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

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

आयकरअपीलसं./**I.T.A.Nos.1089 to 1095/Hyd/2025**
(निर्धारण वर्ष/ **Assessment Years: 2014-15 to 2020-21)**

Prathima Infrastructure Limited, Hyderabad. PAN : AABCP2098P	*Vs.*	The Deputy Commissioner of Income-Tax, Central Circle – 2(4), Hyderabad.
(अपीलार्थी/ Appellant)		**(प्रत्यर्थी/ Respondent)**

आयकरअपीलसं./**I.T.A.Nos.1125 to 1129/Hyd/2025**
(निर्धारण वर्ष/ **Assessment Years: 2016-17 to 2020-21)**

The Assistant Commissioner of Income-Tax, Central Circle – 2(4), Hyderabad.	*Vs.*	Prathima Infrastructure Limited, Hyderabad. PAN : AABCP2098P
(अपीलार्थी/ Appellant)		**(प्रत्यर्थी/ Respondent)**

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	**Shri K.C. Devdas, C.A. and Shri Poorna Chander Rao, C.A.**
राजस्व का प्रतिनिधित्व/ Department Represented by	:	**Dr. Narendra Kumar Naik, CIT-DR and Dr. Sachin Kumar, Sr. A.R.**
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	20.02.2026
घोषणा की तारीख/ Date of Pronouncement	:	27.03.2026

O R D E R

PER BENCH :

The captioned appeals filed by the assessee and Revenue are directed against the separate, but identical orders of the learned Commissioner of Income Tax (Appeals) – 12, Hyderabad, dated 09.04.2025, pertaining to the assessment years 2014-15 to 2020-21, respectively. Since facts are identical and common issues are involved in all 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. The assessee has more or less raised common grounds of appeal in all the captioned appeals. Therefore, for the sake of brevity, the grounds of appeal filed by the assessee in ITA.No.1089/Hyd/2025 for the assessment year 2014-15 are reproduced as under:

> *"1. The learned Commissioner of Income Tax (Appeals) (for short - CIT(A) erred in law and on facts in upholding the additions made by the Assessing Officer. The additions are unjustified in law and liable to be deleted.*
>
> *2. The learned CIT(A) erred in law and on facts in upholding the validity of the impugned assessment as being completed within the time limit prescribed under Section 153B read with Section 153A of the Income-tax Act, 1961, without appreciating the distinct legal implications arising from the issuance of a joint warrant in which the appellant-company was a separate person.*
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> *2.1 The learned CIT(A) failed to appreciate that the search in the case of the appellant-company was independently initiated on 06.02.2020 and conclusively completed on 12.02.2020, as evidenced by the Panchnama drawn on the said date; accordingly, the limitation for completion of assessment under Section 153B, after considering the extensions permitted under TOLA, expired on 30.09.2021, rendering the assessment completed in March 2022 time-barred.*

2.2 The learned CIT(A) failed to correctly apply the provisions of Section 292CC, which categorically clarify that each person named in a joint warrant constitutes a distinct and separate assessee; hence, the search concluded in the case of the appellant-company on 12.02.2020 must be treated independently for the purposes of computing the limitation under Section 153B.

2.3 The learned CIT(A) erred in law in treating the Panchnama dated 23.07.2020, drawn at the residential premises of the appellant's Managing Director and his spouse, as relevant for computing the limitation period in the case of the appellant-company, disregarding that the said individuals are separate persons under Sections 2(31) and 292CC, and the release of PO in their premises bears no nexus to the conclusion of the search in the case of the appellant-company.

2.4 The learned CIT(A) erred in holding that the search must be treated as continuing until conclusion of proceedings against all persons named in the joint warrant, thereby overlooking the settled position that limitation under Section 153B is person-specific and that the term "person" under Section 153B must be interpreted in light of Section 2(31) and Section 292CC.

2.5 Without prejudice to the above, the learned CIT(A) erred in law in considering the lifting of the Prohibitory Order (PO) from the residential premises of the appellant's Managing Director on 23.07.2020 as an event extending the limitation under Section 153B in the appellant-company's case, particularly when the said PO was nominal in nature and did not result in any seizure, and the appellant-company is a distinct person under the Act.

3. The learned CIT(A) erred in law and on facts in confirming the addition of ₹3,63,000 based on photocopied cash sheets allegedly downloaded from the personal email account of one Sri P. Anil Kumar, who, at the material time, was not an employee of the appellant-company, having joined only in November/December 2016, i.e., subsequent to the impugned transactions.

3.1 The learned CIT(A) failed to appreciate that the impugned cash sheets, being mere photocopies, constitute secondary evidence devoid of any evidentiary value in the absence of the original documents, and were inadmissible in a quasi-judicial proceeding for the purpose of computing income.

3.2 The addition was made without conducting any enquiry or obtaining corroborative evidence from Sri Anil Kumar, despite the appellant's

categorical denial of ownership or connection with the impugned transactions; the entire basis of addition being unverified and uncorroborated.

3.3 The learned CIT(A), after analysing the seized material, himself observed that the overwhelming number of entries appearing in Annexure no. A. PIL/ Off/07 were also appearing in the Annexures bearing no. A/PIL/Off/01 and A/PIL/Off/03, yet erroneously upheld the addition in the hands of the appellant without any supporting evidence or presumption permissible in law , especially when neither of the seized documents belong to the Appellant and were also not speaking louder and clear.

3.4 The addition was made on the basis of a non-speaking and uncorroborated document, without establishing the nature, source, or character of the alleged transactions, and without demonstrating any nexus with the business or affairs of the appellant-company -a fact that should have been duly appreciated by the learned CIT(A).

3.5 The learned CIT(A) failed to consider the well-settled principle that an addition can only be sustained where the seized document is a speaking document-either by itself or in the company of other documents and that in the absence thereof, the document is to be treated as a "dumb document" incapable of creating a legal charge.

3.6 The action of the learned CIT(A) in confirming the addition while simultaneously referring the matter to the Assessing Officer for further verification post disposal of appeal demonstrates a lack of judicial application of mind and renders the order untenable in law.

4.The learned CIT (A) erred in law and on facts in confirming the addition of ₹ 50,00,000 on account of alleged cash transactions with one Sri Krishna Reddy, being a dumb document, based solely on a sheet downloaded and seized from the email account of Sri P. Anil Kumar- a third party neither related to the appellant nor an employee of the appellant at the relevant time-thereby failing to discharge the burden of proof resting on the Revenue. The addition, being uncorroborated by an independent enquiry by the AO and unsupported by any credible evidence linking the appellant, is untenable in law and liable to be deleted.

5. The certificate furnished by the search team under Section 65B of the Indian Evidence Act, 1872 was incomplete and, therefore, defective in law; consequently, the electronic records referred to in Grounds 3 and 4 above cannot be treated as admissible evidence and are liable to be excluded from consideration.

6. The learned CIT(A) erred in upholding the applicability of Section 115BBE for the additions appearing in Ground no 3 and 4 above without first determining the nature of the alleged transactions - whether business-related or otherwise, capital or revenue in character-and without establishing that the case falls within the scope of Sections 69, 69A, 69B, or 69C of the Act, thus rendering the invocation of Section 115BBE legally untenable.

7.The appellant craves leave to add/ alter any of the grounds of appeal before or at the time of hearing."

3. The brief facts of the case are that, the assessee "M/s. Prathima Infrastructure Limited" is engaged in the business of civil engineering and execution of infrastructure projects, filed its return of income for A.Y. 2014-15 on 28.09.2014, admitting total income at Rs. Nil, declaring current year business loss at Rs. 1,84,19,401/-. A search and seizure operation under Section 132 of the Income Tax Act, 1961 was conducted in the case of M/s. Prathima Infrastructure Limited and its associate entities, in the case of Sri B. Srinivasa Rao and Smt. B. Usha Rani on 06.02.2020 on the strength of the joint warrant of authorization and search in the case of the assessee was finally concluded on 12.02.2020. During the course of search and seizure operations, certain incriminating material was found and seized at the business premises of the assessee, including several unused handwritten cash sheets written by Shri P. Anil Kumar, Vice President of the assessee company. The incriminating material found during the course of search was seized as Annexure A-1, A-2, A-3, A-7 and A-8. Further, the above handwritten sheets were also found in the email ID of Shri P. Anil Kumar. During the course of search, back up of the email data of Shri P. Anil Kumar was taken from the

email ID of madhava.anilkumar@gmail.com and seized as Annexure A-4. The Annexure A-2 – the attachments to the email ID were analysed and found that, one mail was sent on 04.01.2018 by Madhava Chandrakant (from email ID madhava.chandrakant@gmail.com) to Shri P. Anil Kumar Perala (madhava.anilkumar@gmail.com), having 4 PDFs by name "01-04-2015 to 27-03-2016.pdf", "19-04-2014 to 10-11-2016.pdf", "After D to 31-12-2017.pdf", "Individual Account.pdf" as attachments. The above attachments were also found in the mails of Shri P. Anil Kumar. This PDF file has ledgers of various individuals along with amounts paid or received by them from Shri P. Anil Kumar on a particular date. A statement on oath under Section 132(4) of the Income Tax Act, 1961 was recorded from Shri P. Anil Kumar on 09.02.2020 and confronted with various emails and attachments found during the course of search and the same has been explained in response to specific questions.

4. Consequent to search, notice under Section 153A of the Income Tax Act, 1961 dated 04.06.2021 was issued and served upon the assessee calling for return of income. In response, the assessee filed its return of income on 06.09.2021 admitting total income at Rs. Nil declaring the current year loss of Rs. 1,84,19,401/-. The case was selected for scrutiny and during the course of assessment proceedings, the assessee was asked to show cause as to why the above out of book transactions should not be treated as income of the assessee. The assessee submitted

that, the seized documents are mere scribblings and the same do not pertain to the assessee, because the same were found in the email ID of Sri P. Anil Kumar, Vice President of the assessee company and the transactions referred to therein pertain to his personal and individual business and the assessee company is nothing to do with the said transactions.

5. The A.O., after considering the relevant submissions of the assessee and also taking note of relevant evidences found during the course of search, including the ledger accounts downloaded from the email ID of Sri P. Anil Kumar, observed that, the documents found during the course of search clearly shows that at several places, cash was received by Sri P. Anil Kumar with reference to PCLIS-10 project. This clearly shows that, cash was received back by the assessee company with reference to the sub-contract works given in the case of assessee's project and the same was mediated by Sri P. Anil Kumar. Therefore, the A.O. observed that, the transactions found in the email of Sri P. Anil Kumar have not been recorded in the books of account and no satisfactory explanation about the nature and source of these cash transactions has been offered. Therefore, the A.O. rejected the explanation of the assessee and made addition of Rs. 3,63,000/- on the basis of email evidence found during the course of search. The A.O. has also made similar additions in respect of cash transactions with Sri Krishna Reddy on the basis of data found in the email on the ground that, the above transactions are also not recorded in the books of account of the assessee and the

assessee has not explained the same. A similar addition has been made in respect of cash transactions with Shri Sunil Perala on the basis of email on the very same reasoning.

6. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee challenged validity of assessment order passed by the A.O. under Section 143(3) r.w.s. 153A of the Income Tax Act, 1961 dated 31.03.2022 and claimed that, the assessment passed by the A.O. is barred by limitation in view of the provisions of Section 153B(1)(b) of the Income Tax Act, 1961. The assessee had also challenged additions made by the A.O. towards unexplained income on the basis of evidences found from the email of Shri P. Anil Kumar, Vice President of the assessee company on the ground that, the assessee company does not have any link to the transactions between Shri Anil Kumar and the third parties and the A.O. has failed to link any of the transactions to the assessee company and its business affairs.

7. The Ld. CIT(A), after considering the relevant submissions of the assessee and also taking note of certain judicial precedents, including the decision of Hon'ble Supreme Court in the case of PCIT(Central) Vs. Abhisar Buildwell Pvt Ltd., (2023) 294 Taxman 70, rejected the legal grounds taken by the assessee challenging validity of the assessment order passed by the A.O. on the issue of limitation as provided under Section 153B(1)(b) of the Income Tax Act, 1961. The Ld. CIT(A), after considering the relevant provisions of the Act, including Section 292CC of the Income Tax Act, held

that in the assessee's case, joint warrant of authorization was issued to conduct search in the case of assessee and other associated concerns and search action was initiated on 06.02.2020 and was concluded at "Film Nagar premises/ premises at Road No. 1, Film Nagar, Jubilee Hills, Hyderabad on 12.02.2020. However, the search was finally concluded on 23.07.2020 by revocation of prohibitory/restraint order dated 18.02.2020 issued under Section 132(3) of the Income Tax Act, 1961 at the closet of the guest room at the north-west portion of the first floor situated at the residence of Sri B. Srinivasa Rao at Suguna House, Manchirevula, Royal Function Hall Lane, Narsingi, Hyderabad and therefore, the search was finally concluded on 23.07.2020, but not on 12.02.2020 as claimed by the assessee. If we consider the date of conclusion of search as on 23.07.2020, then as per the provisions of Section 153B(1)(b) of the Income Tax Act, 1961 notwithstanding anything contained in Section 153, the A.O. shall make an order of assessment or reassessment in respect of each assessment year falling within six assessment years (and for the relevant assessment year or years) referred to in clause (b) of sub-section (1) of Section 153A, within a period of twelve months from the end of the financial year in which the last of the authorisations for search under Section 132 was executed during the financial year commencing on or after the 1st day of April, 2019. If we consider that the last of the authorisations was executed on 23.07.2020, the end of the financial year would be 31.03.2021 and twelve months from the end of the financial year would expire on 31.03.2022. Therefore, the assessment order

passed by the A.O. on 31.03.2022 is clearly within the time limit provided under the Act. In this case, the search cannot be said to have been concluded in respect of the persons, including the assessee on 12.02.2020, as prohibitory order in respect of certain persons, including the assessee was still in place. Therefore, the contention of the assessee that search in respect of assessee was concluded on 12.02.2020 is not correct, as search in respect of joint warrant containing the name of the assessee and other entities was still going on and was finally concluded on 23.07.2020 when the prohibitory order was revoked and final panchanama was drawn on 23.07.2020 where it has been clearly stated that the search proceedings were finally concluded on 23.07.2020. Further, the claim of the assessee that since there was no seizure with respect to the assessee company from the residence of M.D. of assessee company after revocation of prohibitory order on 23.07.2020, it is inferred that, the search had already been concluded with respect to the assessee company and the search was concluded in the corporate office and other premises as recorded in the panchanama dated 12.02.2020 is incorrect, because every search warrant cannot lead to seizer of incriminating evidence or unaccounted income of the assessee. Therefore, the Ld. CIT(A) observed that, once a valid warrant has been executed, the time limit for completion of assessment under Section 153B of the Act, is consequential and the A.O. gets jurisdiction to issue notice under Section 153A of the Act, and the time limits are decided with reference to the last panchanama

drawn while concluding the search. Therefore, the Ld. CIT(A) rejected the legal ground taken by the assessee.

8. The Ld. CIT(A), in respect of additions made towards unaccounted income on the basis of various evidences found from the email of Shri P. Anil Kumar, Vice President of the assessee company, observed that, the evidences found during the course of search being ledger account downloaded from the email ID of Shri P. Anil Kumar, it is very clear that certain payments were received by the person and also certain payments were made to various persons and the same were outside the books of accounts of the assessee company. Further analysis of the documents reveals specific reference to PCLIS-10 project, a project undertaken by the assessee and further sub-contracts to M/s. Avaya Construction Company where Shri P. Anil Kumar was the Managing Partner. It was also noted from the examination of the seized documents that, various transactions mentioned in other annexures overlap with the transactions mentioned in other annexures. Therefore, the Ld. CIT(A) directed the A.O. to identify the entries which overlap the transactions in the above-mentioned seized annexures with other annexures. The Ld. CIT(A) had also rejected the ground taken by the assessee challenging applicability of the provisions of Section 115BBE and the additions made under Sections 68, 69 and 69A of the Income Tax Act, 1961.

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

10. The first issue that came into our consideration from ground Nos. 2 to 2.5 of the assessee's appeal is validity of the impugned assessment order as being barred by limitation, as prescribed under Section 153B r.w.s. 153A of the Income Tax Act, 1961.

11. The learned counsel for the assessee, Shri K.C. Devdas and Shri Poorna Chander, C.A. referring to panchanama drawn in the case of the assessee, which is available in the paper book filed by the assessee, submitted that, a search and seizure operation under Section 132 of the Income Tax Act, 1961, was conducted in the case of the assessee by authority of joint warrant of authorization issued in the case of M/s. Prathima Infrastructure Limited, the assessee, Sri B. Srinivasa Rao and Smt. Usha Rani, Directors of the assessee company and the search was initiated on 06.02.2020 and was finally concluded on 12.02.2020 as noted in the panchanama drawn by the Department. As per the provisions of Section 153B of the Act, which is applicable to search conducted on or after 01.04.2019, notwithstanding anything contained in Section 153, the A.O. shall make an order of assessment or reassessment in respect of each assessment year falling within six assessment years referred to in Section 153A(1)(b) within a period of twelve months from the end of the financial year in which the last of the authorization for search under Section 132 or requisition under Section 132A of the Act was executed. Further, Section 153B(2) clarifies that, an authorization shall be deemed to have been executed, in the case of search, on the conclusion of search as recorded in the last

panchanama drawn in relation to any person, in whose case the warrant of authorization has been issued. Thus, the statutory test is the date on which the search is concluded as recorded in the last panchanama drawn in relation to the concerned person. Since the search was finally concluded in the case of the assessee on 12.02.2020 and twelve months from the end of the financial year 2019-2020 will expire on 31.03.2021. Further, in view of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and relevant notifications issued by the CBDT from time to time, the limitation provided for various proceedings which commences on or after 20.03.2020 and closing on or before 31.03.2021 has been extended up to 30.09.2021. Therefore, in view of the provisions of Section 153B(1) and the relevant TOLA, 2020, the time limit available for the A.O. to complete the assessment for A.Y. 2014-15 to A.Y. 2020-21 was up to 30.09.2021 and therefore, the assessment order passed by the A.O. under Section 143(3) r.w.s. 153A of the Income Tax Act, 1961, dated 31.03.2022 is clearly barred by limitation and is liable to be quashed.

12. The learned counsel for the assessee further referring to the provisions of Section 292CC of the Income Tax Act, 1961 and the purpose of insertion of said Section submitted that, although Section 292CC permits issuance of a joint warrant of authorization in the name of more than one person, it specifically mandates that assessment or reassessment shall be made separately in the name of each person mentioned in such

authorization and therefore, where a joint warrant of authorization was issued and executed, the date of conclusion of search as recorded in the last panchanama drawn in the case of individual persons referred to in the joint warrant is relevant for reckoning the date of search for the purpose of computing limitation under Section 153B of the Income Tax Act, 1961. Therefore, a panchanama drawn in relation to one individual at that specific person's residential premises cannot extend the limitation in the case of another assessee whose search had concluded earlier. In the case of the assessee, the search was concluded on 12.02.2020 and therefore, limitation must be reckoned with reference to the date of search in the case of the assessee, as explained in sub-section (2) of Section 153B of the Income Tax Act, 1961, and therefore, the A.O. ought to have completed the assessment on or before 30.09.2021. Therefore, they submitted that, the assessment order passed by the A.O. under Section 143(3) r.w.s. 153A of the Income Tax Act on 31.03.2022 is clearly barred by limitation and liable to be quashed.

13. The learned CIT-DR and learned Sr. A.R. for the Revenue, Dr. Narendra Kumar Naik and Dr. Sachin Kumar, on the other hand, supporting the order of the Ld. CIT(A) submitted that, search and seizure operation under Section 132 of the Income Tax Act, 1961 was conducted in the case of the assessee on the basis of joint warrant of authorization issued in the case of assessee, Sri B. Srinivasa Rao and Smt. Usha Rani and the search was finally concluded on 23.07.2020 at the residence of Sri B. Srinivasa Rao

and Smt. Usha Rani after revocation of restraint order issued in respect of particular place, which is evident from the relevant panchanama drawn on the date of search on 23.07.2020 where certain jewellery and other material was found and seized. Therefore, the search in the case of the assessee and other associated persons was finally concluded on 23.07.2020 and as per the provisions of Section 153B(1), twelve months from the end of the financial year in which the last of the authorizations was executed will be up to 31.03.2022 and therefore, the assessment order passed by the A.O. under Section 143(3) r.w.s. 153A of the Act, dated 31.03.2022 is within the time limit prescribed under Section 153B of the Act, and thus, the arguments of the learned counsel for the assessee should be rejected.

14. The learned CIT-DR/learned Sr. A.R. for the Revenue, further submitted that, as per the provisions of Section 292CC of the Income Tax Act, if a joint warrant of authorization is executed, then the assessment should be framed in the case of individual assessees, whose names are referred to in the joint warrant, however, for the purpose of computing limitation provided under Section 153B of the Income Tax Act, the last of authorization executed in the case of a person as recorded in the last panchanama drawn in relation to any person in whose case, the warrant of authorization has been issued has to be considered. In the present case, joint warrant of authorization was issued in the case of the assessee and other persons and the last of the authorization was executed as recorded in the panchanama drawn

in the case of the assessee and the other associated persons on 23.07.2020 and therefore, the A.O. has rightly taken the limitation period from the end of the financial year 2020-21 and therefore, the 12 months period will come to an end on 31.03.2022. Therefore, he submitted that, there is no merit in the arguments of the learned counsel for the assessee and the same should be rejected.

