On 16/04/2019: Rs. 10,50,000/-, also inspires no confidence regarding the view taken by the AO that the assessee company, as per the seized loose sheet, had received back an amount of Rs. 27 lakh as against the payment of Rs. 26,73,528/- made to the aforementioned person. We say so, for more than one reason, viz. (i). that it is incomprehensible that the assessee company, against a payment of Rs. 26,73,528/- made to the aforesaid party, would have received in lieu of the said accommodation entry an amount in excess, i.e., Rs. 27 lac from the said party, as no vendor who is providing accommodation entries will pay more than what he had received; and (ii). that it is also difficult to comprehend that the aforesaid party, which had provided an accommodation entry to the assessee company, would have prior to receipt of amount from the assessee company on 15/16.04.2019, paid cash of Rs. 27 lac on 09.04.2019, as it is against common logic that the cash is returned by accommodation entry providers (after deducting their commission) only after actual payment is made by the beneficiary. Apart from that, we are of the view that as both the authorities below had not even thought it fit to examine the person (as mentioned in the tally data) and had summarily drawn adverse inferences despite the aforementioned serious infirmities emanating from the vague

noting/scribbling in the seized loose sheets, therefore, on the said count also we are unable to persuade ourselves to subscribe to the view taken by the CIT(A) who had summarily upheld the addition made by the AO. Our aforesaid view is supported by the order of the **Hon'ble Supreme Court** in the case of **Common Cause (Registered Society) Vs. Union of India(2017) 394 ITR 220 (SC)**, wherein it is held that loose sheets and random notings without corroborative evidence lack evidentiary value. In fact, we find that though the CIT(A) had in his order taken cognizance of the aforesaid discrepancies in the contents of the seized loose sheet vis-à-vis the entry recorded in the tally data, but had thereafter upheld the addition for the standalone reason that the booking of the expenses and the entry of the cash receipt are in the same financial year. We, thus, not being able to concur with the unsubstantiated view taken by the CIT(A), set aside his order and vacate the addition of Rs. 27 lac made by the AO. The **Ground of appeal No. 3** raised by the assessee company is allowed.

(C). **Entry in the name of “Basheer Khan Pump Direct RRR”  
Rs. 20 lacs:**

31. The AO observed that the assessee company had made a payment of Rs. 25 lacs to “Basheer Khan fuel station” on 02/04/2019 from its SBI bank account. The AO, referring to the aforesaid entry mentioned in the seized Annexure A-1/Pages 01-02, held a conviction

that the assessee company after making a payment of Rs. 25 lakhs to Basheer Khan fuel station through banking channel on 02/04/2019, had thereafter taken back an amount of Rs. 20 lakhs on 09/04/2019 from the said concern and used the same for its non-business purposes. Also, the AO referred to the statement of Sri R. Srinivasa Reddy, Director of the assessee company, recorded under section 132(4) of the Act on 08/02/2020, wherein, on being confronted with the aforesaid entry recorded in the seized Annexure A-1/Pages 01-02 he had failed to explain the same.

32. We have given thoughtful consideration to the aforesaid addition of Rs. 20 lacs made by the AO, which, thereafter, had been approved by the CIT(A). At the threshold, we may observe that it has been the claim of the assessee company from the beginning that the contents of loose sheets were rough estimates and not real transactions. Also, Sri. Srinivasa Reddy, director of the assessee company, had in his statement recorded under section 132(4) of the Act, dated 08.02.2020, inter alia, denied of having received back the amounts paid to the vendors/sub-contractors. In our view, in case the AO intended to disbelieve the claim of the assessee company and act upon the contents of the same for inferring that the same revealed the cash of Rs. 20 lacs that it had received back from the aforesaid party (on 09.04.2019) pursuant to the

payment of Rs. 25 lacs made to the latter through banking channel (on 02.04.2019), then considering the claim of the assessee company that the impugned noting was a rough estimate, it was incumbent upon him to have brought on record any material to support his conviction and dislodge the claim of the assessee company. We say so, for the reason that as the assessee company had denied of having made any cash payment to the aforesaid party, therefore, onus was cast upon the AO to prove to the contrary as the assessee company could not have been called upon to prove the negative. Our aforesaid view is fortified by the judgment of the **Hon'ble High Court of Andhra Pradesh** in **Asam Srinivasa Reddy Vs. ITO (2022) 145 taxmann.com 659 (AP)**, wherein it is held that the negative cannot be proved by the assessee. In our view, the bare minimum that was required on the part of the AO was to examine the aforesaid party, viz. M/s Basheer Khan Fuel Station instead of making the impugned addition in thin air without any supporting material. Although the contents of the subject loose slip read in the backdrop of the payment made by the assessee company to the aforesaid party might have raised some doubt in the mind of the AO regarding the genuineness of its claim of expenditure of Rs. 25 lac paid through banking channel to the said party, but we are afraid that doubts and suspicion, however strong, cannot take the place of evidence. Our

aforesaid view is supported by the judgments of the **Hon'ble Supreme Court** in **Lalchand Bhagat Ambica Ram Vs. CIT (1959) 37 ITR 288 (SC)** and **Umacharan Shaw & Bros. Vs. CIT (1959) 37 ITR 271 (SC)**.

