

आयकर अपीलीय अधिकरण, हैदराबाद पीठ  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
Hyderabad 'A' Bench, Hyderabad  
श्री रवीश सूद, माननीय न्यायिक सदस्य एवं श्री मधुसूदन सावडिया, माननीय लेखा सदस्य

**SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**  
**AND**  
**SHRI MADHUSUDAN SAWDIA, HON'BLE ACCOUNTANT MEMBER**

आयकरअपीलसं./I.T.A. No.1378/Hyd/2025  
(निर्धारणवर्ष/ Assessment Year:2019-20)

Srikanth Bodagala, Hyderabad. PAN: ALCPB3648J	VS.	ACIT, Central Circle-2(3), Hyderabad.
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाताकाप्रतिनिधित्व/ Assessee Represented by	:	None
राजस्वकाप्रतिनिधित्व/ Department Represented by	:	Shri D. Praveen, Sr. AR
सुनवाईसमाप्तहोनेकीतिथि/ Date of Conclusion of Hearing	:	25/03/2026
घोषणा की तारीख/ Date of Pronouncement	:	25/03/2026

**ORDER**

**PER RAVISH SOOD, JM:**

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals)-12, Hyderabad, dated 28/03/2025, which in turn arises from the order passed by the Assessing Officer (for short, "AO") under section 153C of

the Income Tax Act, 1961 (for short, "the Act"), dated 20/03/2023 for the Assessment Year (AY) 2019-20. The assessee has assailed the impugned order of the CIT(A) on the following grounds of appeal:

1. "The order passed by the Ld. CIT(A) u/s 250 of the Act dated 28.03.2025 is erroneous both on facts and in law to the extent the order is prejudicial to the interest of the appellant.
2. The Ld. CIT(A) erred by not considering the facts of the case and submissions made by the assessee against the assessment made u/s 153C by AO without any incriminating material relating to the assessee found in searched premises, which is against the provisions of law and principles of natural justice.
3. The Ld. CIT(A) ought to have appreciated that the AO has not given reasonable opportunity of being heard, to the assessee before passing the order u/s 153C of the Act dated 20.03.2023
4. The Ld. CIT(A) ought to have appreciated the fact that the Ld. AO has issued a consolidated satisfaction note covering multiple assessment years which is invalid and the entire assessment proceedings are deemed to be invalid.
5. The CIT(A) ought to have appreciated the Ld. AO is bound to record a satisfaction note for each assessment year separately as per the provisions of section 153C of the income tax act
6. The Ld. CIT(A) ought to have appreciated the fact that the AO erred in invoking provisions of Sec 153C of the Act without there being any incriminating material belonging to the appellant found in searched premises, during the course of search at the premises of third person.
  - 6.1. The Ld. CIT(A) erred by not fairly appreciating the fact that no incriminating material relating to assessee was possessed by AO who did assessments u/s 153A of the Act and that assessment order passed on basis of satisfaction of that AO u/s 153C is not valid and requires to be quashed.
  - 6.2. The Ld. CIT(A) erred in properly appreciating the fact that the issuance of notice by AO u/s 153C has to be done before the completion of assessment u/s 153A of the Act in the searched case by the concerned Jurisdictional AO.
  - 6.3. The Ld. CIT(A) ought to have appreciated the fact that the AO erred in issuing the notice u/s 153C of the Act after a lapse of almost most three years from the date of issuance of notice u/s 153A of the Act, in the case of the searched party.
  - 6.4. The Ld. CIT(A) has grossly erred in appreciating the legal position that before invoking the provisions of Section 153C of the Act, the AO of the searched party must record a conclusive satisfaction that documents seized does not belongs to or

relates to the searched party, but related to the impugned party.

- 6.5. The Ld. CIT(A) also erred in properly appreciating the legal position that before invoking the provisions of section 153C of the Act, the A.O of the searched party must record a conclusive satisfaction u/s 153A of the Act that the documents seized belongs/relates to a person other than the searched person.
- 6.6. The Ld. CIT(A) ought to have appreciated that there is no proper recording of satisfaction note in the appellant's case for invoking the provisions of section 153C of the Act, and that the assessment made is vitiated by lawful infirmity and unsustainable under law.
7. The Ld. CIT(A) erred in deleting the addition made by the AO of Rs. 18,00,000/-, towards unexplained investments u/s 69 of the Act.
  - 7.1. The Ld. CIT(A) ought to have appreciated the fact that the assessee was a salaried employee and the payments made are out of his past savings.
  - 7.2. The Ld. CIT(A) ought to have appreciated the fact that out of cash payments made by the assessee, the amount received by him was out of hand loans received by him from his friends and families.
8. The assessee may add, alter, or modify or substitute any other points to the grounds of appeal at any time before or at the time of hearing of the appeal.”

2. Succinctly stated, the assessee had not filed his return of income for the subject year, i.e., AY 2019-20.

3. Search and seizure operation under section 132 of the Act was conducted on 01/04/2019 in the case of M/s. Sahiti Constructions and its associated entities.

4. During the course of the search proceedings, certain material was seized, which revealed that the assessee had made a payment of Rs. 59 lakhs to M/s. Sahiti Constructions for the purchase of a flat.

5. The AO, based on the aforesaid information, issued notice under section 153C of the Act, dated 27/03/2022, requiring him to file his return of income. In response, the assessee filed his return of income under section 153C of the Act, dated 17/02/2023, declaring an income of Rs. 19,210/-.