15. The learned CIT-DR/learned Sr. A.R. for the Revenue, further referring to the decision of Hon'ble Supreme Court in the case of In Re: Cognizance for Extension of Limitation in MA No. 21 of 2022 in MA No. 665 of 2021 in Suo Motu W.P. (C) No. 3 of 2020 dated 10.01.2022, submitted that the Hon'ble Supreme Court, taking into account the situation of COVID outbreak, excluded the period from 15.03.2020 to 28.02.2022 for the purpose of computation of limitation under various Acts and further granted a period of ninety days from 01.03.2022 where the limitation would have expired during the said period and if we consider the order of the Hon'ble Supreme Court, the time limit available for completion of assessment proceedings shall extend up to 31.05.2022. Therefore, even on this count, the assessment order passed by the A.O. on 31.03.2022 is well within the time limit provided under the Act. Therefore, the ground raised by the assessee should be rejected. In this regard, he relied upon the following decisions:

1. Ojjus Medicare (P) Ltd. Vs. PCIT (Central-1) reported in (2024) 161 taxmann.com 100 (Delhi).

2. Indian National Congress Vs. DCIT reported in (2024) 160 taxmann.com 606 (Delhi).

3. K. Krishnamurthy Vs. DCIT reported in (2025) 171 taxmann.com 413 (SC).

4. Smt. Pavithra Sugichandran Vs. DCIT reported in (2024) 168 taxmann.com 413 (Madras).

5. Jankhit Chandulal Prajapati Vs. DCIT (CC-1(3), Ahmedabad) in IT(SS)A Nos. 121 & 122/Ahd/2023 dated 08.08.2025.

6. In Re: Cognizance for Extension of Limitation, Suo Motu Writ Petition (C) No. 3 of 2020, MA Nos. 21-29 of 2022 & MA No. 665 of 2021 dated 10.01.2022 (SC).

16. We have heard both parties, perused the material available on record and had gone through the orders of the authorities below. We have also carefully considered relevant provisions of Section 153B and Section 292CC of the Income Tax Act, 1961. The provisions of Section 153B governs the time limit for completion of assessment or reassessment under Section 153A of the Income Tax Act, 1961. As per Section 153B, notwithstanding anything contained in Section 153, the A.O. shall make an order of assessment or reassessment in respect of each assessment year falling within six assessment years referred to in clause (b) of sub-section (1) of Section 153A within a period of twelve months from the end of the financial year in which the last of the authorisations for search under Section 132 or requisition under Section 132A was executed during the financial year commencing

on or after the first day of April, 2019. Sub-section (2) of Section 153B explains the execution of authorisation and as per which, the authorisation referred to in clause (a) and clause (b) of sub-section (1) shall be deemed to have been executed, in the case of search, on the conclusion of search as recorded in the last panchanama drawn in relation to any person in whose case the warrant of authorisation has been issued. From the plain reading of the provisions of Section 153B(1) and Section 153B(2), it is abundantly clear that, the time limit available for the A.O. to complete the assessment is twelve months from the end of the financial year in which the last of the authorization was executed in the case of a person in whose case, the search was conducted as recorded in the last panchanama drawn.

17. In the present case, there is no dispute with regard to the fact that, the last panchanama was drawn in the case of the assessee on 12.02.2020, which is evident from the relevant panchanama which is available in the paper book filed by the assessee, wherein it has been clearly stated that, the search was finally concluded on 12.02.2020, at the places referred to in the warrant of authorization and panchanama. The learned counsel for the assessee claims that, the assessment order passed by the A.O. under Section 143(3) r.w.s. 153A on 31.03.2022 for A.Y. 2014-15 to 2020-21 is barred by limitation as prescribed under Section 153B of the Income Tax Act, because the A.O. has passed the assessment order beyond twelve months from the end of the financial year in which the last of authorization was executed. On

the other hand, it was the arguments of the learned Sr.A.R. present for the Revenue that, the last of the authorization executed as referred to under Section 153B(2) of the Act, is the last of the authorization executed as recorded in the case of any person in whose case, the search was conducted, as recorded in the last panchanama drawn and if we go by the above provisions, in the present case, the last of the authorization was executed on 23.07.2020, which is evident from the relevant panchanama drawn on 23.07.2020 where it was clearly stated that the search was finally concluded on 23.07.2020 after revocation of restraint order dated 08.02.2020 issued under Section 132(3) of the Act during the course of search operation at the closet of the guest room at the north-west portion of the first floor situated at the residence of Shri B. Srinivas Rao. The learned Sr. A.R for the revenue, referring to the provisions of Section 292CC of the Act, submitted that, if a joint warrant of authorization was issued in the case of multiple persons, although the assessment has to be framed independently in the case of each assessee, but for the purpose of computing limitation as referred to under Section 153B, the last of the authorization executed in the case of any person in whose case search was conducted as referred to in the joint warrant of authorization has to be considered. If we consider the provisions of Section 292CC and Section 153B of the Act, it is undisputedly clear that, the search was finally concluded in the case of the assessee and other associated entities/persons on 23.07.2020 which falls in the financial year 2020-21 and twelve months from the end of the financial year 2020-21 would expire

on 31.03.2022 and the A.O. has rightly passed the assessment order on 31.03.2022 for all the assessment years. Therefore, it is necessary for us to examine the issue of limitation contested by both the parties in light of facts of the present case and provisions of Section 153B r.w.s. 292CC of the Income Tax Act, 1961.

18. The time limit for completion of assessment is provided under Section 153B of the Income Tax Act, 1961 and as per Section 153B of the Act, the limitation period is twelve months from the end of the financial year in which the last of authorization was executed in the case of any person in whose case, search was conducted, as recorded in the last panchanama drawn during the course of search, in respect of search conducted on or after 01.04.2019. Section 153B(2) further clarifies that, authorization shall be deemed to have been executed in the case of search, on the conclusion of search as recorded in the last panchanama drawn in relation to any person in whose case, the warrant of authorization has been issued. From the combined reading of Section 153B(1) and 153B(2), it is undisputedly clear that, the A.O. shall get twelve months period from the end of the financial year in which the last of the authorization was executed as recorded in the last panchanama drawn in relation to the person, in whose case the warrant of authorization has been issued. Therefore, in our considered view, it is the date, on which the search was finally concluded, as recorded in the last panchanama drawn in the case of the assessee is relevant for determining the limitation period for completion of assessment as

prescribed under Section 153B of the Income Tax Act, but not the last of the authorization executed in the case of any other person in whose case search was also conducted, as recorded in the last panchanama drawn in the case of such other person, merely because the search was conducted on the basis of a joint warrant of authorisation. In our considered view, the provisions of Section 292CC of the Act was specifically inserted in the statute to clarify the position of issuance of joint warrant of authorization and assessment in case of search or requisition and as per Section 292CC of the Act, it shall not be necessary to issue an authorization u/s 132 of the Act, separately in the name of each person and in case, more than one person is mentioned in the authorization, it shall not be deemed to construe that, it was issued in the name of associated persons or body of individuals consisting of such person and notwithstanding that an authorisation under Section 132 of the Act, has been issued mentioning therein the name of more than one person, the assessment or re-assessment shall be made separately in the name of each person mentioned in the name of authorisation or requisition. Therefore, from the provisions of Section 292CC of the Act, it is very clear that joint warrant of authorization can be issued mentioning more than one person and premises to be searched, however, when it comes to assessment, each one of the persons referred to in the joint warrant of authorization should be assessed separately and thus, in our considered view, once the assessment or reassessment has to be made separately on each person referred in the joint warrant of authorization, then for the

purpose of computing limitation as prescribed under Section 153B of the Act, the execution of warrant in the case of each person and recording of panchanama indicating commencement of search and conclusion of search alone is relevant for computing the limitation period, as provided under Section 153B of the Income Tax Act. Therefore, the arguments of the Revenue that, in case joint warrant of authorization was issued on more than one person and places, then the last of the authorization executed in the case of any person referred to in the joint warrant of authorization and date of conclusion of search as recorded in the last panchanama drawn in the case of any other person should be considered for the purpose of computing limitation is contrary to the scheme of assessment or reassessment, as explained under Section 292CC and the limitation provided under Section 153B of the Income Tax Act, 1961.

19. In the present case, there is no dispute with regard to the fact that, although the joint warrant of authorization was issued in the name of the assessee and other associated persons/entities, but separate panchanama was drawn in the case of the assessee indicating places searched, date of initiation of search and date of final conclusion of search and as per the panchanama drawn in the case of the assessee, the search was conducted at the corporate office of the assessee at J-292/III, Road No. 78, Jubilee Hills, Hyderabad, and search was initiated on 06.02.2020 and was finally concluded on 12.02.2020, which is evident from the relevant panchanama available in the paper book filed by the

assessee. Since the search was finally concluded on 12.02.2020, in our considered view, for the purpose of computing limitation for passing the assessment in the case of the assessee, should be reckoned from the date referred to in the panchanama drawn in the case of assessee i.e., from 12.02.2020, but not from the date of conclusion of search in the case of Sri B. Srinivasa Rao and Smt. B. Usha Rani, as recorded in the last panchanama drawn in their case on 23.07.2020 as canvassed by the learned Sr.A.R. for the Revenue. Further, the time limit for completion of assessment proceedings in the case of the assessee falls between 20.03.2020 and 31.03.2021. As per the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and the relevant Notification Nos. 10/2021, 38/2021 and 74/2021 issued by the CBDT, the date of completion of proceedings has been extended in view of the COVID outbreak up to 30.09.2021. Therefore, in view of the provisions of Section 153B read with the TOLA Act, 2020 and the relevant notifications issued by the CBDT, the time limit available for the A.O. to complete the assessment in the present case was up to 30.09.2021, whereas the A.O. has passed the assessment order for A.Y. 2014-15 to 2020-21 on 31.03.2022, which is beyond twelve months from the end of the financial year in which the last of the authorisations was executed. Therefore, in our considered view, the assessment order passed by the A.O. is barred by limitation and liable to be quashed.