We thus, in the backdrop of our aforesaid observations, are of a firm conviction that as both the lower authorities had merely acted upon the noting/scribbling in the seized loose sheet, and had failed to bring any material on record which would conclusively reveal that the assessee company had booked bogus expenses towards the purchase of fuel from the aforesaid party and had received the amount as mentioned in the noting/scribbling in the seized loose sheet, therefore, are unable to concur with the CIT(A) who had upheld the impugned unsubstantiated addition made by the AO only for the reason that there was a similarity in the names of the parties mentioned in the seized loose sheet and the tally data and the assessee company prior to the date mentioned in the seized loose sheet had made a payment to the aforesaid party on 02.04.2019 and, thus, set aside his order and direct the AO to delete the addition of Rs. 20 lacs. The **Ground of appeal No. 2** raised by the assessee company is allowed.

33. We shall now deal with the next category of 7 entries aggregating to Rs. 3.45 crores, where names appearing in the seized loose sheets,

viz., Annexure A-1/Pages 01-02, were found in the Tally Data of the assessee company, but no corroborating transactions were identified.

34. We find on a perusal of the CIT(A) order that the AO had in his “remand report” referred to the names mentioned against 7 notings as were gathered from the seized documents, viz., Annexure A-1/Pages 01-02, wherein though there was some semblance in the names found in the Tally Data of the assessee company, but transactions in the Tally Data could not be correlated with the entries in the seized documents, which for the sake of clarity are culled out as under:

S.No	Entry present in the seized document			Name found in the Tally data
v	6-4-19	5,00,000	From K. Prabhakar - Vasu	K. Prabhakar Reddy
vi	6-4-19	81,00,000	From Adi & Homara - Vasu	V. Adinarayana Reddy
vii	5-4-19	55,00,000	Vasu - Siva Reddy - Nagireddy	P. Siva Kumar Reddy
viii	7-4-19	60,00,000	RR Stone Crusher (Direct)	Sri Raja Rajeshwari Stone Crusher
ix	8-4-19	35,00,000	From Adi Reddy	V. Adinarayana Reddy
x	8-4-19	55,00,000	From Lomuda Mohan (Vasu)	P. Murali Mohan Reddy
xi	9-4-19	54,00,000	From Lomuda Mohan	P. Murali Mohan Reddy
		3,45,00,000/-		

35. Ostensibly, the assessee company on being confronted with the aforementioned 7 entries had come forth with multi facet contentions, viz., (i) that the names in the Tally Data of the seized documents were not identical and therefore, it could not be conclusively said that they were the same individuals; (ii) that as the AO had not pointed out whether the assessee company has booked any expenditure which could be regarded as bogus expenditure in respect of the said individual

parties, therefore, in absence of any expenditure having been booked against the names of the said parties no disallowance was called for in the hands of the assessee company; and (iii) that though the names of the individuals/parties were appearing in the Tally Data, but there was no mention of the details of the transactions and amounts. Accordingly, the assessee company, based on the aforesaid facts, had claimed that in the absence of the aforesaid crucial details, no adverse inference could be drawn in the hands of the assessee company.

36. On appeal, the CIT(A) after considering the “remand reports” of the AO in the backdrop of the rejoinder filed by the assessee company found favour with the claim of the assessee company by observing, viz., (i) that as the names in the Tally Data and the seized documents were not identical, therefore, it could not be conclusively said that they were the same individuals; (ii) that though the AO had drawn some semblance with the names appearing in the Tally Data, however, in absence of the details of transactions and amounts no adverse inferences could have been drawn in the hands of the assessee company; and (iii) that as the AO has not pointed out that the assessee company had booked any expenditure against the names of the subject individuals which could be regarded as bogus expenditure, therefore, in absence of any expenditure having been booked against the names of the

aforementioned parties in the books of accounts of the assessee company, the theory of bogus expenditure and receipt of cash could not be proved. Also, the CIT(A) categorically observed that though the particulars for examination were provided to the AO twice for submission of remand report, but no adverse corroborative findings were given by the AO with respect to the aforementioned 7 entries. Accordingly, the CIT(A), based on his aforesaid observations, found no merit in the addition of Rs. 3.45 crores made by the AO with respect to the 7 entries mentioned in the seized loose sheets, viz., Annexure A-1/Pages 01-02 and vacated the same.

