Vamsiram Builders & Developers Pvt. ... vs Acit, Central Circle-1(1), Hyderabad on 5 June, 2026

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IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "B" Bench, Hyderabad

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SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT
AND
SHRI MANJUNATHA G, HON'BLE ACCOUNTANT MEMBER

./I.T.A.Nos.661 to 667/Hyd/2026
(/ Assessment Years: 2016-17 to 2022-23)

1-7	Vamsiram Builders and Developers Pvt. Ltd. (Formerly known as Vamsi Ram Builders) Hyderabad.	Vs.	The Assistant Commissioner of Income-Tax, Central Circle - 1(1), Hyderabad.
	PAN : AACFV8465E		

./I.T.A.Nos.836 and 837/Hyd/2026
(/ Assessment Years: 2022-23 and 2023-24)

8&9	Vamsiram Builders and Developers Pvt. Ltd. Hyderabad.	Vs.	The Assistant Commissioner of Income-Tax, Central Circle - 1(1), Hyderabad.
	PAN : AAICV3697B		
	(/ Appellant)		(/ Respondent)

/ Assessee Represented by	:	Shri M. V. Prasad, C.A. and Shri K.S. Rajendra Kumar, I.R.S. (Retd.)
/ Department Represented by	:	Dr. Narendra Kumar Naik, CIT-DR and Dr. Sachin Kumar, Sr. A.R.

¡ / Date of Conclusion of Hearing	:	30.04.2026
¢¡ / Date of Pronouncement	:	05.06.2026

ORDER

PER BENCH:

> The captioned appeals filed by the assessee Firm i.e. "Vamsiram Builders and Developers Pvt. Ltd., (Formerly known as Vamsi Ram Builders") and Company, i.e. Vamsiram Builders and Developers Private Limited are directed against the separate, but identical orders of the learned Commissioner of Income Tax (Appeals), Hyderabad - 11, [for short "Ld. CIT(A)"] pertaining to the assessment years 2016- 17 to 2022-23, respectively. Since facts are identical and common issues are involved in all 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 firm has raised common grounds of appeal in all the assessment years. Therefore, for the sake of ITA Nos.661 to 667, 836 and 837/Hyd/2026 brevity, grounds of appeal filed for the A.Y. 2016-17 in ITA No.661/Hyd/2026 are re-produced as under:

> "1. The Learned CIT(Appeals) erred in both law and facts while passing the Order.
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> 2. On the facts and circumstances of the case and in law, the Ld.CIT (Appeals) is not correct in not appreciating that the assessment order u/s 143(3) r.w.s 147 of the Income Tax Act ("Act") is void ab initio as the re-assessment proceedings initiated by the issue of notice u/s 148 without due compliance with the requirements of sections 148 and 149(1)(b) is without jurisdiction and unsustainable in law.

3. On the facts and circumstances of the case and in law, the Ld.CIT (Appeals) is not justified in rejecting the plea of the appellant that the assessment order u/s 143(3) r.w.s 147 of the Act is void ab initio, as the prior approval for the issue of notice u/s 148 was accorded by the specified authority u/s 151 in a mechanical manner without proper application of mind.

4. On the facts and circumstances of the case and in law, Ld.CIT (Appeals) is not justified in rejecting the plea of the appellant that the assessment order passed u/s 143(3) r.w.s 147 is unsustainable in law, since the approval u/s ITA Nos.661 to 667, 836 and 837/Hyd/2026 148B has been accorded by the Range Head in a mechanical manner.

5. On the facts and circumstances of the case and in law, Ld. CTT (Appeals) is not justified in rejecting the plea of the appellant that the Ld. Assessing Officer erred in making addition of Rs.1,93,81,432/- towards undisclosed income arising out of unaccounted cash receipts.

6. On the facts and circumstances of the case and in law, Ld.CIT (Appeals) is not justified in rejecting the plea of the appellant that the Ld. Assessing Officer erred in rendering the finding that entries of cash transactions have been recorded in the seized material by suppressing the last two digits of the actual amounts and consequently making erroneous quantification of the unaccounted cash receipts at a much higher amount than the actual amounts by multiplying the amounts

recorded in the seized material by 100

7. The Ld.CIT (Appeals) is not justified in rejecting the plea of the appellant that AO erred in relying on the statements of two employees and a business associate recorded during the search with respect to the issue of suppression of last two digits while recording the cash transactions in the seized material, disregarding the ITA Nos.661 to 667, 836 and 837/Hyd/2026 statement to the contrary of Sri, B. Subba Reddy, the group head recorded during the search and the retraction affidavits of the said employees and business associate which were filed within a reasonable time before the Investigating Officer.

8. The Ld. CIT(Appeals) is not justified in rejecting the plea of the appellant that AO erred in relying on the statements of some customers, vendors etc., with respect to the issue of suppression of last two digits in the cash transactions recorded in the seized material, despite the fact that the veracity of such statements is not substantiated by their books of account and income tax returns and were rendered based on leading questions.

9. The Ld. CIT(Appeals) is not justified in rejecting the plea of the appellant that AO erred in relying on evidences by way of estimation slips, whatsapp chats, cash vouchers etc., which do not have evidentiary value in the absence of corroborative evidence.

10. The Ld.CIT(Appeals) is not justified in rejecting the plea of the appellant that AO erred in relying on the data patterns in the seized material with regard to some transactions, without appreciating the explanation furnished by the appellant.

ITA Nos.661 to 667, 836 and 837/Hyd/2026

11.On the facts and circumstance of the case, the Assessment order which was confirmed by Learned CIT(A) has been passed with surmises and conjectures.

12. Without prejudice to the above grounds, Ld. CIT (Appeals) is not justified in rejecting the plea of the appellant that AO erred on facts and in law in excessively estimating the additional income arising out of unaccounted cash receipts as quantified by him at 16% of such receipts as against estimation made by the assessee at 10% of the admitted quantum of unaccounted cash receipts.

13. Any other legal grounds or factual grounds that may be urged at the time of hearing of the appeal."

3. The brief facts of the case are that the assessee, M/s. Vamsiram Builders and Developers Private Limited, formerly known as M/s. Vamsiram Builders, a partnership firm, is engaged in the business of real estate construction and sale of residential flats and commercial spaces. The return of income for A.Y. 2016-17 was filed on 17.10.2016 admitting total income of Rs. 6,65,28,828/-. The case was selected for scrutiny, and the assessment has been completed under ITA Nos.661 to 667, 836 and 837/Hyd/2026 Section 143(3) of the Income-tax Act, 1961 on 30.03.2017 and determined the total income at Rs. 6,70,32,442/-. A search and seizure operation under Section 132 of the Act, was

conducted in the case of M/s. Vamsiram Builders Group on 06.12.2022 and assessee is one of the entities of the group which was covered by the search. The search action was also covered on Shri Badvelu Subba Reddy, Managing Director of the Group and key employees namely, Shri Atla Chandrashekar, Manager (Accounts), Shri Regu Venkata Vara Prasad, Manager (Accounts & Finance) and Shri Meda Ramakrishna, Marketing Person of the group and separate warrants were issued in their respective names. Based on the enquiries under digital surveillance, the Department identified that some material belonging to the assessee group is available with Shri Sameer Yegge Kadel, who works as a cook at the residence of Shri Badvelu Subba Reddy. Summon under Section 131 of the Act, was issued to Shri Sameer Yegge Kadel on 08.12.2022 to produce the material available with him pertaining to Vamsiram Group at the ITA Nos.661 to 667, 836 and 837/Hyd/2026 camp office of the DDIT, Investigation, located at corporate office of M/s. Vamsiram Group located at Flat No. 202, Jyothi Srinivasam, Opp. Peddama Thalli Temple, Road No. 55, Jubilee Hills, Hyderabad at 7:15 A.M. on the same day i.e., 08.12.2022. In response to the summons, Shri Sameer Yegge Kadel appeared and produced the material which was in his possession. The Authorized Officer has seized the material which was brought and produced by Shri Badvelu Subba Reddy and seized as Annexure A/ENX01/YS/01 to 04, which contains loose sheets numbered from 01 to 60, copies of promissory notes and cheques numbered from 01 to 24, loose sheets numbered from 01 to 62 and diary containing written pages numbered from 01 to 75. Further, two mobile phones were also produced by him, which were kept under Prohibitory Order at the corporate office of M/s. Vamsiram Group. Based on the material seized, the Authorized Officer recorded the statement under Section 131 of the Act, in which he deposed that the material was handed over by Shri Badvelu Subba Reddy to Shri Sameer Yegge Kadel. He further ITA Nos.661 to 667, 836 and 837/Hyd/2026 stated that he is not aware of the contents and the same is known to Vamsiram Group only.