20. Insofar as the arguments of the learned CIT-DR/learned Sr. A.R. for the Revenue, in light of the decision of the Hon'ble

Supreme Court in the case of In Re: Cognizance for Extension of Limitation in MA No. 21 of 2022 in MA No. 665 of 2021 in Suo Motu W.P. (C) No. 3 of 2020 dated 10.01.2022 that the limitation provided for completion of assessment has been finally extended up to 31-05-2022, in our considered view, the order of the Hon'ble Supreme Court is applicable to filing of suits, petitions or other judicial or quasi-judicial proceedings and therefore, the above limitation extended by the Hon'ble Supreme Court cannot be applied to the assessment proceedings which are governed by specific provisions of the Act. Therefore, in our considered view, the arguments of the Ld. Sr.A.R. that, in view of the outbreak of COVID and the order of Hon'ble Supreme Court, the A.O. shall get extension of time limit up to 31.05.2022 and thus, the order passed by the A.O. u/s 143(3) r.w.s. 153A, dated 31.03.2022 is well within the limitation, is devoid of merit and cannot be accepted. Further, the Ld. Sr.A.R. for the Revenue has also relied upon various judicial precedents. However, in our considered view, the case laws referred to by the Ld. Sr.A.R. are not applicable to the facts of the present case, because in the above cases, the issue of limitation provided under Section 153B of the Act, for completion of the assessment proceedings under Section 153A in pursuant to search action conducted under Section 132 of the Act, has not been dealt with in any of the cases referred to by the Ld. Sr.A.R. Therefore, we reject the arguments of the Ld. Sr.A.R. present for the Revenue.

21. In this view of the matter and considering the facts and circumstances of the case, we are of the considered view that, the assessment orders passed by the A.O. under Section 143(3) r.w.s. 153A of the Act, dated 31.03.2022 for A.Y. 2014-15 to 2020-21 are clearly barred by limitation as prescribed under Section 153B of the Income Tax Act, 1961 and thus, are liable to be quashed. Accordingly, we quash the assessment order passed by the A.O. for A.Y. 2014-15 to 2020-21.

22. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards cash sheets found in the email account of Shri P. Anil Kumar** for A.Y. 2014-15 amounting to Rs. 3,63,000/-, for A.Y. 2015-16 amounting to Rs.7,26,100/- and for A.Y. 2016-17 amounting to Rs.93,73,716/-.

23. The facts with regard to the impugned issue are that, during the course of search proceedings, certain notings in the form of cash sheets were found as attachments to emails in the personal email account of Shri P. Anil Kumar. The A.O., on the basis of such notings, treated the entries appearing therein as unaccounted income of the assessee and made additions for the respective assessment years. The A.O., while framing the assessment, proceeded on the basis that the said entries were not reflected in the books of account of the assessee. However, it is an admitted fact on record that the impugned notings were retrieved from the personal email account of Shri P. Anil Kumar. The assessee had specifically brought to the notice of the A.O. that

Shri P. Anil Kumar joined the assessee company only on 01.12.2016 and prior to and even after his association with the assessee, he was independently engaged in execution of civil contract works through his own concern. It was further clarified that the impugned notings belong to Shri P. Anil Kumar in his individual capacity and do not pertain to the assessee. Despite such categorical explanation, the A.O. has not brought any material on record nor conducted any independent enquiry to establish that the said notings represent income of the assessee.

24. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee reiterated that the impugned notings were found in the personal email account of Shri P. Anil Kumar and there is no evidence to attribute the same to the assessee. However, the Ld. CIT(A), without properly appreciating the factual position, sustained the addition, while directing the A.O. to verify certain entries with other seized material.

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

26. The learned counsel for the assessee, referring to the written submissions, submitted that the entire addition has been made on the basis of notings retrieved from the personal email account of Shri P. Anil Kumar, who was independently engaged in contract business and whose email cannot be treated as belonging to the

assessee. It was further submitted that the A.O., despite being specifically informed that the notings do not belong to the assessee, has not conducted any enquiry to establish ownership or nexus. The learned counsel submitted that in the absence of any corroborative evidence and nexus with the assessee, the addition is based purely on assumptions and presumptions and is liable to be deleted.

27. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, supported the orders of the authorities below and submitted that the documents were found during the course of search and contain details of financial transactions. It was further submitted that Shri P. Anil Kumar was working as Vice President of the assessee company and therefore, the contents of the email account cannot be treated as unrelated to the assessee. The learned Sr. A.R. submitted that the assessee has failed to satisfactorily explain the entries and hence, the A.O. was justified in making the addition.

28. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We find that, the impugned additions have been made solely on the basis of notings retrieved from the personal email account of Shri P. Anil Kumar. The assessee has consistently explained that the said notings do not belong to it and pertain to Shri P. Anil Kumar in his individual capacity. It is also not in dispute that Shri P. Anil Kumar was independently

engaged in contract business and had joined the assessee company only on 01.12.2016. The A.O., despite being aware of these facts, has not conducted any independent enquiry to establish that the impugned notings represent income of the assessee. No corroborative material has been brought on record to establish nexus between the entries and the assessee. In our considered view, addition cannot be made merely on the basis of third-party notings without establishing ownership and nexus with the assessee. Accordingly, the additions made for A.Ys. 2014-15, 2015-16 and 2016-17 are deleted.

29. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged cash transactions with one Sri Krishna Reddy on the basis of a loose sheet found as an attachment in the email account of Shri P. Anil Kumar** for A.Y. 2014-15 amounting to ₹50,00,000/-, for A.Y. 2015-16 amounting to ₹11,97,000/-, for A.Y. 2016-17 amounting to ₹13,00,000/- and for A.Y. 2017-18 amounting to ₹39,35,200/-.

30. The facts with regard to the above issue are that, during the course of assessment proceedings, the A.O., on analysis of mails of Shri P. Anil Kumar, noticed that a mail was sent by Shri Anil Kumar Perala from his email ID anil@prathimainfra.com to another email ID madhava.anilkumar@gmail.com on 22.01.2017, having a jpg file as attachment. The said jpg file was found to be containing certain loan calculations along with interest with

heading “C. Krishna Reddy”. On verification of the said data, the A.O. observed that the transactions reflected therein are out of books transactions. The assessee was confronted with the said material and was asked to explain as to why the same should not be treated as unexplained income. In response, the assessee submitted that the said transactions do not pertain to the assessee. However, the A.O. was not convinced with the explanation furnished by the assessee and observed that the assessee was dealing in cash transactions which were not recorded in the books of account and no satisfactory explanation with regard to nature and source of such transactions was offered. Therefore, the A.O. treated the amounts referred above as unexplained income of the assessee and brought the same to tax under Section 115BBE of the Income Tax Act, 1961 for the respective assessment years.

31. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that, the impugned addition has been made on the basis of material found from the email account of Shri P. Anil Kumar, which contained details of cash transactions in the nature of loan calculations relating to Sri Krishna Reddy and that the said transactions do not pertain to the assessee. The Ld. CIT(A), after considering the relevant submissions of the assessee and also taking note of the findings recorded by the A.O., observed that the assessee has failed to substantiate its claim with any supporting evidence to establish that the said transactions do not

pertain to it. Therefore, the Ld. CIT(A) held that the A.O. was justified in treating the said transactions as unexplained income of the assessee and accordingly confirmed the addition made by the A.O.

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

33. The learned counsel for the assessee, referring to the seized material available on record, submitted that the addition made by the A.O. is solely based on a loose sheet downloaded from the email account of Shri P. Anil Kumar, who is a third party and not related to the assessee company at the relevant point of time. The learned counsel further submitted that the said document is a dumb document and does not contain any details to establish that the transactions pertain to the assessee. He further submitted that no independent enquiry has been conducted by the A.O. to verify the authenticity of the transactions or to establish any nexus between the assessee and the alleged cash transactions. The learned counsel further submitted that the A.O. has failed to discharge the burden cast upon him to prove that the transactions reflected in the said document belong to the assessee. Therefore, he submitted that the addition made by the A.O. is without any basis and liable to be deleted.

34. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, strongly supporting the order of the Ld. CIT(A), submitted that the impugned addition has been made on the basis of incriminating material found during the course of search from the email account of Shri P. Anil Kumar, who was associated with the assessee company. He further submitted that the material clearly indicates that the assessee was involved in cash transactions which were not recorded in its books of account. He further submitted that the assessee has failed to offer any satisfactory explanation with regard to the nature and source of such transactions. Therefore, he submitted that the A.O. has rightly treated the same as unexplained income and the Ld. CIT(A) was justified in confirming the addition.

35. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. The impugned addition has been made on the basis of a loose sheet bearing the heading "C. Krishna Reddy", which was found as an attachment to one of the e-mails of Shri Anil Kumar. It is an admitted fact that, Shri P. Anil Kumar joined the assessee company as Vice President only on 01.12.2016 and prior to and even subsequent to his association with the assessee, he was independently engaged in execution of civil contracts. The document in question was retrieved from his personal e-mail account and not from the premises or records of the assessee. The assessee has specifically brought to the notice of the Assessing Officer that, the said document does not pertain to the assessee

and that the assessee has never dealt with any person by the name of Sri Krishna Reddy and no such account exists in its books of account. However, the Assessing Officer has not brought on record any material to establish that the contents of the loose sheet represent undisclosed income of the assessee. Without conducting any independent enquiry or verification and without establishing any nexus between the document and the assessee, the A.O. proceeded to make the addition merely on presumptions. The learned CIT(A), while confirming the addition, has primarily relied upon the fact that the e-mail transmitting the loose sheet was sent from an address styled as anil@prathimainfra.com. In our considered view, such reasoning is not sufficient to attribute the contents of the loose sheet to the assessee, particularly when the transactions recorded therein pertain to a period prior to the date on which Shri P. Anil Kumar joined the assessee company. The learned CIT(A) failed to consider the crucial facts relating to the date of joining of Shri Anil Kumar, the dates mentioned in the loose sheet and the absence of any reference to the assessee in the said document.

36. It is a settled principle of law that additions cannot be made merely on the basis of loose sheets or third-party documents without any corroborative evidence. In the present case, the impugned document was found in the personal e-mail account of a third party and there is no material to demonstrate that the same belongs to or relates to the assessee. The Assessing Officer has not conducted any independent enquiry to ascertain the

nature and ownership of the entries nor brought any evidence on record to establish flow of funds or nexus with the assessee. In view of the above facts and circumstances, we are of the considered view that the addition made by the Assessing Officer and confirmed by the learned CIT(A) solely on the basis of the impugned loose sheet, without any corroborative evidence and without establishing nexus with the assessee, is unsustainable in law. Accordingly, we direct the A.O. to delete the additions made towards alleged cash transactions with Sri Krishna Reddy for A.Ys. 2014-15, 2015-16, 2016-17 and 2017-18.

37. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards cash transactions based on so-called "cash scrolls" found as attachments in the email account of Shri P. Anil Kumar** for A.Ys. 2015-16 to 2020-21.