37. We have given thoughtful consideration to the view taken by the lower authorities regarding the addition of Rs. 3.45 crores made by the AO with respect to the 7 entries in the seized documents, viz., Annexure A-1/Pages 01-02, which thereafter had been vacated by the CIT(A).

38. At the threshold, we concur with the CIT(A) that as the names mentioned in the seized documents, viz., Annexure-A1/Pages 01-02 regarding the aforementioned 7 entries are not identical to those mentioned in the Tally Data, therefore, on the said count itself no adverse inference could have been drawn in the hands of the assessee company. Also, we are of firm conviction that as the AO had neither placed on record any material to correlate the entries mentioned in the

seized loose sheets, viz., Annexure A1/Pages 01-02 with the persons mentioned in the Tally Data, i.e., by recording the statements of the said respective persons or otherwise, therefore, the addition so made by him being devoid and bereft of any supporting material cannot be sustained. Our aforesaid view is supported by the order of the **Hon'ble Supreme Court** in the case of **Common Cause (Registered Society) Vs. Union of India (2017) 394 ITR 220 (SC)**, wherein it is held that loose sheets and random notings without corroborative evidence lack evidentiary value. Apart from that, we find it incomprehensible that now when the assessee company had not booked any expenditure against the names of the subject persons in its books of account, then on what basis any disallowance of an expenditure based on the vague notings/scribbles in the seized loose sheets, viz., Annexure A-1/Pages 01-02 could have been made in the hands of the assessee company. Accordingly, finding no infirmity in the view taken by the CIT(A), who, in our view, had based on his reasoned observations vacated the unsubstantiated addition of Rs. 3.45 crores (supra) made by the AO with respect to the aforementioned 7 entries, uphold his order. The **Ground of appeal No. 1** raised by the revenue is dismissed.

39. We shall now deal with the balance of 8 entries (out of 10 entries) in the seized documents, viz., Annexure A-1/Pages 01-02. As is

discernible from the record, the seized document, viz. Annexure A-1/Pages 01-02, inter alia, comprises of 10 entries viz., (i) 8 entries stated to be mentioned in the nick name of the Director of the assessee company and his brother in the seized material but not found in the books of accounts; and (ii) two entries, i.e., (a) dated 01/04/2019; Rs.73,00,000/-; and (b) dated: 07/04/2019: Rs.1,35,00,000/- that could not be correlated with the books of accounts. On a perusal of the CIT(A) order, we find that the assessee company had at no stage owned the entries bearing the nicknames of its Director or his brother. In fact, the assessee company, in its rejoinder filed with the CIT(A), had submitted that the observations of the AO itself proved that the notings in the seized documents/loose sheets were rough scribblings and not related to the assessee company. Accordingly, it was the claim of the assessee company that since the AO could neither establish any correlation between the rough notings/scribblings mentioned in the seized documents with the transactions recorded in the books of accounts of the assessee company, nor he could establish the names mentioned in the seized documents despite having been afforded two opportunities to file his remand report, therefore, the additions made by him being devoid and bereft of any substance were liable to be vacated.

40. On appeal, the CIT(A) after taking cognizance of the “remand reports” of the AO and the rejoinder of the assessee company, had observed, that the AO in his second “remand report” admitted that 8 entries (out of 10 entries) mentioned in the seized documents/loose sheets though bore the nick name of the director of the assessee company and his brother but neither of them were found recorded in the Tally Data and the books of accounts of the assessee company. The CIT(A), based on the fact that no correlation could be made between the notings/scribblings in the seized loose sheets, viz., Annexure A-1/Pages 01-02 and the Tally Data/books of accounts of the assessee company, thus held a conviction that no adverse inferences could have been drawn by the AO based on the unsubstantiated notings. Apart from that, the CIT(A) was of the view that the observation of the AO that 8 entries in the seized loose sheets, viz., Annexure A-1/Pages 01-02, bearing the names of the Director of the assessee company and his brother were not found in the Tally Data and the books of accounts, could safely be construed as an admission on his part that no such bogus expenses were booked by the assessee company as no such corresponding data was available in the Tally Data of the assessee company for the subject year. Accordingly, the CIT(A) held a firm conviction that, as the AO had no evidence that the assessee company had debited any bogus

expenditure, therefore, the disallowance/addition made by him could not be sustained.