4. During the course of search proceedings at the residence of Shri Regu Venkata Vara Prasad, Manager (Accounts & Finance), in his sworn statement recorded under Section 132(4) of the Act, from 06.12.2022 to 10.12.2022 and during the course of post-search examination on 07.12.2022, in response to Question Nos. 19 and 20, he stated that part of the sale consideration is received in cash and record of such cash transactions are maintained by Shri Atla Chandrashekar, Assistant Manager (Accounts). Based on the statement of Shri Regu Venkata Vara Prasad, summons was issued to Shri Atla Chandrashekar to appear before the Authorized Officer at the corporate office of M/s. Vamsiram Group on 07.12.2022. In response to the summons, when he appeared at the corporate office of M/s. Vamsiram Group, a statement under Section 131 of the Act, was recorded by the Authorized Officer and in response to Question No. 6, Shri Atla Chandrashekar confirmed the maintenance of cash ITA Nos.661 to 667, 836 and 837/Hyd/2026 transactions in diary and Excel sheets. The Authorized Officer requisitioned Shri Atla Chandrashekar to produce such material in Question No. 7, for which he stated that, he kept the same at Sri Venkata Sai Kirana and General Stores near Perfect Towers, Miyapur, Hyderabad, i.e., near his residence. Based on the statement, summons was issued to Shri Atla Chandrashekar by the Authorized Officer at his residence to appear at the camp office along with the material kept near Sri Venkata Sai Kirana and General Stores. In response, he appeared at the camp office and produced the documentary evidence from the said store. Further, he was taken to his residence along with the seized material and the same were seized as Annexure A/EMX08/01 and 02, pen drives brought by him were inventorised as

Annexure A/EMX08/PD/01 and digital backup of these pen drives was taken and seized as Annexure A/EMX08/HD/02. Statement of Shri Atla Chandrashekar was recorded on 08.12.2022 with regard to the documentary evidence seized and also with regard to pen drives on 09.12.2022. In the statements recorded on ITA Nos.661 to 667, 836 and 837/Hyd/2026 08.12.2022 and 09.12.2022, Shri Atla Chandrashekar deposed that, the cash transactions recorded in the said seized material, including pen drives were recorded after truncating two zeroes. Further, finally after concluding the search at the residence of Shri Atla Chandrashekar on 10.12.2022, he was brought to the corporate office of M/s. Vamsiram Group and again statement was recorded under Section 132(4) of the Act. During such examination, he was confronted with the material which was produced by Shri Sameer Yegge Kadel and seized on 08.12.2022. In response to questions regarding the contents of the material, he stated that cash transactions were recorded by suppressing the last two digits. After concluding the search at the residence of Shri Regu Venkata Vara Prasad, he was brought to the corporate office of M/s. Vamsiram Group on 10.12.2022 and his statement was recorded under Section 131 of the Act. During the course of examination, he was confronted with the replies given by Shri Atla Chandrashekar in the statements recorded on 09.12.2022 and 10.12.2022 regarding ITA Nos.661 to 667, 836 and 837/Hyd/2026 suppression of the last two zeroes and he confirmed the replies given by Shri Atla Chandrashekar. During the course of search, statement of Shri Badvelu Subba Reddy was recorded on 10.12.2022 and 11.12.2022 by confronting the statements recorded from Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad, for which he deposed that there was no suppression of two digits and further stated that, he had not authorised Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad to maintain pen drives. The search was temporarily concluded on 11.12.2022. Subsequently, the assessee group obtained the copies of sworn statements from the Investigation Department. The prohibitory order at the corporate office was revoked on 08.02.2022 and the search was concluded on the same day. During the search proceedings, two mobile phones brought by Shri Sameer Yegge Kadel, which were kept under prohibitory order, were seized and inventorised as Annexure A/ENX01/PO/01. On 09.02.2023 Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad filed retracting affidavits before the DDIT ITA Nos.661 to 667, 836 and 837/Hyd/2026 (Investigation) and further detailed additional affidavits were filed on 17.03.2023 and 05.04.2023 respectively.

5. Consequent to the search, the assessment has been reopened on the ground that there was information which suggested that income chargeable to tax had escaped assessment in the case of the assessee. Accordingly, the A.O., after recording the reasons, issued notice under Section 148 of the Act, on 22.12.2023 after obtaining due approval of the competent authority. In response to notice under Section 148 of the Act, the assessee filed return of income on 26.02.2024 admitting total income of Rs.6,66,50,724/-. In the return of income filed in response to notice under Section 148 of the Act, additional income of Rs.1,21,896/- was admitted.

6. The case was selected for scrutiny and during the course of assessment proceedings, the A.O. relied upon the seized material vide Annexure A/ENX01/YS/03 and A/ENX01/YS/ 04 brought by Shri Sameer Yegge Kadel and the contents of the seized pen drives which were seized from Shri Atla Chandrashekar vide Annexure A/EMX08/PD/01. The above-

ITA Nos.661 to 667, 836 and 837/Hyd/2026 mentioned annexure contains cash book in electronic form which are not recorded in the regular books of accounts. There is an overlapping period from 02.03.2021 to 16.10.2021 for which the cash receipts are recorded both in the seized diary and Excel sheets in the pen drive, as given in the above table. The A.O., after considering the relevant submissions of the assessee, issued a detailed show-cause notice and called upon the assessee to explain as to why addition should not be made in respect of unaccounted cash receipts and cash payments as per seized documents found during the course of search. In response, the assessee submitted that Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad subsequently retracted their statements by filing detailed affidavits and stated that the initial statements were recorded and signed by them without verifying the contents. They further stated that the initial admission regarding entries in the cash book by truncating two zeroes is incorrect. The A.O., after considering the relevant submissions of the assessee and also taking note of ITA Nos.661 to 667, 836 and 837/Hyd/2026 the incriminating material found during the course of search, analysed the seized material with reference to various receipts and payments recorded therein and compared the same with the data extracted from various phones seized during the course of search. The A.O. observed that, in many cases relating to recording of payments for various services rendered by the parties, the amounts were recorded after truncating two zeroes. However, on examination of a few persons, it was revealed that the payments were made as per the bills/applicable invoices raised by them, but the same had been recorded after truncating last two zeroes. The A.O. also referred to the relevant seized material in the assessment order and enquiries conducted with various persons and observed that the enquiry conducted in respect of few transactions relating to landlord payments, rent payments, receipts from sale of scrap and payments to certain professionals, revealed that the amounts were recorded after truncating two zeroes. The assessee was provided with copies of statements recorded from various customers and vendors ITA Nos.661 to 667, 836 and 837/Hyd/2026 relied upon by the AO. The assessee, after receipt of copies of statements recorded, filed objections with regard to each customer from whom statements were recorded and stated that the statements recorded from eighteen parties are not valid and do not have any evidentiary value.

7. The A.O. after considering the relevant explanations coupled with the statements recorded from various persons and also relying upon the enquiries conducted with eighteen parties, observed that, the cash book maintained by Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad clearly demonstrates the receipts and payments after suppressing two zeroes and the same has been confirmed from the statements of eighteen parties, including vendors, landlords and other service providers. Further, the sworn statements recorded under Section 132(4) and Section 131 of the Act, clearly reveal the admission of Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad regarding receipts and payments after truncating two zeroes. Therefore, the subsequent retractions filed by the parties by filing affidavits ITA Nos.661 to 667, 836 and 837/Hyd/2026 were only an afterthought to cover up the issue and hence the retraction affidavits filed by Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad cannot be considered in view of the specific admissions made during the course of search proceedings in the statements recorded under Section 132(4) of the Act. The A.O. discussed the issue at length in light of various statements recorded from eighteen parties and various judicial precedents, including the decision of ITAT, Hyderabad Bench in the case of M/s. Exel Rubber Private Limited, Hyderabad Vs. DCIT in ITA Nos. 1566 and 1571/Hyd/2025 dated 18.02.2026 and also the decision of the Hon'ble Madras High Court in the

case of CIT Vs. MAC Public Charitable Trust reported in (2022) 144 taxmann.com 54 (Madras) and held that "when the initial evidences found during the course of search coupled with the statements recorded from the persons clearly show that the assessee recorded the transactions in the seized material after truncating two zeroes, then the subsequent averments made by the assessee by filing retraction affidavits cannot be ITA Nos.661 to 667, 836 and 837/Hyd/2026 accepted". The A.O. further held that, the statements recorded under Section 132(4) of the Act, has clear evidentiary value and the same is further strengthened by the documents found during the course of search which clearly show truncating of two zeroes. Therefore, taking into account the seized material and the relevant statements recorded during the course of search from various persons and enquiries conducted during the course of post search investigation from eighteen parties, the A.O. observed that, there is clear evidence of truncating two zeroes while recording unaccounted receipts and payments found during the course of search and therefore, the A.O. rejected the explanation of the assessee that the entries contained in the seized cash book are actual figures without extending any amount by truncating two zeroes. Thus, the A.O. has arrived at the total receipts and payments by adding two zeroes and arrived at year wise total receipts for A.Ys. 2016-17 to 2019- 20 and the same has been tabulated in para 15.6 of the assessment order.

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8. The A.O. further noted that, the assessee has worked out total receipts as per the seized cash book and offered additional income @ 10% profit on such total receipts. However, the assessee failed to justify adoption of 10% profit from the seized cash receipts. The A.O. further noted that although the assessee claims that only petty transactions are recorded in the incriminating material, but it is clearly established that the seized material relates to complete transactions of the group, i.e., unaccounted receipts on sale of residential flats and commercial spaces and the quantum of such receipts is very huge when compared to petty transactions like scrap etc. Therefore, taking into account the relevant accounting method followed by the assessee for disclosing income and also considering the relevant financial statements filed by the assessee along with the return of income, the A.O. observed that, the assessee on an average, has declared net profit of 19.43% and the median percentage of said net profit was worked out to 16.05%. Therefore, taking into account the relevant financial results declared by the ITA Nos.661 to 667, 836 and 837/Hyd/2026 assessee for earlier years, the A.O. has estimated 16% profit on total unaccounted cash receipts quantified as per the cash book found during the course of search and made addition of Rs. 1,95,03,320/- to the total income.