38. The facts with regard to the impugned issue are that, during the course of search proceedings, certain documents described as "cash scrolls" were found as email attachments in the personal email account of Shri P. Anil Kumar. The A.O., on the basis of such documents, treated the entries appearing therein as unaccounted transactions of the assessee and made additions for the relevant assessment years. The A.O., while framing the assessment, adopted an arbitrary method of determining income by taking higher of debit or credit entries appearing in such cash scrolls without bringing any material on record to establish the

nature and ownership of the transactions. The A.O. has made additions on the basis of cash scrolls for A.Y.s 2015-16 to 2020-21 and the relevant additions for each assessment year as follows :

39. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the impugned cash scrolls contain various entries which are personal in nature or relate to the independent business activities of Shri P. Anil Kumar, including transactions pertaining to his proprietary concern. It was further submitted that the assessee has no connection with such entries and that no enquiry has been conducted by the A.O. to establish nexus with the assessee. The Ld. CIT(A), after considering the submissions, recorded a finding that several entries appearing in the cash scrolls are personal in nature and do not pertain to the assessee. However, instead of deleting the addition, the Ld. CIT(A) directed the A.O. to verify and identify entries relatable to the assessee and sustained the addition.

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

41. The learned counsel for the assessee, referring to the written submissions, submitted that, the entire addition is based on documents retrieved from the personal email account of Shri P. Anil Kumar and no material has been brought on record to establish that the same belong to the assessee. It was further

submitted that the Ld. CIT(A) has himself accepted that many of the entries are personal or pertain to the independent business of Shri P. Anil Kumar. The learned counsel submitted that once such a finding is recorded, the addition cannot be sustained without identifying specific entries relatable to the assessee. It was also submitted that the A.O. has adopted an arbitrary method of computation without verifying the transactions and without conducting any independent enquiry.

42. The learned Sr. A.R. for the Revenue, on the other hand, supported the orders of the authorities below and submitted that the documents were found during the course of search and contain details of financial transactions. It was further submitted that certain transactions reflected in the cash scrolls indicate flow of funds and therefore, the A.O. was justified in making additions. The learned Sr. A.R. submitted that the directions given by the Ld. CIT(A) to verify entries are proper and require no interference.

43. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We find that, the additions have been made solely on the basis of cash scrolls retrieved from the personal email account of Shri P. Anil Kumar. The Ld. CIT(A) has categorically recorded a finding that several entries appearing in such documents are personal in nature or pertain to independent business activities of Shri P. Anil Kumar. Once such a finding is recorded, the addition cannot be sustained in the hands of the

assessee without identifying specific entries relatable to it. Further, the A.O. has not conducted any independent enquiry nor brought any material on record to establish nexus between the entries and the assessee. The method adopted by the A.O. in determining income is also arbitrary and without any basis. In our considered view, addition cannot be sustained merely on the basis of unverified entries in documents belonging to a third party without establishing nexus with the assessee. These statements were neither independently verified nor corroborated by any tangible evidence found during search. No cross-examination opportunity, as mandated by principles of natural justice, was effectively granted in respect of such statements. During the course of assessment hearings and appeal hearings it was submitted that P. Anil Kumar, the Vice President, joined the appellant company as Vice president only from 01-12-2016. It was further brought to the notice that Anil Kumar, prior to joining and even after joining the Appellant was engaged in the business of executing civil works through his partnership firm by name Avaya Construction Company. Before joining the Appellant Anil Kumar executed works for other large contracting firms like HCC, MEIL etc. He also executed some works, as a subcontractor, to Appellant also. Therefore, in our considered view, when the entries found in the documents downloaded from personal email ID of Shri P. Anil Kumar and predominantly the entries pertaining to his personal expenditure and business activities of his proprietary concern, without identifying any entries relatable to the assessee, the additions made by the A.O. summarily cannot

be upheld. The Ld. CIT(A) without appreciating the relevant facts, simply directed the A.O. to identify the entries relatable to the assessee for the purpose of addition, even though, the document relied upon by the A.O. is non-speaking and without any narration as to nature of entries and the purpose. Accordingly, the additions made on this account for A.Ys. 2015-16 to 2020-21 are deleted.

44. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged out of book cash transactions relating to "BC Soil Land" on the basis of an Excel sheet found as an attachment in the email account of Shri P. Anil Kumar** for A.Y. 2017-18 amounting to Rs. 29,10,000/-.

45. The facts with regard to the impugned issue are that the addition has been made on the basis of an Excel sheet containing certain notings relating to proposed purchases of black soil lands. The said lands were contemplated for procurement of black soil required for construction of a bund forming part of a water reservoir project. The Excel sheet contained details such as name of the land owner, extent of land, location and a column titled "Cash". The A.O., on the basis of such notings, treated the amounts mentioned under the "Cash" column as unexplained expenditure of the assessee without bringing any material on record to establish that such amounts were actually payable or paid.

46. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the impugned addition has been made on the basis of an Excel sheet which represents only a preliminary working or proposal and not actual transactions. It was submitted that several lands mentioned in the sheet were either not purchased, or were taken on lease, and in some cases, the extent of land and consideration differed from what was recorded in the books of account. The assessee further submitted that the amounts reflected under the column "Cash" do not indicate actual payment and no evidence has been brought on record by the A.O. to establish that any such cash payments were made. It was also submitted that the transactions, wherever executed, were duly recorded in the books of account and payments were made through banking channels. The Ld. CIT(A), after considering the submissions of the assessee and the findings of the A.O., however, was not fully convinced with the explanation furnished and held that the entries in the Excel sheet indicate unaccounted transactions to that extent. Accordingly, the Ld. CIT(A) sustained the addition made by the A.O.

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

48. The learned counsel for the assessee, referring to the written submissions, submitted that the Excel sheet is merely a preliminary projection or working document and does not represent actual transactions. It was further submitted that the column titled “Cash” does not indicate whether any amount was actually paid and that several lands mentioned in the sheet were never purchased, in some cases land extent differed and in certain instances lands were taken on lease. The learned counsel submitted that in several cases, the consideration recorded in the books matches the payments made through banking channels, which clearly establishes that the Excel sheet was not acted upon in its original form. Therefore, he submitted that, the additions made by the A.O. should be deleted.

49. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, submitted that the document was found during the course of search and contains detailed particulars such as name of land owners, extent and location, which indicates that the entries are based on actual transactions. It was further submitted that the presence of a “Cash” column clearly suggests that part of the consideration was intended to be paid outside the books. The learned CIT-DR/Sr. A.R. submitted that the assessee has not been able to satisfactorily explain the difference between the entries in the Excel sheet and the transactions recorded in the books and therefore, the A.O. was justified in making the addition.

50. We have heard both the parties and perused the material available on record. We find that, the addition has been made solely on the basis of an Excel sheet which contains preliminary notings and does not establish actual payment of cash. The assessee has demonstrated various inconsistencies between the entries in the sheet and actual transactions recorded in the books. In our considered view, such a document, which is in the nature of a proposal and not acted upon, cannot form the basis for making addition in the absence of corroborative evidence. Accordingly, the addition made for A.Y. 2017-18 is deleted.

51. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged cash transactions with one Murali Krishna on the basis of an Excel sheet found as an attachment in the email account of Shri P. Anil Kumar** for A.Y. 2018-19 amounting to ₹9,11,077/- and for A.Y. 2019-20 amounting to ₹14,08,623/-.

52. The facts with regard to the impugned issue are that the addition has been made on the basis of an Excel sheet containing certain notings allegedly referring to commission payments linked to specific milestones. The said document was found in the mailbox of Shri P. Anil Kumar and not from the records or premises of the assessee. The A.O., made additions towards entries contained in mailbox of Shri P. Anil Kumar relating to Murali Krishna in the hands of the assessee as unexplained expenditure.

53. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the impugned addition has been made on the basis of an Excel sheet found in the personal email account of Shri P. Anil Kumar and the same does not belong to the assessee. It was submitted that the assessee has no transactions with one Murali Krishna and no such entries are reflected in its books of account. The assessee further submitted that no independent enquiry has been conducted by the A.O. to verify the contents of the document or to establish any nexus between the assessee and the alleged transactions. It was also submitted that no evidence has been brought on record to demonstrate actual flow of funds or incurrence of expenditure by the assessee. The Ld. CIT(A), after considering the submissions of the assessee and the findings of the A.O., however, was not fully convinced with the explanation furnished and held that the entries in the Excel sheet indicate unaccounted transactions to that extent. Accordingly, the Ld. CIT(A) sustained the addition made by the A.O.

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

55. The learned counsel for the assessee, referring to the written submissions, submitted that the document was retrieved from the personal email account of Shri P. Anil Kumar, who was independently engaged in execution of civil contracts through his

own concern and therefore, any such notings cannot be attributed to the assessee. It was further submitted that, no enquiry has been conducted to establish authenticity of the entries and no evidence has been brought on record to show that any expenditure was actually incurred by the assessee. The learned counsel for the assessee also submitted that part of the addition represents duplication of amounts already considered under another issue.

56. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, submitted that the document contains structured notings relating to commission payments linked to project milestones, which indicates that the entries are not random but represent actual financial dealings. It was further submitted that the assessee has failed to offer any satisfactory explanation regarding the nature of these entries and therefore, the A.O. was justified in treating the same as unexplained expenditure. The learned CIT-DR/Sr. A.R. submitted that the relief granted by the Ld. CIT(A) has already taken care of overlapping entries and no further relief is warranted.

57. We have heard both the parties and perused the material available on record. We find that, the addition has been made solely on the basis of an Excel sheet found in the personal email account of Shri P. Anil Kumar without establishing that the same belongs to the assessee or that the entries represent actual expenditure incurred by it. No corroborative evidence has been

brought on record, and no nexus has been established. Further, part of the addition has already been found to be overlapping. In our considered view, the addition is unsustainable. The CIT(A) failed to properly appreciate that the Excel sheet in question was obtained from the mailbox of Shri Anil Kumar and not from the appellant. No material was brought on record to establish that the document belonged to the appellant or that the entries therein represented actual expenditure incurred by the appellant. Further, it was not disputed that Shri Anil Kumar was independently engaged in executing civil works through his partnership firm, Avaya Construction Company. In such circumstances, any milestone-based workings or commission-related calculations found in his email account could not, without cogent evidence, be attributed to the appellant. In the absence of any nexus, corroboration, or proof of actual payment, the confirmation of the addition in the hands of the appellant is unsustainable both on facts and in law. Accordingly, the additions made for A.Ys. 2018-19 and 2019-20 are deleted.

58. The next issue that came up for our consideration is with respect to addition made by the A.O**. towards alleged out of book cash transaction based on WhatsApp messages found in the mobile phone of Shri P. Anil Kumar** for A.Y. 2020-21 amounting to ₹2,15,00,000/-.

59**.** The facts with regard to the impugned issue are that, during the course of search proceedings, the mobile phone of Shri P. Anil

Kumar was seized and certain WhatsApp messages were retrieved therefrom. On examination of the said messages, the A.O. noticed an exchange of communication between Shri P. Anil Kumar and one Shri Venkataram Reddy, wherein reference was made to handing over of cash. Based on such messages, the A.O. formed a view that a sum of ₹2.15 crores was paid in cash and that the same represented unaccounted transaction of the assessee. The A.O., without conducting any further enquiry or verification to establish the nature of the transaction, identity of the parties or actual flow of funds, proceeded to treat the said amount as unexplained income of the assessee and brought the same to tax.

60. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the impugned addition has been made solely on the basis of WhatsApp messages exchanged between third parties and there is no reference to the assessee in the said chats. It was submitted that no material has been brought on record to establish that the alleged payment pertains to or was made on behalf of the assessee. The assessee further submitted that no statement was recorded from Shri P. Anil Kumar to ascertain the nature or context of the messages and no evidence has been brought on record to demonstrate actual flow of funds such as withdrawal, transfer or utilisation of ₹2.15 crores. It was also submitted that WhatsApp messages, in the absence of proper authentication and corroboration, do not constitute reliable evidence. The Ld. CIT(A), after considering the submissions of the

assessee and the findings of the A.O., however, was not convinced with the explanation furnished and held that the contents of the WhatsApp messages indicate unaccounted transactions. Accordingly, the Ld. CIT(A) sustained the addition made by the A.O.

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

62. The learned counsel for the assessee, referring to the written submissions, submitted that the addition is based solely on WhatsApp messages exchanged between third parties and there is no reference to the assessee in the said chats. It was further submitted that Shri Anil Kumar was not examined with respect to the said messages and no statement was recorded to ascertain the nature or context of the alleged transaction. The learned counsel submitted that no evidence has been brought on record to demonstrate actual flow of funds such as withdrawal, transfer or utilisation of ₹2.15 crores by the assessee. It was further submitted that Shri Anil Kumar was independently engaged in business activities and therefore, even assuming that such transaction existed, the same cannot be attributed to the assessee without establishing nexus. The learned counsel also submitted that WhatsApp messages, in the absence of proper authentication and corroboration, do not constitute admissible evidence and cannot form the sole basis for making addition. In this regard, he relied upon the decision of ITAT, Visakhapatnam Bench in the

case of ACIT Vs. Manchukonda Shyam (2026) 182 Taxmann.com 235 (Visakhapatnam Trib.) and other cases.

63. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, submitted that the WhatsApp messages were retrieved during the course of search and clearly indicate exchange of information regarding payment of substantial cash. It was further submitted that Shri Anil Kumar was a key person associated with the assessee and therefore, the contents of his mobile phone cannot be brushed aside. The learned CIT-DR/Sr. A.R. submitted that the assessee has failed to offer any satisfactory explanation regarding the contents of the messages and hence, the A.O. was justified in making the addition.

64. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We find that, the addition has been made solely on the basis of WhatsApp messages retrieved from the mobile phone of Shri P. Anil Kumar. The said messages do not contain any reference to the assessee, nor has any material been brought on record to establish that the alleged transaction pertains to the assessee. Further, no enquiry has been conducted by the A.O. to examine Shri Anil Kumar or to verify the nature and authenticity of the messages. No evidence of actual flow of funds has been brought on record. In our considered view, addition cannot be sustained merely on the basis of uncorroborated WhatsApp messages without establishing nexus with the assessee and

without any supporting evidence. In our considered view, WhatsApp chats are electronic messages and without proper authentication and supporting material cannot constitute admissible evidence for the purpose of making additions under the Act, as held by ITAT, Visakhapatnam in the case of ACIT Vs. Manchukonda Shyam (supra) and also the decision of ITAT, Hyderabad in the case of Gavireddygari Aparna Kalyani Vs. ACIT in ITA No.3/Hyd/2023. The Ld. CIT(A) without appreciating the relevant facts, simply sustained the addition made by the A.O. Accordingly, the addition made for A.Y. 2020-21 is deleted.

65. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged 1% commission income by treating sub-contracts as bogus** in respect of (i) works awarded to Shantha Constructions (Pkg 10) for A.Ys. 2017-18, 2018-19 and 2019-20, (ii) works awarded by Megha Engineering Ltd and sub-contracted to Ravinder Rao, Avaya Construction Company and Expressway Services Pvt Ltd for A.Ys. 2015-16 to 2018-19, and (iii) works awarded to Expressway Services Pvt Ltd (Pkg 5 and 10) for A.Ys. 2018-19, 2019-20 and 2020-21.

66. The facts with regard to the impugned issue are that, during the course of search proceedings, certain sub-contractors and their sub-contractors were examined and some of them initially stated that they had not executed the works. Based on such statements, the A.O. concluded that the sub-contracts were

accommodative in nature and that the assessee had routed payments through such sub-contractors and received back the amounts. On this basis, the A.O. presumed that the assessee might have earned 1% commission for facilitating such arrangements and accordingly made addition towards 1% commission income on the basis of total sub-contract works given to various sub-contractors.

67. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the entire addition is based on statements recorded during the course of search without any corroborative evidence. It was submitted that the sub-contractors have executed the works and necessary documentary evidences such as work orders, bills, bank statements and confirmations were furnished to establish genuineness of the transactions. The assessee further submitted that initial statements of certain parties cannot be relied upon in isolation, particularly when the same parties have subsequently furnished evidences in response to notices issued under section 133(6) and summons under section 131 confirming execution of work. It was also submitted that no material has been brought on record to establish that any amount has flown back to the assessee or that any commission income has been earned. The Ld. CIT(A), after considering the submissions of the assessee and the findings of the A.O., however, was not fully convinced with the explanation furnished and held that the deficiencies noticed in execution of sub-contracts and statements recorded during search

indicate that the arrangements were not fully genuine. Accordingly, the Ld. CIT(A) upheld the action of the A.O. in estimating income by applying 1% commission on such sub-contract works.

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

69. The learned counsel for the assessee, referring to the written submissions, submitted that the entire addition is based on mere presumption without any material to establish that the sub-contracts are bogus or that any commission income has actually been earned by the assessee. It was submitted that during the course of search, though certain sub-contractors initially made statements stating that they had not executed the works, subsequently, in response to notices issued under section 133(6) and summons under section 131of the Act, the very same sub-contractors furnished complete details such as work orders, bank statements, bills and income tax returns, clearly evidencing execution of works.

70. The learned counsel submitted that, the A.O. has selectively relied upon initial statements recorded during search while completely ignoring the documentary evidences furnished subsequently. It was further submitted that only a few sub-contractors were examined and their statements were generalized to all contracts, which is factually incorrect. The learned counsel

further submitted that the reasons cited by the Revenue such as engagement of employees of group companies as sub-contractors, lack of formal appraisal systems, and filing of returns from common IP address do not render the contracts as bogus. It was submitted that the nature of infrastructure projects requires engagement of multiple small sub-contractors and development of labour force, and such business realities have not been properly appreciated by the A.O. It was further submitted that proper documentation such as work orders, measurements and bills were maintained and payments were made through banking channels. The learned counsel submitted that merely because some sub-contractors initially gave statements under confusion or pressure, the entire set of contracts cannot be treated as non-genuine, particularly when those very parties later confirmed execution of work with supporting evidences.

71. The learned counsel for the assessee also submitted that the A.O. has not brought any evidence on record to establish that any amount has flown back to the assessee or that any commission has been received. It was submitted that the addition of 1% commission is purely ad hoc and without any basis. The learned counsel further submitted that in the case of Expressway Services Pvt Ltd, the Ld. CIT(A) has deleted similar addition, and the Department has not filed any appeal against such deletion, and therefore, on the principle of consistency also, the addition cannot be sustained.

72. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, strongly supported the orders of the authorities below and submitted that certain sub-contractors, during the course of search, have stated that they had not executed the works and had returned the money. It was further submitted that deficiencies in documentation, engagement of employees as sub-contractors and filing of returns from common IP addresses indicate that the arrangements were accommodative in nature. The learned CIT-DR/Sr. A.R. submitted that the A.O., based on such material, has reasonably inferred that the assessee has facilitated accommodation entries and earned commission income.

73. We have heard both parties, perused the material on record and had gone through the orders of the authorities below. We find that, the entire addition has been made by the A.O. on the basis of statements recorded during the course of search and on assumptions drawn therefrom without bringing any cogent material on record to establish that the sub-contracts were bogus or that any commission income has actually accrued to the assessee. The evidences placed on record by the assessee, including work orders, bills, bank statements and confirmations from sub-contractors, have not been properly controverted by the A.O. Further, no material has been brought on record to establish flow of funds back to the assessee. In the absence of any corroborative evidence, the estimation of 1% commission income is purely based on presumptions and cannot be sustained. In our considered view, addition cannot be made merely on the basis of

assumptions and presumptions without any corroborative evidence.

74**.** We have given our thoughtful consideration to the rival submissions and perused the material available on record. The A.O. has made the addition primarily on the basis of statements recorded during the course of search without bringing any independent corroborative evidence to establish that the sub-contracts are bogus or that any commission income has accrued to the assessee. On the other hand, the assessee has furnished various evidences including work orders, bills, bank statements and confirmations from sub-contractors to demonstrate execution of work. It is further noticed that most of the sub-contractors, in response to notices issued under section 133(6) and summons under section 131 of the Act, have confirmed execution of work and furnished supporting details, though some had initially made contrary statements during search.

75. We further find that, the primary objections of the Revenue such as engagement of employees of group companies as sub-contractors, alleged lack of proper documentation and appraisal systems, deficiencies pointed out in internal audit reports and filing of returns from a common IP address, cannot by themselves lead to a conclusion that the sub-contracts are non-genuine. The assessee has explained that, considering the nature of infrastructure projects which are labour-intensive and executed in remote locations, it is necessary to continuously identify and

develop new sub-contractors, including known persons, to ensure smooth execution of projects. It is also evident from the record that work orders were issued, measurements were recorded and payments were made through banking channels after deduction of tax at source. Further, although some sub-contractors initially stated that they had not executed the works, subsequently, in response to statutory notices, they have furnished details evidencing execution of work. The inference drawn by the A.O. based on statements of a few persons, without examining the entire set of sub-contractors, is not sufficient to treat all contracts as accommodative in nature. We also find that, no material has been brought on record to establish that any amount has flowed back to the assessee or that any commission income has actually been earned. Moreover, the assessee has already offered income from such contracts in its books of accounts and the A.O. has not demonstrated that such income is incorrect or incomplete. Accordingly, the additions made towards alleged 1% commission income are unsustainable and hence deleted.

76. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged cash returned to the management of the assessee in the context of works awarded to Shantha Constructions** for A.Y. 2018-19 amounting to ₹11,05,00,000/- and for A.Y. 2019-20 amounting to ₹5,70,00,000/-.