41. As the revenue has assailed the CIT(A) order only to the extent that he had erred in vacating the addition made by the AO in respect of 8 parties (out of 10 parties) aggregating to Rs. 12,86,73,000/-, therefore, we are restricting our adjudication only to the said extent.

42. The CIT(A), based on his aforementioned observations regarding the abovementioned 8 entries mentioning the nick names of the Director of the assessee company and his brother, which could not be correlated with the books of accounts: Rs. 1286.23 lakhs, had vacated the same.

43. We have given thoughtful consideration to the observations of the CIT(A) based on which he had vacated the addition of Rs. 1286.23 lakhs (supra) relating to the aforementioned 8 entries. In our view, as the AO had in his second “remand report” admitted that the 8 entries mentioning the nick name of the Director of the assessee company and his brother could not be found in the Tally Data and the books of accounts of the assessee company, therefore, as observed by the CIT(A), and rightly so, there could not have been any justification for the AO after conceding to the aforesaid factual position to have sustained the addition with respect to the aforementioned 8 entries. Also, we concur with the CIT(A) that as the AO had conceded in his “remand report” that the entries bearing nick

names of the Director of the assessee company and his brother could not be traced in the Tally Data/books of account of the assessee company, therefore, it is nothing short of admission by the AO that no corresponding bogus expenses were booked by the assessee company during the year under consideration. We thus, in terms of our aforesaid observations are persuaded to subscribe to the view taken by the CIT(A) that as the AO had no evidence before him which could reveal that the assessee company had booked any bogus expenditure during the year under consideration, therefore, there was no justification for him to make any addition/disallowance based on the unsubstantiated entries in the seized loose sheets, viz., Annexure A-1/Pages 01-02. Our aforesaid view is supported by the order of the **Hon'ble Supreme Court** in the case of **Common Cause (Registered Society) Vs. Union of India (2017) 394 ITR 220 (SC)**, wherein it is held that loose sheets and random notings without corroborative evidence lack evidentiary value.

44. Although, we have vacated the impugned addition made by the AO with respect to the 24 entries mentioned in the seized loose sheets/documents, viz., Annexure A-1/Pages 01-02 based on our aforesaid observations, but as the revenue has assailed the view taken by the CIT(A) that the AO could not have made the impugned addition by invoking the provisions of section 69A of the Act, therefore, for the

sake of completeness we deem it apposite to deal with the said material aspect.

45. Before proceeding further, we deem it fit to cull out section 69A of the Act, which reads as under:

**“69A.** Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year.”

46. Ostensibly, the provisions of section 69A can be pressed into service only in a case where the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article; or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, then the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year. Accordingly, the conditions that are

required to be cumulatively satisfied for triggering the provisions of section 69A of the Act can be safely dissected, viz., (i) that the assessee is found to be the owner of money, bullion, jewellery or any other valuable article; (ii) that such money, bullion, jewellery or valuable article is not recorded in the books of account, if any, maintained by the assessee for any source of income; and (iii) that the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable articles; or the explanation offered by him is not, in the opinion of the AO, satisfactory. Thus, it is only on such cumulative satisfaction of the aforementioned set of conditions that the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for the said financial year under Section 69A of the Act.

47. As observed by us hereinabove, the very first precondition for invoking section 69A of the Act is that the assessee is found to be the owner of any money, bullion, jewellery or valuable article.

48. Coming to the facts of the present case, we find that it is the claim of the revenue that they had during the course of the search proceedings conducted on the assessee company seized certain loose sheets, viz., Annexure A-1/Pages 01-02, which revealed that certain expenses that

were debited by the assessee company and claimed as a deduction either during the year under consideration or in the immediately preceding year were received back in cash from the concerned parties. However, we concur with the CIT(A) that as during the course of the search proceedings, no corroborative evidence based on the notings of the seized loose sheets, viz. Annexure A-1/Pages 01-02 was found which would reveal that the assessee company was the owner of any unaccounted cash, unaccounted jewellery, unaccounted assets etc., therefore, the basic pre-condition for invoking the provisions of section 69A of the Act, i.e., ownership of money or bullion, jewellery or valuable articles, not recorded in the books of recorded in the books of accounts and failure to satisfactorily explain the nature and source of the same is in itself not met out, as a result whereof the provisions of section 69A of the Act could not have been invoked by the AO. Our aforesaid view that the first condition for applying the provisions of Section 69A is that the assessee should be found to be the owner of any money, bullion, jewellery or other valuable article and, secondly, the same should not be found recorded in the books of account of the assessee, if any, maintained by him is supported by the judgment of the **Hon'ble High Court of Punjab & Haryana in CIT Vs. Ravi Kumar (2008) 168 Taxman 150 (P&H)**. In the case before them, the Hon'ble High Court