9. Aggrieved by the assessment order, the assessee preferred appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee challenged notice issued under Section 148 of the Act, in light of provisions of Section 149(1)(b) and Explanation 2 to Section 148 of the Act, and argued that notice issued under Section 148 of the Act, on the basis of reasons recorded by the A.O. without establishing nexus between seized material and escapement of income represented in the form of asset or expenditure or entry in the books of accounts, is incorrect. The assessee has also challenged the issue of notice under Section 148 of the Act, and consequent assessment order passed by the A.O. in light of provisions of Section 151 of the Act, and held that the approval granted by the specified authority is invalid and consequently, notice issued under Section 148 of the Act, is also

invalid and liable ITA Nos.661 to 667, 836 and 837/Hyd/2026 to be quashed. The assessee had also challenged the addition made by the A.O. towards estimation of 16% net profit on gross receipts computed as per unaccounted cash book found during the course of search by adding two zeroes and claimed that, the A.O. has erred in estimating 16% profit on unaccounted receipts by adding two zeroes, even though there is no evidence which suggests truncating two zeroes while recording receipts and payments in the cash book.

10. The Ld. CIT(A), after considering the submissions of the assessee, rejected the grounds taken by the assessee challenging the validity of notice issued under Section 148 of the Act and held that the provisions of Explanation 2(i) to Section 148 of the Act is applicable where search is initiated under Section 132 of the Act on or after 01.04.2021 and in the present case, search was initiated on 06.12.2022. Further, as explained above, the seized material belongs to the assessee group itself and therefore the assessee's argument that Section 148 r.w.s. Explanation 2(i) to Section 148 is not applicable, is incorrect. The Ld. CIT(A) had also ITA Nos.661 to 667, 836 and 837/Hyd/2026 rejected the grounds taken by the assessee on the issue of approval under Section 151 of the Act, and held that for all these assessment years, the A.O. had made a detailed proposal to the specified authority seeking approval and on perusal of the detailed proposal, the specified authority i.e., DGIT (Investigation), Hyderabad accorded approval for issuance of notice as per Section 151 of the Act. Therefore, the contention of the assessee that approval by the specified authority was issued in a mechanical manner is not borne out from the record and thus, rejected the grounds taken by the assessee.

11. The Ld. CIT(A) had also rejected the grounds taken by the assessee on the issue of addition made towards estimation of profit at 16% on total receipts computed as per unaccounted cash book found during the course of search and held that upon noticing the detailed reasons given by the A.O. in the assessment order coupled with evidence relied upon for making the additions including the statements recorded from various parties and their subsequent ITA Nos.661 to 667, 836 and 837/Hyd/2026 retractions, examination of eighteen parties, including vendors and service providers and their cross-examination, it is very clear that there are enough evidence to prove that there was truncating of two zeroes while recording receipts and payments in the seized cash book maintained outside the regular books of accounts. Although the assessee has argued the case in light of subsequent retractions filed by Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad and the statement of Shri B. Subba Reddy denying the statements of the above persons, but facts remain that going by the affidavits filed by the parties along with the retraction statements, it is very clear that the retractions are general in nature without any specific reasons as to why the initial statements given during the course of search were incorrect. Therefore, in view of the decision of Hon'ble Supreme Court in the case of Pullangode Rubber Produce Co. Limited Vs. State of Kerala reported in (1973) ITR 18 (SC) and the decision of the Hon'ble Madras High Court in the case of CIT Vs. MAC Public Charitable Trust (supra), the initial statements ITA Nos.661 to 667, 836 and 837/Hyd/2026 recorded under Section 132(4) of the Act, have evidentiary value and therefore, merely for the reason of filing retraction statements, the initial statements given by the parties cannot be ignored. The Ld. CIT(A) has also discussed the issue at length in light of the enquiries conducted by the A.O. with reference to eighteen parties, observed that various persons have admitted the fact of payments in cash and also recording of transactions in the cash book after

truncating two zeroes. The Ld. CIT(A) has also discussed the issue of estimation of 16% profit by the A.O., in light of the profit rate admitted by the assessee on gross receipts as computed from the cash book and as per regular return of income filed by the assessee and observed that, the A.O. has rightly estimated 16% profit on unaccounted receipts. Thus, rejected the explanation of the assessee and sustained the addition made by the A.O. towards 16% profit on unaccounted receipts, as per seized cash book.

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

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13. The first issue that came up for our consideration for A.Ys. 2016-17 to 2019-20 is validity of notice issued under section 148 of the Act, and consequent assessment order passed by the A.O. under Section 143(3) r.w.s. 147 of the Act.

14. CA. MV Prasad, the learned counsel for the assessee submitted that the notice issued under Section 148 of the Act, for A.Ys. 2016-17 to 2019-20 is beyond a period of three years from the end of the relevant assessment years and therefore, the provisions of Section 149(1)(b) of the Act, are applicable. The learned counsel for the assessee submitted that for assumption of jurisdiction under Section 148 of the Act beyond a period of three years, the A.O. has to satisfy the mandatory jurisdictional conditions prescribed under Section 149(1)(b) of the Act. The learned counsel for the assessee submitted that as per the provisions of Section 149(1)(b), the income escaping assessment shall be represented in the form of an asset, expenditure in respect of a transaction or an entry or entries in the books of accounts and unless the said ITA Nos.661 to 667, 836 and 837/Hyd/2026 jurisdictional conditions are fulfilled, the notice issued under Section 148 of the Act, is invalid and void ab initio.

15. CA. MV Prasad, learned counsel for the assessee submitted that the term "asset" has been specifically defined in Explanation to Section 149 of the Act to include immovable property, shares and securities, loans and advances and deposits in bank account. The learned counsel for the assessee submitted that in the present case, while recording reasons for reopening the assessment, the A.O. has not identified any undisclosed asset and further no addition has been made towards any unexplained asset. The learned counsel for the assessee submitted that even with regard to entries in the books of accounts, the A.O. has not identified any accommodation entry or unexplained entry in the books of accounts so as to satisfy the conditions prescribed under Section 149(1)(b) of the Act. The learned counsel for the assessee submitted that the concept of "entry in books of accounts" contemplated under Section 149(1)(b) of the Act refers to accommodation entries or unexplained entries ITA Nos.661 to 667, 836 and 837/Hyd/2026 involving inflow of money through banking channels and unless there is evidence regarding movement of unaccounted money from the assessee to the entry provider, the same cannot fall within the scope of accommodation entries. The learned counsel for the assessee further submitted that even the concept of expenditure contemplated under Section 149(1)(b) of the Act shall satisfy the conditions prescribed under Section 69C of the Act, and actual incurring of expenditure has to be proved by the A.O. The learned counsel for the assessee submitted that for invoking jurisdiction under Section 148 r.w.s. 149 of the

Act, the A.O. shall record satisfaction in writing with reference to books of accounts, documents or evidences found during the course of search and such reasons recorded shall clearly establish nexus between the seized material and escaped income represented in the form of asset, expenditure or entries in the books of accounts. The learned counsel for the assessee submitted that recording of reasons is a mandatory jurisdictional requirement and unless the conditions prescribed under ITA Nos.661 to 667, 836 and 837/Hyd/2026 Section 149(1)(b) are fulfilled, the notice issued under Section 148 of the Act, is void ab initio.

16. CA MV Prasad, learned counsel for the assessee submitted that the A.O. shall record in writing as to how and why according to him the conditions prescribed under Section 149(1)(b) of the Act, are satisfied and reasons for harbouring such satisfaction shall be evident from the reasons recorded. The learned counsel for the assessee submitted that recording of reasons is a vital safeguard against arbitrary exercise of jurisdiction under Section 148 of the Act. The learned counsel for the assessee submitted that, in the present case, although the A.O. referred to alleged cash receipts and unaccounted cash transactions, nowhere in the reasons recorded or assessment order has the A.O. identified any undisclosed asset or entries in the books of accounts representing escaped income exceeding Rs. 50,00,000/-. The learned counsel for the assessee submitted that the A.O. merely harped upon receipts without identifying the specific asset or entries in books of accounts and therefore, the ITA Nos.661 to 667, 836 and 837/Hyd/2026 jurisdictional requirement prescribed under Section 149(1)(b) of the Act, has not been fulfilled.

17. CA MV Prasad, learned counsel for the assessee by relying upon the decision of the Hon'ble Supreme Court in the case of Arun Kumar & Ors. Vs. Union of India & Ors. reported in 286 ITR 89 (SC) submitted that existence of jurisdictional facts is sine qua non for assumption of jurisdiction and unless jurisdictional facts exist, no authority can confer jurisdiction upon itself. The learned counsel for the assessee submitted that fulfilment of conditions prescribed under Section 149 of the Act, constitutes jurisdictional facts and unless the said conditions are fulfilled, notice issued under Section 148 of the Act is liable to be quashed. The learned counsel for the assessee further by relying upon the decision of the Hon'ble Supreme Court in the case of Hansraj Gordhandas Vs. H.H. Dave reported in AIR 1970 SC 755 submitted that intention of legislature has to be gathered strictly from the language employed in the statute and therefore the mandatory conditions prescribed ITA Nos.661 to 667, 836 and 837/Hyd/2026 under Section 149(1)(b) of the Act, cannot be diluted or inferred beyond the language employed in the provision. The learned counsel for the assessee submitted that in the present case, the assessment years 2016-17 to 2019-20 fall beyond the period of three years and therefore, the A.O. ought to have specifically established that the alleged escaped income is represented in the form of undisclosed asset or entries in books of accounts. The learned counsel for the assessee submitted that the A.O. has ultimately made addition only by estimating income at 16% on alleged gross receipts without identifying any undisclosed asset, unexplained expenditure or entries in the books of accounts and therefore the mandatory conditions prescribed under Section 149(1)(b) of the Act, have not been satisfied. The learned counsel for the assessee submitted that when the very assumption of jurisdiction under Section 148 of the Act, is contrary to the provisions of Section 149(1)(b) of the Act, the notice issued under Section 148 of the Act, and consequent assessment order passed under Section 143(3) ITA Nos.661 to 667, 836 and 837/Hyd/2026 r.w.s. 147 of the Act, are liable to be quashed. In this regard, the learned counsel for

the assessee relied on the following judicial precedents:-

1) M/s. Ace Tyres Private Limited Vs. ACIT in ITA Nos.