77. The facts with regard to the impugned issue are that, during the course of search and subsequent assessment proceedings, the A.O. noticed that the assessee had awarded certain works to its subcontractor, Shantha Constructions and payments were made towards execution of such works. On the basis of statements recorded during the course of search, particularly from Shri V. Narasimha Rao, the A.O. formed a view that the subcontract awarded to Shantha Constructions was not genuine and that the amounts paid to the subcontractor were returned back in cash to the management of the assessee. The A.O. further observed that, the arrangement between the assessee and the subcontractor was only accommodative in nature and that the payments made through banking channels were subsequently withdrawn and returned in cash. On the basis of such observations and statements, without bringing any independent corroborative evidence on record to establish actual flow of funds, the A.O. treated the amounts of ₹11,05,00,000/- for A.Y. 2018-19 and ₹5,70,00,000/- for A.Y. 2019-20 as unexplained income of the assessee.

78. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that, the entire addition has been made solely on the basis of statement of Shri V. Narasimha Rao without any corroborative evidence. It was submitted that the works executed through Shantha Constructions pertain to Government contracts, where payments were released only after due inspection,

measurement and verification by the concerned authorities. The assessee further submitted that the subcontractor has executed the work and the payments were made through banking channels after deduction of tax at source and duly accounted for in the books of account. It was also submitted that no material has been brought on record to establish any flow of funds back to the assessee and that the statement relied upon by the A.O. was not subjected to cross-examination despite specific request. The Ld. CIT(A), after considering the submissions of the assessee and the findings of the A.O., however, was not convinced with the explanation furnished by the assessee and held that the statement of Shri V. Narasimha Rao indicates that the amounts paid to the subcontractor were returned in cash to the management. Accordingly, the Ld. CIT(A) confirmed the addition made by the A.O.

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

80. The learned counsel for the assessee, referring to the written submissions, submitted that the entire addition is based on mere allegation without any supporting evidence. It was submitted that the contract in question pertains to Government work, where payments were released to the assessee only after due inspection, measurement and verification by Government authorities. It was further submitted that the assessee executed the work through its subcontractor, Shantha Constructions, and payments were made

through account payee cheques after deducting tax at source and after verifying the work executed.

81. The learned counsel for the assessee further submitted that, both the assessee and the subcontractor maintain regular books of account which are duly audited and no adverse remarks have been made by auditors. It was further submitted that the subcontractor has duly accounted for the receipts and has been assessed to tax. The learned counsel submitted that all documentary evidences including work orders, measurements, billing and Government certifications evidencing execution of work were furnished before the authorities. The learned counsel further submitted that no evidence has been brought on record to establish any flow of funds back to the assessee. It was submitted that despite extensive search, no material indicating circulation of cash was found. The learned counsel submitted that the entire addition is based on statement of one Shri V. Narasimha Rao, who was not subjected to cross-examination despite specific request and whose statement is uncorroborated. It was further submitted that even the Managing Director of the assessee company denied any such transaction.

82. The learned Sr. A.R. for the Revenue, on the other hand, supported the orders of the authorities below and submitted that the statement of Shri V. Narasimha Rao indicates that cash was received from the subcontractor and returned to the management. It was further submitted that the A.O., based on such statement

and surrounding circumstances, has rightly concluded that the payments made to the subcontractor were routed back in cash.

83. We have heard the learned counsel for the assessee and the learned Sr. A.R. for the Revenue, perused the material available on record and had gone through the orders of the authorities below. We find that, the addition has been made primarily on the basis of statement of a third party without any corroborative evidence. The assessee has placed on record documentary evidences establishing execution of work, receipt of payments from Government authorities after due verification, and subsequent payments to the subcontractor through banking channels with due deduction of tax at source. The books of account of both the assessee and the subcontractor are audited, and no defect has been pointed out.

84. We further find that, no material has been brought on record to establish flow of funds back to the assessee. Despite search, no evidence of cash circulation has been found. The statement relied upon by the A.O. has not been subjected to cross-examination and remains uncorroborated. It is a settled principle that addition cannot be made merely on the basis of uncorroborated statement without supporting evidence. In our considered view, once the assessee has discharged its initial burden by producing documentary evidence establishing execution of work, receipt of payments through banking channels and proper accounting of transactions, the onus shifts to the Department to establish, with

cogent material, that the transactions are not genuine. In the present case, the Department has failed to discharge such burden. The addition is based on suspicion and conjecture without any demonstrable nexus or evidence of flow of funds. Accordingly, the additions made for A.Y. 2018-19 and 2019-20 are deleted.

85. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged cash returned to the management of the assessee in the context of sub-contract awarded to Avexa Corporation Private Limited** for A.Y. 2019-20 amounting to ₹12,48,52,900/- and for A.Y. 2020-21 amounting to ₹71,68,087/-.

86. The facts with regard to the impugned issue are that the A.O., on the basis of statement recorded from Sri Kurra Jogeshwara Rao, Director of Avexa Corporation Private Limited, during the course of search, treated the sub-contract awarded by the assessee as non-genuine and concluded that the payments made to Avexa Corporation Private Limited were returned back in cash to the assessee. Accordingly, the A.O., without bringing any independent corroborative evidence on record, treated the said amounts as unexplained income of the assessee.

87. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that the sub-contract awarded to Avexa Corporation Private Limited is genuine and the entire addition has been made

solely on the basis of statement of Sri Kurra Jogeshwara Rao without any corroborative evidence. It was submitted that the said person himself has admitted that he was not involved in execution of the contract during the relevant period and therefore, his statement cannot be relied upon to conclude that the work was not executed. The assessee further submitted that the contract relates to Government work, where payments were released only after due inspection and verification by the concerned authorities and the payments made to the subcontractor were through banking channels with due deduction of tax at source. The Ld. CIT(A), after considering the submissions of the assessee and the findings of the A.O., however, was not convinced with the explanation furnished by the assessee and held that the statement of Sri K.J. Rao indicates that the sub-contract was not genuine and the amounts were returned in cash. Accordingly, the Ld. CIT(A) confirmed the addition made by the A.O.

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

89. The learned counsel for the assessee, referring to the written submissions, submitted that the entire addition is based on selective reliance placed on the statement of Sri K.J. Rao, which is factually incorrect and unreliable. It was submitted that Sri K.J. Rao himself admitted that he was not involved in the affairs of the company during the relevant period and that the contracts were executed by his late uncle Sri Markandeyulu. The learned counsel

submitted that a person who had no role in execution of the contract cannot depose regarding non-execution of work or alleged return of money.

90. The learned counsel for the assessee further submitted that Sri K.J. Rao, in his statement, could not even identify the project, could not correctly state the amounts involved and could not name the persons to whom the alleged cash was paid. It was further submitted that he admitted that he had not met the key persons of the assessee company, yet made allegations regarding return of money. The learned counsel submitted that such uncorroborated and inconsistent statement cannot be relied upon. It was further submitted that the contract in question relates to Government work, where payments were released only after due inspection, measurement and verification by Government authorities. The assessee, before releasing payments to the subcontractor, had also verified execution of work. Payments were made through banking channels after deduction of tax at source and both the assessee and the subcontractor have accounted for such transactions in their audited books of account. The learned counsel for the assessee also submitted that no material has been brought on record to establish any flow of funds back to the assessee. It was further submitted that despite search, no evidence of cash circulation was found. The learned counsel also submitted that the statement relied upon by the A.O. was not subjected to cross-examination despite specific request and therefore, cannot be relied upon. It was further submitted that

even the Managing Director of the assessee company denied any such transaction.

91. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, supported the orders of the authorities below and submitted that the statement of Sri K.J. Rao clearly indicates that the sub-contract awarded to Avexa Corporation Private Limited was not genuine and that the amounts were returned in cash. It was further submitted that, the A.O., based on such statement and surrounding circumstances, has rightly concluded that the transaction is accommodative in nature.

92. We have heard both parties, perused the material on record and had gone through the orders of the authorities below. We find that, the addition has been made primarily on the basis of statement of Sri K.J. Rao without any corroborative evidence. It is not in dispute that the said person himself has admitted that he was not involved in execution of the contract during the relevant period. The statement is inconsistent and lacks credibility, as he could not identify the project, amounts or the persons involved in the alleged transaction.

93. We further find that, the assessee has placed on record documentary evidences establishing execution of work, receipt of payments through banking channels after Government verification and corresponding payments to the subcontractor with due deduction of tax at source. Both the assessee and the

subcontractor maintain audited books of account and no defect has been pointed out. No material has been brought on record to establish any flow of funds back to the assessee. Despite search, no evidence of cash circulation has been found. The statement relied upon has not been subjected to cross-examination and remains uncorroborated. It is a settled principle that addition cannot be made merely on the basis of uncorroborated statement without supporting evidence. In our considered view, once the assessee has discharged its initial burden by producing documentary evidence establishing genuineness of transactions, the burden shifts to the Department to establish, with cogent material, that the transactions are not genuine. In the present case, the Department has failed to discharge such burden. The addition is based on conjecture and suspicion without any demonstrable nexus or evidence of flow of funds. Accordingly, the additions made for A.Y. 2019-20 and 2020-21 are deleted.

94. The next issue that came up for our consideration is with respect to addition made by the A.O. **towards alleged unexplained cash found at the registered office of the assessee** at "Prathima" for A.Y. 2020-21 amounting to ₹36,54,156/-.

95. The facts with regard to the impugned issue are that, during the course of search proceedings, a cash balance of ₹64,52,700/- was found at the premises known as "Prathima," which houses the registered offices of multiple group entities. During the course

of search, one staff member, Sri K. Srinivas, was examined and he stated that the said premises accommodates offices of various companies and that, due to technical issues, he was unable to furnish entity-wise break-up of cash at that point of time. The A.O., however, treated the entire cash as unexplained in the hands of the assessee.

96. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that, the premises "Prathima" houses multiple companies and the cash found during the course of search cannot be attributed entirely to the assessee. The assessee furnished details of various entities operating from the said premises along with their respective cash balances as on the date of search, duly supported by books of account. It was also submitted that the cash balances of such entities were reflected in their regular books of account and therefore, no adverse inference could be drawn. The Ld. CIT(A), after considering the submissions of the assessee and examining the details furnished, accepted the explanation in respect of cash balances belonging to other entities functioning from the said premises. However, in so far as the balance amount of ₹36,54,156/- is concerned, the Ld. CIT(A) held that the assessee has not satisfactorily explained the same and accordingly sustained the addition to that extent.

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

98. The learned counsel for the assessee, referring to the written submissions, submitted that the premises "Prathima" houses multiple companies and the cash found therein cannot be attributed entirely to the assessee. It was further submitted that details of cash balances of various entities functioning from the premises, along with supporting documents, were furnished before the authorities. The learned counsel submitted that the Ld. CIT(A) has accepted the explanation in respect of other entities but arbitrarily sustained addition in part.