observed that based on the loose slips found in the course of the search proceedings from the assessee the addition was made under Section 69A of the Act. The Hon'ble High Court observed that the assessee before them was found in possession of loose slips and not of any valuable article or thing. Also, it was further observed that neither the possession nor the ownership of any jewellery mentioned in the slips could be proved. The High Court, based on the aforesaid facts, upheld the view taken by the Tribunal that the provisions of Section 69A of the Act could not have been applied. Also, we find that a similar view had earlier been taken by the **Hon'ble High Court of Calcutta** in the case of **Kantilal Chandulal & Co. Vs. CIT (1982) 136 ITR 889 (Cal)**.

49. Alternatively, the CIT(A) has rightly observed that now, when the AO, while framing the assessment, had himself tried to relate the entries in the seized loose sheets with the duly recorded entries in the books of accounts of the assessee company, i.e., as cash received by the assessee company from its vendors/sub-contractors on account of bogus or inflated expenses that it had booked in its books of account for either the year under consideration or the immediately preceding year, thus, the said aspect itself contradicts the invoking of the provisions of section 69A of the Act.

50. We, thus, in terms of our aforesaid observations concur with the CIT(A) that as the AO had failed to take cognizance of the fact that the basic conditions required for triggering the provisions of section 69A of the Act in the case of the assessee company had not been satisfied, therefore, there could have been no justification for him to have made the impugned additions qua the alleged bogus or inflated expenses in the hands of the assessee company under the said statutory provision. The **Ground of appeal No.3** raised by the revenue is dismissed.

51. The **Ground of appeal no.4**, raised by the revenue being general, is dismissed as not pressed.

52. As we have upheld the CIT(A)'s order to the extent he has vacated the additions made by the AO which have been assailed by the revenue before us, viz., (i) addition in respect of 7 entries mentioned in the loose sheets, viz., Annexure A-1/Pages 01-02: Rs. 3.45 crores; and (ii). the addition in respect of 8 entries as per the seized loose sheets, viz., Annexure A-1/Pages 01-02: Rs.12,86,73,000/-; and also vacated the impugned additions made by the AO which were sustained by the CIT(A), viz., (i) addition with respect to alleged amounts received back by the assessee company from "Basheer Khan Pump Direct RRR": Rs. 20 lakhs; (ii) addition with respect to the alleged amounts received back by the assessee company from "Venkat Rama Ref-Fertilr": Rs.27 lakhs;

and (iii) addition with respect to the alleged amount received from “Cement Shop-Dwaraka-RRR”: Rs. 30 lakhs, and have also upheld the view taken by the CIT(A) that the impugned additions could not have been made by the AO by invoking the provisions of section 69A of the Act, therefore, the contentions advanced by the assessee company based upon its “additional ground of appeal” wherein it has assailed the validity of the assessment order passed by the AO under section 143(3) of the Act, dated 30/03/2022 on the ground that the same was barred by limitation having been rendered as merely academic in nature is not being adverted to and adjudicated upon and thus, is left open.

53. Resultantly, the appeal filed by the revenue being devoid and bereft of any substance is dismissed, and the appeal filed by the assessee company is allowed in terms of our aforesaid observations.

Order pronounced in the open court on 25<sup>th</sup> February, 2026.

<b>Sd/-</b> <b>(MANJUNATHA G.)</b> <b>ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(RAVISH SOOD)</b> <b>JUDICIAL MEMBER</b>
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Hyderabad,  
Dated 25<sup>th</sup> February, 2026.

**\*\*OKK / SPS**

Copy to:

S.No	Addresses
1	(i) Assistant Commissioner of Income Tax, Central Circle-2(4), Room No.610, 6 <sup>th</sup> Floor, Aayakar Bhavan, Basheerbagh, Hyderabad, Telangana-500004. (ii) Deputy Commissioner of Income Tax, Central Circle-2(4), 6 <sup>th</sup> Floor, Aayakar Bhavan, Basheerbagh, Hyderabad, Telangana-500029.
2	M/s. R.K. Infracorp Private Limited, Flat No.207, Lumbini Enclave, Opp. NIMS, Punjagutta, Hyderabad-500082.
3	The Pr.CIT, Central Circle, Hyderabad
4	The DR, ITAT Hyderabad Benches
5	Guard File

By Order

Sr. Private Secretary,  
ITAT, Hyderabad.