1084 to 1088/Hyd/2024 (ITAT Hyderabad) - Para Nos. 23 to 25.

2) Mohd. Athar Anjum Vs. Assistant Commissioner of Income Tax reported in [2025] 174 taxmann.com 337 (Delhi High Court) - Para Nos. 11, 18, 19 & 20.

3) Ratnagiri Gas and Power (P) Limited Vs. Assistant Commissioner of Income Tax reported in [2025] 174 taxmann.com 331 (Delhi High Court).

4) Huawei Telecommunications (India) Company Pvt. Ltd. Vs. Assistant Commissioner of Income Tax, Central Circle-2, Delhi & Anr. in W.P.(C) No. 15970/2023 and batch matters (Delhi High Court) - Para Nos. 164 & 165.

5) Hansraj Gordhandas Vs. H.H. Dave, Assistant Collector of Central Excise & Customs, Surat & Ors. reported in AIR 1970 SC 755.

6) Arun Kumar & Ors. Vs. Union of India & Ors. reported in 286 ITR 89 (SC).

ITA Nos.661 to 667, 836 and 837/Hyd/2026

18. The Ld. CIT-DR, Dr. Narendra Kumar Naik, and the learned Sr.A.R., Dr. Sachin Kumar, on the other hand, submitted that the provisions of Section 148 of the Act, as amended by the Finance Act, 2021 w.e.f. 01.04.2021, is a deeming fiction and as per Explanation 2(i) to Section 148 of the Act, where search is initiated under Section 132 of the Act, the A.O. shall have deemed information up to 3 years and, therefore, the arguments of the learned counsel for the assessee that the reasons recorded by the A.O. should establish escapement of income on the face of the reasons recorded, is incorrect. The Ld. CIT-DR further submitted that, the newly inserted Section 148 by the Finance Act, 2021 is information driven and further subsequent amendment in 2022, by insertion of relevant Explanation has widened the definition of 'escapement of income'. In the present case, there is a separate warrant in the case of the assessee and others and as per the warrant, Panchanama was drawn and therefore, Explanation 2(i) is applicable for the assessment years upto 3 three years and beyond three years, the A.O. has ITA Nos.661 to 667, 836 and 837/Hyd/2026 recorded reasons which clearly show information which suggests escapement of income in the form of an 'asset' or expenditure or entry in the books of account and, therefore, the arguments of the assessee that the reasons recorded by the A.O. for issuance of notice under Section 148 of the Act, do not show any escapement of income, is incorrect. The Ld. CIT-DR, further referring to the search proceedings and consequent statements recorded from various persons, submitted that the search is specific to premises and not to persons and in the present case, the material found from Shri Sameer Egge Kadel and Shri Atla Chandrashekar pertains to Vamsiram Group and, as per the surveillance, the Department found that the books of account and other evidences of the assessee were kept in the premises and the authorised officer has exercised his powers under Section 131 of the Act, issued

summons and asked Shri Sameer Egge Kadel and Shri Atla Chandrashekar to produce relevant evidences. Therefore, the arguments of the learned counsel for the assessee that the documents found from the ITA Nos.661 to 667, 836 and 837/Hyd/2026 possession of the above persons are not found from the premises of the assessee and, because of this, the A.O. cannot initiate reassessment proceedings, as per Explanation 2(i) to Section 148 of the Act, is incorrect.

19. The Ld. CIT-DR, further referring to various judicial precedents, submitted that, a bare reading of Section 149(1)(b) of the Act makes it clear that the A.O. should have possession of books of account or documents or evidence which reveal that the income chargeable to tax represented in the form of asset which has escaped assessment is likely to amount to Rs. 50,00,000/- or more. Likely to amount does not mean that at the stage of getting approval under Section 151 of the Act, the A.O. shall frame a reason to believe escapement of income. The Ld. CIT-DR, further referring to the scope of "asset" as per Explanation to Section 149 of the Act, submitted that even in general parlance, the word "asset" represents resources with economic value for an individual or business owns or controls with the expectation that they will provide future benefits. In other words, an asset is tangible or ITA Nos.661 to 667, 836 and 837/Hyd/2026 intangible resource that can be used to enhance the economic stature of the holder. Therefore, the restrictive meaning given by the assessee to argue that 'asset' should be existing in physical form for the purpose of reassessment, is incorrect. In the present case, undisclosed income offered by the assessee or estimated by the A.O. on the undisclosed receipts constitute an asset for the purpose of Section 149 of the Act and, therefore, the A.O. has rightly considered the documents found during the course of search and found that information suggests escapement of income for the relevant assessment years as per the provisions of Section 148 of the Act.

20. The Ld. CIT-DR, further referring to the decision of the Hon'ble Supreme Court in the case of Director of Income-tax (IT)-1, Mumbai Vs. American Express Bank Ltd., in Civil Appeal No. 8291 of 2015, submitted that taxing statutes must be strictly interpreted so as to give clear and unambiguous meaning. The legislative intent is primarily to be gathered from the specific words used by the Legislature.

ITA Nos.661 to 667, 836 and 837/Hyd/2026 Therefore, going by the newly inserted provisions of Section 148 of the Act, it is very clear that where there is a search under Section 132 of the Act, the A.O. shall be deemed to have information which suggests escapement of income up to three years and only in cases of reopening of assessment beyond three years, the A.O. should form a reasonable belief of escapement of income which represents an 'asset' or entries in the books of account or an expenditure. In the present case, going by the documents found during the course of search coupled with the statements recorded from various persons, it is abundantly clear that the A.O. has in his possession information which suggests escapement of income for the relevant assessment years. Therefore, the arguments of the counsel for the assessee that the reopening of assessment in the given facts and circumstances is incorrect, is totally contrary to the new scheme of reassessment as provided under Section 148 of the Act, and cannot be accepted.

ITA Nos.661 to 667, 836 and 837/Hyd/2026

21. We have heard both the parties, perused the materials available on record and had gone through orders of the authorities below. We have also carefully considered relevant cases laws referred by both the parties. There is no dispute with regards fact that during the course of search proceedings u/s 132 of the Act, certain incriminating materials was found which reveals unaccounted cash transactions, including receipts and payments of Vamsiram group. The assessments for the Assessment Years 2016-17 to 2019-20 have been reopened beyond three years from the end of relevant assessment years and once, any assessment is reopened beyond three years, the conditions prescribed u/s 149(1)(b) must be satisfied. Therefore, the question arises for our consideration is, whether by initiating the proceedings u/s 148 of the Act, the condition as stipulated u/s 149(1)(b) of the Act are satisfied or not. For ready reference, section 149(1) of the Act is reproduced as under:

> "149. (1) No notice under section 148 shall be issued for the relevant assessment year, ITA Nos.661 to 667, 836 and 837/Hyd/2026
>
> (a) if three years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b);
>
> (b) if three years, but not more than ten years, have elapsed from the end of the relevant assessment year unless the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income chargeable to tax, represented in the form of:
>
> (i) an asset;
>
> (ii) expenditure in respect of a transaction or in relation to an event or occasion; or
>
> (iii) an entry or entries in the books of account, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more:
>
> Provided further that the provisions of this sub-section shall not apply in a case for the relevant assessment year beginning on or before 1st day of April, 2021 if a notice under section 148 or section 153A or section 153C could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section or section 153A or section 153C, as the case may be, as they stood immediately before the commencement of the Finance Act, 2021.
>
> ITA Nos.661 to 667, 836 and 837/Hyd/2026 If a notice u/s 148 or section 153A or section 153C could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section or section 153A or section 153C, as the case may be, as they stood immediately before the commencement of the Finance Act, 2021.

Provided further that the provisions of this sub-section shall not apply in a case, where a notice under section 153A, or section 153C read with section 153A is required to be issued in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, on or before the 31st day of March, 2021.

Provided also that for cases referred to in clauses (i), (ii) and

(iv) of Explanation 2 to section 148, where:

(a) a search is initiated under section 132; or

(b) a search under section 132 for which the last of authorisations is executed; or

(c) requisition is made under section 132A, after the 15th day of March of any financial year and the period for issue of notice under section 148 expires on the 31st day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of ITA Nos.661 to 667, 836 and 837/Hyd/2026 limitation as per this section and the notice issued under section 148 in such case shall be deemed to have been issued on the 31st day of March of such financial year.

Provided also that where the information as referred to in Explanation 1 to section 148 emanates from a statement recorded or documents impounded under section 131 or section 133A, as the case may be, on or before the 31st day of March of a financial year, in consequence of:

(a) a search under section 132 which is initiated; or

(b) a search under section 132 for which the last of authorisations is executed; or

(c) requisition made under section 132A, a period of fifteen days shall be excluded for the purpose of computing the period of limitation as per this section and the notice issued under clause (b) of section 148A in such case shall be deemed to have been issued on the 31st day of March of such financial year.