99. The learned counsel for the assessee further submitted that, the Ld. CIT(A) had directed the assessee to obtain a certified copy of cash balance from the seized cash book. However, the A.O. expressed inability to provide such certificate on the ground that the seized Tally data could not be opened. It was submitted that despite this failure on the part of the A.O., the cash balance reflected in the audited books of account has been treated as unexplained. The learned counsel for the assessee submitted that the books of account have not been rejected and therefore, the addition is unsustainable.

100. The learned CIT-DR/Sr. A.R. for the Revenue, on the other hand, supported the order of the Ld. CIT(A) and submitted that the assessee has not satisfactorily explained the source of the cash balance sustained by the Ld. CIT(A), and therefore, the addition has been rightly confirmed.

101. We have heard the learned counsel for the assessee and the learned Sr. A.R. for the Revenue, perused the material available on record and had gone through the orders of the authorities below. We find that, the cash was found in a premises which houses multiple entities and not exclusively the assessee. The assessee has furnished details of cash balances of various entities along with supporting records and the Ld. CIT(A) has accepted such explanation in respect of other entities. We further find that, the Ld. CIT(A) had directed verification of cash balance from the seized books of account, but the A.O. failed to provide such verification on the ground that the seized data could not be accessed. In such circumstances, the cash balance reflected in the audited books of account cannot be disregarded, particularly when the books have not been rejected. No material has been brought on record to establish that the cash sustained by the Ld. CIT(A) represents unexplained income of the assessee. In our considered view, once the assessee has furnished details of cash balances supported by books of account and the same have not been rejected, the addition cannot be sustained merely on the basis of inability of the A.O. to verify seized data. The burden cast upon the Department has not been discharged. Accordingly, the addition made for A.Y. 2020-21 is deleted.

102. In the result, the appeals filed by the assessee for A.Y. 2014-15 to 2020-21 are allowed.

103. **Now we will take up the appeals of Revenue**. The Revenue has raised substantially two issues across all the assessment years, namely, deletion of additions made towards unexplained income and deletion of disallowance of deduction claimed under Section 80IA(4) of the Income Tax Act, 1961, with only variation in figures. Therefore, the same are being adjudicated issue-wise for the respective assessment years.

104. The first issue that came up for our consideration in the Revenue's appeals is with respect to deletion of additions made by the A.O. **towards unexplained income for A.Ys. 2016-17, 2017-18, 2018-19 and 2019-20.**

105. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. The issue involved in the present appeals of the Revenue is identical to the issues considered by us in the assessee's appeals for the respective assessment years, wherein we have held that additions made on the basis of loose sheets / email data of Shri P. Anil Kumar without any corroborative evidence and nexus with the assessee cannot be sustained. Since the Ld. CIT(A) has deleted the additions on similar lines, we find no error in the findings of the Ld. CIT(A) and accordingly, the grounds raised by the Revenue for the above assessment years are dismissed.

106. The next issue that came up for our consideration in the Revenue's appeals is with respect to **deletion of disallowance of deduction claimed under Section 80IA(4) of the Income Tax Act, 1961 for A.Ys. 2016-17, 2018-19, 2019-20 and 2020-21.**

107. The facts with regard to the above issue are that, during the course of assessment proceedings, the A.O. noticed that the assessee has claimed deduction under Section 80IA(4) of the Income Tax Act, 1961 in respect of profits derived from execution of infrastructure development works. The A.O., on examination of the nature of contracts executed by the assessee, observed that the assessee is only a sub-contractor executing works awarded by main contractors and the contract was not directly awarded by the Government or statutory authority. Therefore, the A.O. was of the view that the assessee does not satisfy the conditions prescribed under Section 80IA(4) of the Act, and accordingly disallowed the deduction claimed.

108. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee submitted that, it is engaged in execution of infrastructure development projects and has undertaken development, operation and maintenance of such projects, though through sub-contract arrangements. The Ld. CIT(A), after considering the relevant submissions of the assessee and also taking note of the nature of works executed by the assessee, observed that the issue is squarely covered by the decision of the Hon'ble Jurisdictional ITAT

in the assessee's own case for earlier assessment year, wherein under similar set of facts, the Tribunal has allowed deduction under Section 80IA(4) of the Act, even in the case of a sub-contractor. Therefore, following the said decision, the Ld. CIT(A) allowed the claim of deduction.

109. Aggrieved by the order of Ld. CIT(A), the Revenue is now in appeal before us.

110. The learned CIT-DR/Sr. A.R. for the Revenue, strongly supporting the order of the A.O., submitted that, the Ld. CIT(A) erred in allowing deduction under Section 80IA(4) of the Act, by following the decision of the Hon'ble ITAT, even though, the Department has not accepted the said decision and the matter is pending before the Hon'ble High Court. He further submitted that, the assessee being a sub-contractor is not eligible for deduction under Section 80IA(4) of the Act, since the contract was not directly awarded by the Government or statutory authority. Further, the Ld. CIT-DR referring to the decision of Hon'ble Delhi High Court in the case of Celebi Delhi Cargo Terminal Management India Pvt. Ltd., Vs. Union of India (2019) 104 taxmann.com 219 (Delhi)., submitted that, when the assessee has not directly entered into an agreement with Central Government/ State Government or local authorities, then it does not satisfy the conditions of provisions of Section 80IA(4) of the Act, and hence, the same is not eligible for deduction u/s 80IA(4) of the Act. Therefore, he submitted that, the Ld. CIT(A) without considering

the relevant facts and also by following assessee's own case, has allowed relief, even though, the Revenue has not accepted the decision of the ITAT and further appeal has been filed before the Hon'ble High Court, which is pending for adjudication. Therefore, he submitted that, the additions made by the A.O. should be upheld.

111. The learned counsel for the assessee, on the other hand, submitted that the assessee is engaged in execution of infrastructure development projects and the nature of activities carried out by the assessee clearly falls within the scope of Section 80IA(4) of the Act. He further submitted that, the issue is squarely covered in favour of the assessee by the decision of the Jurisdictional ITAT in the assessee's own case, wherein under identical facts, deduction under Section 80IA(4) has been allowed. Therefore, he submitted that, the Ld. CIT(A) has rightly followed the binding precedent and the same should be upheld.

112. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. The issue involved in the present appeals filed by the Revenue for A.Ys. 2016-17, 2018-19, 2019-20 and 2020-21 is squarely covered by the decision of the Jurisdictional ITAT, wherein it has been held that deduction under Section 80IA(4) of the Income Tax Act, 1961 is allowable even to a sub-contractor, provided the assessee is engaged in execution of infrastructure development projects. We further find that, the Hon'ble

Jurisdictional ITAT in the assessee's own case for earlier assessment year has allowed the claim of deduction under Section 80IA(4) of the Act. Therefore, we find that, the Ld. CIT(A) has rightly followed the binding precedent. Merely because the Department has not accepted the decision and the matter is pending before the Hon'ble High Court, the same cannot be a reason to deviate from the binding precedent.

113. Insofar as the arguments of the learned Ld. CIT-DR/Sr. A.R. for the Revenue, in light of the decision of Hon'ble Delhi High Court in the case of Celebi Delhi Cargo Terminal Management India Pvt. Ltd., Vs. Union of India (supra), in our considered view, upon perusal of facts of the above case, we find that, the issue before the Hon'ble High Court is not with regard to eligibility or otherwise of deduction under Section 80IA(4) of the Act, in respect of profits derived from development of infrastructure project, but the issue was whether a private entity which was awarded contract work for development and maintenance of Airport facilities falls within the ambit of agreement between Central Government or State Government or local authority etc., and in the light of relevant facts, it was held that since the assessee has not entered into agreement with Central Government or State Government or local authority as required u/s 80IA(4) of the Act, it cannot claim deduction u/s 80IA(4) of the Act, because the condition of entering into agreement with any of the authority is not satisfied. In the present case, facts are altogether different because, the issue considered by the Coordinate Bench in

assessee's own case is whether work awarded to a Joint Venture or Consortium by any of Central Government or State Government or local authority and work was executed by constituent partners of JV and claimed deduction u/s 80IA(4) towards eligible profit for development of infrastructure project. The Coordinate Bench of the Tribunal by considering the above facts, has held that once the assessee, being a constituent partner of a JV, which got awarded the contracts for development of infrastructure project and the assessee has executed the development of infrastructure project according to its share in the JV, then it is as good as the assessee has entered into agreement with Central Government or State Government or local authority for the purpose of Section 80IA(4) of the Act and thus, the profits derived from eligible projects are entitled for deduction under Section 80IA(4) of the Act. Since the facts of the present case and cases relied upon by the ld. CIT-DR are entirely different, in our considered view, the case law relied upon by the Ld. CIT-DR is rejected.

114. In this view of the matter and considering the facts of this case, we are of the considered view that, the Ld. CIT(A) has rightly allowed deduction under Section 80IA(4) of the Act, by following the binding decision of the Jurisdictional ITAT in the assessee's own case. Further, merely because the Department has not accepted the said decision and the matter is pending before the Hon'ble High Court, the same cannot be a reason to deviate from the binding precedent. The reliance placed by the Ld. CIT-DR/Sr. A.R. on the decision in the case of Celebi Delhi Cargo Terminal

Management India Pvt. Ltd. vs Union of India (supra) is misplaced, as the facts of the present case are entirely different and distinguishable. Thus, we find no error in the order of the Ld. CIT(A) in allowing deduction under Section 80IA(4) of the Act. Accordingly, we uphold the order of the Ld. CIT(A) and dismiss the grounds raised by the Revenue for the above assessment years.

115. In the result, appeals filed by the Revenue are dismissed.

116. To sum up, all the appeals of assessee are allowed, and all the appeals of Revenue are dismissed.

Order pronounced in the Open Court on 27th March, 2026.

Sd/- श्री विजय पाल राव **(VIJAY PAL RAO)** **उपाध्यक्ष /VICE PRESIDENT**	**Sd/-** (मंजूनाथ जी) **(MANJUNATHA G.)** **लेखा सदस्य/ACCOUNTANT MEMBER**

Hyderabad, dated 27.03.2026.
TYNM/sps

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

1.	निर्धारिती/The Assessee	:	M/s. Prathima Infrastructure Limited, Plot No.213, Road No.1, Prathima Film Nagar, Jubilee Hills, Hyderabad – 500096.
2.	राजस्व/ The Revenue	:	The Deputy Commissioner of Income Tax, Central Circle – 2(4), Hyderabad / The Assistant Central Circle 2(4), Hyderabad.
3.	The Principal Commissioner of Income Tax, (Central), Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

TIRUPATI YAMINI NAGA MALLESWARI

Digitally signed by TIRUPATI YAMINI NAGA MALLESWARI
Date: 2026.03.27 16:52:06 +05'30'

Sr. Private Secretary
ITAT, Hyderabad