6. During the course of the assessment proceedings, the AO observed that a perusal of the seized document, viz., Annexure-A/SC/OFF/01, that was seized in the course of the search proceedings conducted in the case of M/s. Sahiti Constructions revealed that the assessee had made a payment of total sale consideration of Rs. 59 lakhs (*sic*) towards the purchase of a flat (unit-8). It was observed by him that the aforesaid payment made by the assessee consisted of, viz., (i) cheques and bank transfers of Rs.20 lakhs; and (ii) cash payments: Rs. 35 lakhs.

7. The AO, vide his notice dated 09/03/2023, called upon the assessee to explain the source of the payments of Rs. 55 lacs (*supra*) as was gathered from the seized document, viz Annexure-A/SC/OFF/01, which reads as under:

S.No.	Date	Mode of payment	Amount (In Rs.)
1	10.04.2018	Cheque No.992542	10,00,000/-
2	10.04.2018	Cash	10,00,000/-
3	30.06.2018	RTGS	5,00,000/-
4	30.06.2018	Cash	7,00,000/-
5	10.07.2018	Cheque No.992559	2,00,000/-
6	--	Adjustment	8,00,000/-
7	--	Adjustment	10,00,000/-
8	30.06.2018	Cheque No.674946	3,00,000/-
Total			55,00,000/-

8. In reply, the assessee vide his letter, dated 09/03/2023, submitted that he had purchased the flat from M/s. Sahiti Constructions vide agreement to sell, dated 12/06/2018 for a total consideration of Rs.59 lakhs. It was submitted by him that he had made payment of Rs.37 lakhs through banking channel.

9. The AO after considering the reply filed by the assessee, observed that the assessee had made total payment of Rs.55 lakhs towards purchase of Unit-8, admeasuring 1000 sq ft from M/s. Sahiti Constructions. It was further observed by him that though the assessee was able to submit the details regarding the sources of payments made to the extent of Rs.37 lakhs, but had failed to submit any evidence to prove the sources of amounts aggregating to Rs.18 lakhs, which as per the seized Annexure-A/SC/OFF/01 (as culled out herein above) was stated to have been paid as "Adjustment", viz., (i) Sl.No.6 (of the seized document): Rs.8 lakhs; and (ii) Sl.No.7 (of the seized document): Rs.10

lakhs. Accordingly, the AO held the aforementioned amount of Rs.18 lakhs as an unexplained investment under section 69 of the Act.

10. Aggrieved, the assessee carried the matter in appeal before the CIT(A). As the assessee had failed to participate in the proceedings before the CIT(A), therefore, he approved the view taken by the AO and dismissed the appeal on account of non-prosecution as well as on merits.

11. The assessee, aggrieved with the order of the CIT(A) has carried the matter in appeal before us.

12. We find that the assessee appellant despite having been put to notice about the fixation of the hearing of the appeal had failed to put up an appearance on the last 3 occasions i.e., 02/12/2025, 15/01/2026, 16/02/2026. Also, when the matter was called up for hearing today, neither any appearance was put up by the assessee appellant nor any application for adjournment was filed before us. We thus, in the backdrop of the aforesaid facts, are constrained to proceed with and dispose of the appeal after considering the contentions of the Ld. Sr-DR and perusing of the orders of the authorities below, i.e., as per the mandate of Rule 24 of the Income Tax (Appellate Tribunal) Rules, 1963.

13. We have thoughtfully considered the contentions of the Ld. Sr-DR and the orders of the lower authorities.

14. In our view, as the assessee had failed to come forth with any explanation regarding the source of the payments aggregating to Rs.18 lakhs, as were mentioned in the seized document, viz., Annexure-A/SC/OFF/01 pertaining to the purchase of flat (unit-8) by him from M/s. Sahiti Constructions for a consideration of Rs.55 lakhs, therefore, both the lower authorities have rightly made/sustained the addition to the said extent by treating it as an unexplained investment under section 69 of the Act.

15. As the assessee had failed to come forth with any explanation regarding the source of the aforementioned investment of Rs.18 lakhs before us, therefore, we find no infirmity in the view taken by the authorities below, and uphold the addition.

16. Resultantly, the appeal filed by the assessee is dismissed in terms of our aforesaid deliberations.

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

<b>Sd/-</b> <b>(मधुसूदन सावडिया)</b> <b>(MADHUSUDAN SAWDIA)</b> <b>लेखासदस्य/ACCOUNTANT MEMBER</b>	<b>Sd/-</b> <b>(रवीश सूद)</b> <b>(RAVISH SOOD)</b> <b>न्यायिकसदस्य/JUDICIAL MEMBER</b>
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Hyderabad, dated 25/03/2026.  
OKK/sps

**आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to:-**

1.	निर्धारिती/The Assessee	:	Srikanth Bodagala, Flat 115, Above ICICI Bank, Marichettu Road, Manikonda, Hyderabad, Telangana-500089
2.	राजस्व/ The Revenue	:	ACIT, Central Circle-2(3), Aayakar Bhavan, Hyderabad, Telangana-500004
3.	The Principal Commissioner of Income Tax, Central Circle, Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण /DR,ITAT, Hyderabad.		
5.	The Commissioner of Income Tax		
6.	गार्डफाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Hyderabad.