Provided also that for the purposes of computing the period of limitation as per this section, the time or extended time allowed to the assessee, as per show-cause notice issued under clause (b) of section 148A or the period during which the proceeding under section 148A is stayed by an order or injunction of any court, shall be excluded.

ITA Nos.661 to 667, 836 and 837/Hyd/2026 Provided also that where immediately after the exclusion of the period referred to in the immediately preceding proviso, the period of limitation available to the Assessing Officer for passing an order under clause (d) of section 148A does not exceed seven days, such remaining period shall be extended to seven days and the period of limitation under this sub-section shall be deemed to be extended accordingly. Explanation - For the

purposes of clause (b) of this sub- section, "asset" shall include immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account.

(1A) Notwithstanding anything contained in sub-section (1), where the income chargeable to tax represented in the form of an asset or expenditure in relation to an event or occasion of the value referred to in clause (b) of sub-section (1) has escaped the assessment and the investment in such asset or expenditure in relation to such event or occasion has been made or incurred, in more than one previous year relevant to the assessment years within the period referred to in clause

(b) of sub-section (1), a notice under section 148 shall be issued for every such assessment year or re-assessment or recomputation, as the case may be.

(2) The provisions of sub-section (1) as to the issue of notice shall be subject to the provisions of section 151."

ITA Nos.661 to 667, 836 and 837/Hyd/2026

22. Section 149 of the Act stipulates the limitation for issuing notice u/s 148. The normal time limit as provided u/s 149(1)(a) is 3 years from the end of the relevant A.Y. However, if the case which fall in the ambit of sub clause

(b) of section 149(1) of the Act, the time limit is extended up to 10 years from the end of the relevant A.Y subject to the condition that material in the possession of the Assessing Officer including the books of account or other documents or evidence reveals that the income chargeable to tax is represented in the form of an asset, expenditure in respect of transaction or in relation to an event or an occasion, or an entry or entries in the books of account and further such income which has escaped the assessment amount to or likely amounts to fifty lakh rupees or more. In the case in hand, undisputedly the notice issued u/s 148 of the Act for the A.Y 2016-17 to 2019-20 were issued after 3 years from the end of the relevant A.Y. Therefore, until and unless the conditions as stipulated in clause (b) of section 149(1) of the Act are satisfied, the notice issued u/s 148 of the Act would ITA Nos.661 to 667, 836 and 837/Hyd/2026 be invalid being barred by limitation as provided u/s 149(1) of the Act.

23. The Assessing Officer in the reasons recorded for reopening of the assessment stated that the income chargeable to tax represented in the form of an asset and an entry/entries in the books of account as per the provisions of section 149(1)(b) of the Act. Therefore, the Assessing Officer proposed to bring the case of the assessee in sub-clause(i) and sub-clause (iii) of clause (b) of section 149(1) of the Act. From the details of the transactions as found in the seized cash book, it is clear that these are receipts and payments in cash and no corresponding cash or any other assets were found during the course of search and seizure action representing these entries. It is not the case of either party that these transactions as found in the cash book in question are in respect of purchase or acquisition of any asset. Therefore, the business transactions of sale of flats or office space or commission income etc, as well as the expenditure incurred in relation to the business activity would not ITA Nos.661 to 667, 836 and 837/Hyd/2026 constitute of an asset in terms of section

149(1)(b) of the Act. It is also a matter of fact and record that these transactions as found in the cash book are not in the nature of any accounts much less the books of account. These are the simple details of cash receipts and cash payments in respect of the transaction of sale etc, as well as payment towards expenditure and that too the consolidated details of the entire Vamsiram Group not a separate account of each company is maintained. Further, these are only the details of selective transaction in cash and not the transactions of other then cash. Therefore, these details found in the cash book would not constitute the books of account or parallel/duplicate books of account and consequently would not fall in the ambit of sub clause (iii) of clause (b) of section 149(1) of the I.T. Act.

24. Further, once the case of the assessee does not fall in the ambit of clause (b) of section 149(1) of the Act, then the reasons recorded by the Assessing Officer for reopening of the assessment giving the details of undisclosed income as ITA Nos.661 to 667, 836 and 837/Hyd/2026 quantified by the ADIT (Inv) Unit- I, reveals that the Assessing Officer has recorded his satisfaction in the reasons mechanically without application of mind so far as the correct amount of escaped income for each of the assessment years. This non-application of mind at the time of recording the reasons also corroborated by the fact that in the assessment order, the Assessing Officer has determined the escaped income for each A.Y on estimation basis. Even if for the sake of argument, it is presumed that the quantum of escaped income for each A.Y was more than Rs.50 lakhs and the Assessing Officer at the time of recording the reasons was not supposed to undertake a detailed or depth examination of evidence collected during the search, the prima facie undisputed fact is that the details of unaccounted cash receipts and cash payments found during the course of search & seizure action were not specifically attributed to each of the group companies and further only the receipts found in the said seized material are taken into consideration for arriving to the conclusion that the income of more than ITA Nos.661 to 667, 836 and 837/Hyd/2026 Rs.50 lakhs for each of the companies has escaped assessment. The Assessing Officer has proceeded on the basis of the details provided by the ADIT (Inv) and not proceeded on the basis of the seized material containing these transactions of unaccounted cash receipts and payments. The reasons recorded by the Assessing Officer manifest that no such minimum verification was done by the Assessing Officer regarding the nature of the transaction, the net outcome of the receipt and payment as recorded in the said seized material, apportionment of the amounts of receipts and payments to each of the group companies to quantify the income escaped assessment for the A.Ys 2014-15 to 2018-19. Thus, it is a simple case of non-application of mind and a borrowed satisfaction on the part of the Assessing Officer while recording the reasons for reopening.

25. Apart from the non-application of mind regarding the nature of the transaction, quantification of the income, the Assessing Officer has though recorded that the income chargeable to tax represented in the form of an asset and an ITA Nos.661 to 667, 836 and 837/Hyd/2026 entry or entries in the books of account as per the provisions of section 149(1)(b) of the Act. However, not a single word is stated by the Assessing Officer either in the reasons recorded for reopening of the assessment or in the assessment order to prima facie show that the income escaped assessment represents an asset and further what kind of an asset. Similarly, these details as recorded in the cash book do not constitute the entries in the books of account, therefore, two statements of the Assessing Officer in the reasons recorded for reopening of the assessment is very vague and without

any basis. The Assessing Officer ought to have given the minimum description of the assets and the nature of the entries in the books of account so as to bring the case in the ambit of section 149(1)(b) of the Act, to the extent that the conditions provided in sub clause (i) and sub clause (iii) of clause (b) of section 149(1) of the Act satisfied. It is pertinent to note that the seized material in question is only a cash book maintained by the employees and none of the transactions as found in the seized material is representing ITA Nos.661 to 667, 836 and 837/Hyd/2026 any asset in existence at the time of the search & seizure action or even at the time of the assessment. It is not the case of the Department that any cash equivalent to the alleged undisclosed income/income escaped assessment was either found or converted into any other asset. Therefore, the Assessing Officer has completely failed to bring the case of the assessee in the ambit of sub clause (i) of clause (b) of section 149(1) of the I.T. Act. Further, the seized material is not in the nature of books of account, therefore, the details recorded in the seized material would not constitute as entry or entries in the books of account. Therefore, we are of considered view that the provisions of section 149 of the Act explicitly state that the AO should be satisfied regarding the fulfilment of the conditions specified there in, such requirement of satisfaction of the AO is implicit by necessary implication, having regard to restriction imposed on the powers of the AO to issue notice u/s.148 unless the conditions specified therein are satisfied. Moreover, since the satisfaction of the said condition is a jurisdictional ITA Nos.661 to 667, 836 and 837/Hyd/2026 requirement, the same should be reduced in writing in order to unambiguously demonstrate that he has assumed jurisdiction correctly as per the provisions of the Act and facts of the case. We further observed that the satisfaction should be recorded in writing with reference to books of accounts, other documents or evidence found during the course of search. Notice u/s.148 for the relevant AY or years should be issued on concurrent fulfilment of conditions provided therein and such conditions are (a) that income has escaped assessment (b) the fact of income escaping assessment is evident from the books of accounts, other documents or evidences found during the course of search (c) that escaped income pertains to the relevant AY (d) that the income escaping assessment is represented by undisclosed specified asset (e) that the undisclosed specified asset was acquired with the income of the relevant AY or years and finally (f) that the quantum of income escaping assessment is 50 lakhs or more in the aggregate for the relevant AYs. Therefore, in our considered view, the AO should be satisfied ITA Nos.661 to 667, 836 and 837/Hyd/2026 that the conditions precedent for issuance of notice u/s.148 are satisfied and that the income escaping assessment is represented by asset are entry in the books of accounts or expenditure for event or occasion. In the absence of satisfying relevant conditions, the AO has no jurisdiction, to issue notice u/s.148 and a notice, if issued would be void of ab nitio for patent of jurisdiction. The existence of jurisdiction fact is a sine qua non for exercise of power. If the jurisdiction facts exists, the AO can proceed with the case and take an appropriate decision in accordance with law, as held by the Hon'ble Supreme Court in the case of Arun Kumar & Ors. V. Union of India and Ors. [2006] 286 ITR 89 (SC).

26. In the present case, the assessment years 2016-17 to 2019-20 constitute relevant assessment year or years as the said assessment years fall beyond three assessment years and not later than 10 assessment years from the end of the relevant assessment year in which notice is being issued. Since there is no specific mention in the reasons recorded or ITA Nos.661 to 667, 836 and 837/Hyd/2026 in the Assessment Order about the asset or entries in the books of accounts, in our considered view, notice issued u/s.148 of the Act does not satisfy the conditions specified u/s.149(1)(b) of the Act and

thus, in our considered view, notice issued by the AO u/s.148 of the Act for the AY 2016- 17 to 2019-20, not complying the provisions of section 149 of the Act are bad in law and legally unsustainable.

27. The assessee has relied upon the decision of ITAT, Hyderabad Bench in the case of M/s. ACE Tyres (P.) Ltd. Vs. ACIT in ITA Nos.1084 to 1088 and 1207/Hyd/2025 for A.Ys. 2014-15 to 2019-20, wherein the coordinate Bench of the Tribunal on identical set of facts, has held as under:

> "23. The Assessing Officer in the reasons recorded for reopening of the assessment stated that the income chargeable to tax represented in the form of an asset and an entry/entries in the books of account as per the provisions of section 149(1)(b) of the Act. Therefore, the Assessing Officer proposed to bring the case of the assessee in sub-clause(i) and sub-clause (iii) of clause (b) of section 149(1) of the Act. From the details of the transactions as found in the Laptop, it is clear that these ITA Nos.661 to 667, 836 and 837/Hyd/2026 are receipts and payments in cash and no corresponding cash or any other assets were found during the course of search and seizure action representing these entries. It is not the case of either party that these transactions as found in the Laptop in question are in respect of purchase or acquisition of any asset. Therefore, the business transactions of sale of scrap or commission income etc, as well as the expenditure incurred in relation to the business activity would not constitute of an asset in terms of section 149(1)(b) of the Act. It is also a matter of fact and record that these transactions as found in the laptop in a software FOCUS 5.5 are not in the nature of any accounts much less the books of account. These are the simple details of cash receipts and cash payments in respect of the transaction of scrap sale etc, as well as payment towards expenditure and that too the consolidated details of the entire Exel Group not a separate account of each company is maintained. Further, these are only the details of selective transaction in cash and not the transactions of other then cash. Therefore, these details found in the Laptop of the Sr. Accounts Manager, Shri Ramesh Kumar Sanaka would not constitute the books of account or parallel/duplicate books of account and consequently would not fall in the ITA Nos.661 to 667, 836 and 837/Hyd/2026 ambit of sub clause (iii) of clause (b) of section 149(1) of the I.T. Act.
>
> 24. Once the case of the assessee does not fall in the ambit of clause (b) of section 149(1) of the Act, then the reasons recorded by the Assessing Officer for reopening of the assessment giving the details of undisclosed income as quantified by the ADIT (Inv) Unit- I, reveals that the Assessing Officer has recorded his satisfaction in the reasons mechanically without application of mind so far as the correct amount of escaped income for each of the years and each of the companies. This non-application of mind at the time of recording the reasons also corroborated by the fact that in the assessment order, the Assessing Officer has determined the different amount of escaped income for each A.Y which is estimated in the ratio of turnover of each of the group companies from the total amount of cash receipts found in the Laptop of Shri Ramesh Kumar Sanaka, pertaining to the entire group. Even if for the sake of

argument, it is presumed that the quantum of escaped income for each A.Y was more than Rs.50 lakhs and the Assessing Officer at the time of recording the reasons was not supposed to undertake a detailed or depth examination of evidence collected during the search, the prima facie undisputed fact is that the details of unaccounted cash receipts and cash ITA Nos.661 to 667, 836 and 837/Hyd/2026 payments found during the course of search & seizure action were not specifically attributed to each of the group companies and further only the receipts found in the said seized material are taken into consideration for arriving to the conclusion that the income of more than Rs.50 lakhs for each of the companies has escaped assessment. The Assessing Officer has proceeded on the basis of the details provided by the ADIT (Inv) and not proceeded on the basis of the seized material containing these transactions of unaccounted cash receipts and payments. The reasons recorded by the Assessing Officer manifest that no such minimum verification was done by the Assessing Officer regarding the nature of the transaction, the net outcome of the receipt and payment as recorded in the said seized material, apportionment of the amounts of receipts and payments to each of the group companies to quantify the income escaped assessment for the A.Ys 2014-15 to 2018-19. Thus, it is a simple case of non-application of mind and a borrowed satisfaction on the part of the Assessing Officer while recording the reasons for reopening.

25. Apart from the non-application of mind regarding the nature of the transaction, quantification of the income and allocation of the amounts of receipts and payment to each of the group companies, the Assessing Officer has though ITA Nos.661 to 667, 836 and 837/Hyd/2026 recorded that the income chargeable to tax represented in the form of an asset and an entry or entries in the books of account as per the provisions of section 149(1)(b) of the Act. However, not a single word is stated by the Assessing Officer either in the reasons recorded for reopening of the assessment or in the assessment order to prima facie show that the income escaped assessment represents an asset and further what kind of an asset. Similarly, these details as recorded in the software Focus 5.5 in the Laptop of Shri Ramesh Kumar Sanaka do not constitute the entries in the books of account, therefore, two statements of the Assessing Officer in the reasons recorded for reopening of the assessment is very vague and without any basis. The Assessing Officer ought to have given the minimum description of the assets and the nature of the entries in the books of account so as to bring the case in the ambit of section 149(1)(b) of the Act, to the extent that the conditions provided in sub clause (i) and sub clause (iii) of clause

(b) of section 149(1) of the Act satisfied. It is pertinent to note that the seized material in question is only a print out of the details found in the Laptop of Shri Ramesh Kumar Sanaka and none of the transactions as found in the seized material is representing any asset in existence at the time of the search & seizure action or even at the ITA Nos.661 to 667, 836 and 837/Hyd/2026 time of the assessment. It is not the case of the Department that any cash equivalent to the alleged undisclosed income/income escaped assessment was either found or converted into any other

asset. Therefore, the Assessing Officer has completely failed to bring the case of the assessee in the ambit of sub clause (i) of clause (b) of section 149(1) of the I.T. Act. Further, the seized material is not in the nature of books of account, therefore, the details recorded in the seized material would not constitute as entry or entries in the books of account."

28. The assessee has also relied upon the decision of Hon'ble High Court of Delhi in the case of Mohd. Athar Anjum Vs. ACIT reported in (2025) 174 taxmann.com 337 (Delhi), wherein a similar view has been taken by the Hon'ble Delhi High Court and in paras 8, 9, 11, 14, 15, 17, 18 and 20 held as under:

"The principal controversy to be addressed in the instant case is whether the issuance of notice under section 148 is within the period of limitation as prescribed under section 149(1). [Para 8] ITA Nos.661 to 667, 836 and 837/Hyd/2026 According to the assessee, the alleged income, which had escaped assessment during financial year 2017-18 was less than 50,00,000; therefore, the assessments for assessment year 2018-19 could not be reopened after the expiry of three years from the end of the relevant assessment year. However, it is noted that the Assessing Officer had held to the contrary. The order dated 31-3- 2024 issued under section 148A(d) indicates that the Assessing Officer had proceeded on the basis that the income that had allegedly income that has escaped assessment for assessment years 2015-16, 2016-17, 2017-18, 2019-20 and 2020-escaped assessment during the assessment year 2018-19 was required to be considered along with the 21 for the purposes of determining whether the Income escaping assessment exceeded the amount of Rs.50,00,000 as mentioned in section 149(1)(b). [Para 9] Although, the Assessing Officer had proceeded on the basis that the allegedly unaccounted cash transactions related to an event, there is no material on record to indicate that the income in various previous years, which is alleged to have escaped assessment is represented by 'an asset' or arises from one singular event or occasion which is spread over several previous years. Although the order passed under section 148A(d) does allege that the ITA Nos.661 to 667, 836 and 837/Hyd/2026 income chargeable to tax that has escaped assessment is related to an event or occasion; there is no material to indicate the singular occasion or event to which the income that has escaped assessment over several years relates. There is also no asset that represents the income that has escaped assessment. [Para 11] It is apparent that the alleged cash transactions in different previous years do not relate to a singular event or occasion and are not represented by an asset. [Para 14] The revenue submitted that by virtue of sub-section (1A) of section 149 it was permissible to aggregate the quantum of income that has escaped assessment in various assessment years to satisfy the value as mentioned under section 149(1)(b). [Para 15] Sub-section (1A) of section 149 contains a non obstante provision, which mandates issuance of notice, for an assessment year falling within the period as referred to in clause (b) of section 149(1), notwithstanding that the income escaping assessment in the assessment year does not exceed the value as mentioned in that clause provided the following conditions are cumulatively satisfied: (a) that the income chargeable to

> tax, which has escaped assessment in more that one previous years ITA Nos.661 to 667, 836 and 837/Hyd/2026 amounts to or is likely to amount to fifty lakh rupees or more; and (b) that the said income, which has escaped assessment is represented by (i) an asset; or (ii) or expenditure in relation to such event or occasion has been made or incurred, which amounts to or is likely to amount to fifty lakh rupees or more. [Para 17] In the present case, the aforesaid conditions, as set out in sub-section (1A) of section 149, are not satisfied. [Para 18] The petition is accordingly allowed and the impugned order passed under section 148A(d); the notice issued under section 148 and the impugned assessment order are set aside. [Para 20]"

29. The assessee has also relied upon the decision of Hon'ble Delhi high Court in the case of M/s. Huawei Telecommunications (India) Company Pvt. Ltd., Vs. ACIT (supra), wherein the Hon'ble Delhi High Court on identical set of facts, has held as under:

> "As seen from the above, even when the Assessing Officer is in possession of material which is likely to be incriminating for more than one assessment year, he has to necessarily record the reasons to reopen assessment ITA Nos.661 to 667, 836 and 837/Hyd/2026 qua each of the assessment years. It is only through such reasons recorded that a co-relation can be made between the material gathered during the search, and a particular assessment year. Any issuance of notice without fulfilling such jurisdictional mandate would amount to a „fishing and roving enquiry□, which cannot be permitted. 165. Since the reasons stated in the satisfaction note for AY 2013-14 are devoid of merit and as the Revenue cannot be permitted to justify issuance of notice for AY 2013-14 by relying upon the reasons recorded for the AY 2016-17, it must be stated that the impugned notice for AY 2013-14 contains no reasons alleging the existence of income escaping assessment in the form of an asset. As such, the impugned notice dated 31.03.2024 under Section 148 of the Act for AY 2013-14, is bad in law and needs to be set aside."

30. In this view of the matter and considering the facts and circumstances of the case and also by following various case laws discussed hereinabove, we are of the considered view that, the conditions precedent for invoking Section 148 of the Act, for A.Ys. 2016-17 to 2019-20 are not satisfied because, in the reasons recorded for reopening of assessment, the A.O. has not established escapement of income which represents ITA Nos.661 to 667, 836 and 837/Hyd/2026 an asset or expenditure or an entry in the books of account, which is clearly evident from the relevant reasons recorded by the A.O. where the A.O. refers to the search proceedings conducted under Section 132 of the Act, and Explanation 2(i) of Section 148 of the Act, for issuance of notice under Section 148 of the Act, without any nexus between the incriminating material found during the course of search and information which suggests escapement of income in an excess of Rs.50,00,000/-. Since the assessments have been reopened beyond three years and in view of the provisions of Section 149(1)(b) of the Act, unless the A.O. makes out a case of escapement of income which represents an asset or expenditure or an entry in the books of account, reopening of assessment by issuance of notice under Section 148 of the Act, is bad in law and the same needs to be quashed.

31. Coming back to the second argument of the learned counsel for the assessee. The learned counsel for the assessee, referring to the search proceedings under Section 132 of the Act, in the group case of Vamsiram Builders on ITA Nos.661 to 667, 836 and 837/Hyd/2026 06.12.2022 and the evidences received from Shri Sameer Egge Kadel and seized vide Annexure A/ENX01/ YS/03 and A/ENX01/YS/04, submitted that, the material which is in the form of digital devices/loose sheets/ diaries were in the possession of Shri Sameer Egge Kadel, which were brought and produced at the corporate office of Vamsiram Builders on 08.12.2022. The alleged material was not found in the premises of the assessee group. The alleged material was brought by Shri Sameer Egge Kadel in response to summons issued under Section 131 of the Act, and according to Section 131(3), the authority who has issued summons may impound and retain in its custody for such period as it feels fit any books of accounts or other documents produced before the authority. However, the same cannot be seized as in the present case and therefore, the material relied upon by the A.O. and seized from the possession of Shri Sameer Egge Kadel without following due procedure, is incorrect and consequently makes the assessment proceedings null and void in law.

ITA Nos.661 to 667, 836 and 837/Hyd/2026

32. The Ld. CIT-DR, in response to the arguments of the learned counsel for the assessee, submitted that even though the search proceedings are illegal, the evidences collected during the course of search cannot be ignored and the same can be considered, as held by the Hon'ble Supreme Court in the case of Dr. Prathap Singh and another Vs. Director of Enforcement and others reported in (1985) 155 ITR 166 (SC) that illegality of a search does not vitiate the evidences collected during the course of search. The only requirement is that the Court or the authority before which such material or evidence is placed has to be cautious and circumspect in dealing with such material as evidence. He further referred to the decision of the Hon'ble Apex Court in the case of Pooran Mal Vs. DIT reported in (1974) 93 ITR 505 (SC) and the decision of the Hon'ble Rajasthan High Court in the case of CIT Vs. Kamal & Co., reported in (2009) 308 ITR 129 and argued that the Revenue is entitled to rely upon the material collected during the course of illegal survey. Since the material found from the possession of Shri Sameer Egge ITA Nos.661 to 667, 836 and 837/Hyd/2026 Kadel is in relation to the search in the case of the assessee and the CMD of the assessee group has also admitted the fact that the material in possession of Shri Sameer Egge Kadel is the material of the assessee and the A.O. has rightly considered the above material for the purpose of assessment, there is no merit in the arguments of the assessee and the same should be rejected.

33. We have heard both the parties and considered the relevant arguments of the learned counsel for the assessee and the counter-arguments of the Ld. CIT-DR for the Revenue. There is no dispute with regard to the fact that, although the material found in the possession of Shri Sameer Egge Kadel belongs to the assessee group, but fact remains that the said material was not found from the premises of the assessee or its associated concerns. Further, it is also an admitted fact that during the course of search, on the basis of digital surveillance, the Department found that certain materials belonging to the assessee were kept in the possession of Shri Sameer Egge Kadel and accordingly ITA Nos.661 to 667, 836 and 837/Hyd/2026 summons under Section 131 of the Act, were issued and statement under Section 131 of the Act, was recorded from Shri Sameer Egge Kadel, wherein he admitted that the materials, including two phones, were the properties of the assessee

group and that he was not aware of the contents. Thereafter, the authorised officer seized the material found from Shri Sameer Egge Kadel, including the phones, and inventorised the same as Annexures A/ENX01/YS/03 and A/ENX01/YS/04. From the above, it is very clear that the alleged material was not found from the premises of the assessee group and the same was brought by Shri Sameer Egge Kadel in response to summons. Therefore, as per the provisions of Section 131(3) of the Act, any authority who has issued summons may impound and retain in its custody for such period as it thinks fit any books of account or documents produced before the authority in any proceedings under this Act. In the present case, the material was not found in the possession of Vamsiram Group, and the Investigation Department cannot seize the alleged material ITA Nos.661 to 667, 836 and 837/Hyd/2026 because the material was not found in the premises for which search warrant had been issued. Since the A.O. has relied upon the material which was not seized from the premises of the assessee, the A.O. can only proceed on the basis of provisions of Section 148A of the Act, by following due procedure, but not as per the provisions of Section 148 and Explanation 2(i) thereto, as canvassed by the Department.

34. In our considered view, going by the provisions of Section 131(1A) of the Act, the Principal Director General or Director General or Deputy Director General or Assistant Director General or authorised officer referred to in Section 132(1), before taking action under clauses (i) to (v) of the said sub-section, if he has reason to suspect that any income has been concealed or is likely to be concealed by any person or class of persons within his jurisdiction, then for the purpose of making any enquiry or investigation relating thereto, it shall be competent for him to exercise the powers conferred under Section 131(1) of the Act notwithstanding that no proceedings with respect to such person or class of persons ITA Nos.661 to 667, 836 and 837/Hyd/2026 are pending before him or any other Income-tax Authority. From the provisions of Section 131(1A), it is very clear that, the authorised officer can issue summons only before taking any action under Section 132(1) clauses (i) to (v) of the Act. If we go by Section 132(1) clauses (i) to (v), the authorised officer, before entering any premises, can summon any person for examining and collecting details. In the present case, the authorised officer issued summons under Section 131(1A) of the Act after taking action under Section 132(1) clauses (i) to (v) and, therefore, in our considered view, the summons issued by the authorised officer under Section 131(1A) of the Act during the course of search or after commencement of search and consequent seizure of information from Shri Sameer Egge Kadel and from his possession is illegal. Therefore, the reliance placed by the A.O. on the material found from the possession of Shri Sameer Egge Kadel cannot be used in the reassessment proceedings in the case of the assessee consequent to search without following due procedure provided under Section 148A ITA Nos.661 to 667, 836 and 837/Hyd/2026 of the Act. Since the A.O. has relied upon the material without following due procedure under Section 148A of the Act, in our considered view, the notice issued u/s 148, on the basis of said material cannot be sustained. In our considered view, if a particular thing is to be done in a particular manner, then it has to be done in that manner and in no other manner. This principle is supported by the decision of the Hon'ble Telangana High Court in the case of Kanakanala Ravinder Reddy Vs. ITO reported in (2023) 156 taxmann.com

178. Since the A.O. has not followed due procedure in light of Section 148A of the Act, in our considered view, the material relied upon by the A.O. for the purpose of reopening assessment is illegal and thus, notice issued u/s 148 of the Act, on the basis of said material cannot be held to be a

valid notice.

35. In view of this matter and considering facts and circumstances of this case and also by following the cases laws discussed herein above, we are of the considered view that notice issued u/sec.148 of the Act, without satisfying ITA Nos.661 to 667, 836 and 837/Hyd/2026 conditions specified u/sec.149(1)(b) of the Act, for the Assessment years 2016-17 to 2019-20 are bad in law and liable to be quashed. Thus, we quash notice u/sec.148 and consequent assessment orders passed by the Assessing Officer for the Assessment years 2016-17 to 2019-20.

36. The next issue that came up for our consideration from the grounds of appeal of the assessee for A.Ys. 2020-21 to 2022-23 is validity of notice issued under Section 148 of the Act, and consequent assessment orders passed by the A.O. in light of section 148 and proviso provided thereon.

37. CA, MV Prasad, learned counsel for the assessee submitted that the Ld. CIT(A) is not justified in dismissing the ground taken by the assessee on the issue of validity of assessment order passed by the A.O in light of provisions of section 148 of the Act, without fulfilling the prescribed conditions and consequently, the assessment order passed by the A.O is void ab initio. The ld. Counsel for the assessee submitted that the A.O invoked explanation (2) clause (i) of section 148 of the Act, on the presumption that once a search ITA Nos.661 to 667, 836 and 837/Hyd/2026 is initiated under section 132 of the Act on or after the 1st day of April, 2021, in the case of the assessee, the A.O shall be deemed to have the information which suggests that the income chargeable to tax has escaped the assessment in the case of the assessee. However, Exp. (2) provides only a limited relaxation and the 1st proviso to section 148 of the Act negated the condition that the A.O with the rider that the information which suggests that the income chargeable to tax has escaped the assessment for the relevant assessment year. Therefore, the correct interpretation can be that notice under section 148 cannot be issued automatically to the searched person and the A.O needs to apply his mind and while seeking approval under section 151 of the Act from the specified authority, demonstrate that the information obtained/discovered during the search suggest that income has escaped, assessment under Explanation (2) is for the relevant A.Y for which notice under section 148 of the Act is issued. In the present case, the A.O without demonstrating as to how the seized material found during the course of search ITA Nos.661 to 667, 836 and 837/Hyd/2026 suggest income escaped the assessment for the relevant Asst. Years has simply issued notice under section 148 of the Act, on the basis of reasons recorded for reopening of the assessment without there being an iota of discussion in the reasons that the documents found during search suggest escapement of income. In the absence of any material to indicate that the income has escaped the assessment for the relevant A.Y, it may not be possible for the A.O to obtain the approval from the specified authority for the relevant A.Y for which the notice u/s 148 intended to be issued. In the instant case, the AO made addition on estimated profit on total unaccounted receipts found recorded in cash book found during search, however, on observation of the reasons recorded, the A.O has not demonstrated the escapement of income as envisaged in 1st proviso to section 148 of the Act, which is evident from the reasons recorded by the A.O. Therefore, he submitted that, the notice issued under section 148 on the basis of reasons recorded by the A.O without demonstrating the escapement of income for the relevant A.Y ITA Nos.661 to 667, 836 and 837/Hyd/2026 is void ab initio. In this regard, he has relied upon the decision of Hon'ble Bombay High Court in the case of Kartik Suresh Chandra

Gandhi vs. Assistant Commissioner of Income Tax (2023) 154 Taxmann.com 193 and the decision of the Hon'ble Delhi High Court in the case of Divya Capital One Pvt. Ltd vs. Assistant Commissioner of Income Tax (TS-5518- HC-2022(DELHI)-O). The assessee had also relied upon the decision of the Hon'ble Karnataka High Court in the case of Smt. Vasanthi Ramdas Pai vs. Income Tax Officer (TS-5059- HC-2024(Karnataka)-O). The assessee also relied upon the decision of the Hyderabad Benches in the case of M/s. ACE Tyres (P) Ltd vs. Assistant Commissioner of Income Tax in ITA Nos. 1084 to 1088 and 1207/Hyd/2025.

38. The Ld. CIT-DR, on the other hand, referring to the reasons given by the Ld. Pr. CIT, Central for forwarding the proposal of initiation of proceedings under section 147 of the Act, for approval of the DGIT (Inv.) had given elaborate reasons and satisfaction that during the course of search and seizure action under section 132 of the Act it was found that ITA Nos.661 to 667, 836 and 837/Hyd/2026 the assessee has unaccounted cash receipts from sale and the assessee had admitted undisclosed income for the year under consideration. These unaccounted cash receipts have resulted in suppression of income and escapement of income for the relevant A.Y. Therefore, from the reasons recorded by the A.O for issuance of notice under section 148 of the Act, it is very clear that the A.O had arrived at a satisfaction regarding the undisclosed income in the case of the assessee for the A.Y 2020-21 to 2022-23. Therefore, the arguments of the learned Counsel for the assessee that the A.O has not quantified income escaping assessment before issuing notice under section 148 of the Act is contrary to the scheme of re- assessment proceedings provided in the case of search & seizure action conducted under section 132 of the Act.

39. We have heard both the parties, perused the material available on record and had gone through the orders of the authorities below. We have also carefully considered the relevant case laws referred to by the learned Counsel for the assessee and the Ld. CIT-DR present for the Revenue. The ITA Nos.661 to 667, 836 and 837/Hyd/2026 learned Counsel for the assessee has made a legal argument in light of provisions of section 148 of the Act and proviso provided thereon and argued that, the notice issued by the A.O under section 148 of the Act without fulfilling the conditions provided therein is invalid and consequently, the assessment order passed by the A.O is bad in law and liable to be quashed. Admittedly, there was a search proceeding under section 132 of the Income Tax Act, 1961 in Vamsiram Group of Companies and as part of the search, the assessee company was also searched on 06/12/2022. Consequent to the search, the assessment for the A.Y 2020-21 to 2022-23 had been reopened by recording a reason and upon perusal of relevant reasons, we find that the A.O has recorded reasons for reopening of the assessment in light of search & seizure operation conducted under section 132 of the Act and consequent seized material and has formed a reasonable belief of escapement of income by virtue of clause (i) of Exp. (2) of section 132 of the I.T. Act and observed that, the A.O shall be deemed to have information which suggests that the ITA Nos.661 to 667, 836 and 837/Hyd/2026 income chargeable to tax has escaped the assessment in the case of the assessee for the A.Y 2020-21 to 2022-23. Therefore, it is necessary for us to adjudicate the legal ground taken by the assessee, challenging the validity of the notice issued under section 148 of the Act and consequent assessment order passed by the A.O in the light of above facts.

40. The A.O has recorded reasons for issuance of notice under section 148 of the Act. Upon perusal of the relevant reasons recorded for reopening of the assessment which is available in the paper

book filed by the assessee, we find that the A.O has considered information received in pursuant to the search & seizure action conducted under section 132 of the Act in the case of Vamsiram Group of companies and quantification of undisclosed income for the A.Y 2020-2021 to 2022-23 and formed a reasonable belief of escapement of income by virtue of clause (i) of explanation 2 of section 148 of the Act, on the ground that the A.O shall be deemed to have the information which suggest the income chargeable to ITA Nos.661 to 667, 836 and 837/Hyd/2026 tax has escaped the assessment in the case of the assessee for the relevant A.Y. From the reasons recorded by the A.O, it is undisputedly clear that the A.O while arriving at the undisclosed income harped on the material seized and undisclosed income quantified by the DDIT(Inv), without even any verification as to what is nature of escaped income and whether it pertains to the assessment year in question or not. The Assessing Officer in all the Assessment years from Asst Year 2016-17 to 2022-23 have not quantified the income escapement in writing the reasons for reopening. Without quantification of income escapement leads to violation of provision of Section 147. The scope of deemed information under Explanation 2 of Section 148 cannot be extended to deem the contents of the information. For the Assumption of Jurisdiction U/s 147, it is necessary to know the quantum of income escaping Assessment and the relevant Assessment year so as to evaluate whether it satisfies condition U/s 149(1). If Search does not reveal the quantum of income and relevant assessment year, it may not be possible to infer that ITA Nos.661 to 667, 836 and 837/Hyd/2026 the AO has correctly assumed Jurisdiction u/s 147 to proceed U/s 148. Even though, deemed information by way of search allows the AO to issue notice U/s 148, in absence of information about the quantum of income and the Assessment year in which income has escaped Assessment, assumption of Jurisdiction is lacking in the reasons recorded. However, the role of deeming fiction in Explanation 2 comes to an end after it empowers the AO to issue notice U/s 148. The scope and function of such deeming fiction cannot be extended to operate or modify any other section. It means that this deeming fiction cannot be extended to operate section 147 to confer Jurisdiction on the AO, if such jurisdiction is otherwise absent in the AO.

41. The main jurisdictional conditions prescribed in Section 147 are that there is income which is chargeable to tax, such income has escaped assessment, material should be found in respect of relevant assessment years which leads to escapement of income etc. If the quantification of income is not known the assumption of Jurisdiction to assess/reassess ITA Nos.661 to 667, 836 and 837/Hyd/2026 U/s 147 may not be justified. It is because deeming fiction under Explanation 2 to Section 148 cannot override section

147. On observation of the reasons recorded which were enclosed in the paper Book, the Assessing Officer invoked Explanation 2(i) of section 148 of the Act. But, in our considered view, Explanation 2 provides only limited relaxation and the first proviso to section 148 puts a negative condition on the Assessing Officer, with the rider that information which suggests that Income chargeable to tax has escaped assessment should be for the relevant Assessment years. Deeming fiction under Explanation 2(i) can only deem that search is information which suggests that income chargeable to tax has escaped assessment. The scope of deemed information under Explanation 2 cannot be extended to deem the contents of the information. Explanation 2 is being enacted to dispense with enquiry U/s 148A procedure. For the Assumption of Jurisdiction under Section 147, it is necessary to know the quantum of income escaping Assessment and the relevant assessment year so as ITA

Nos.661 to 667, 836 and 837/Hyd/2026 to evaluate whether it satisfies condition under Section 149(1). If Search U/s 132 does not reveal the quantum of income and relevant Assessment Year, it may not be possible to infer that the AO has correctly assumed Jurisdiction u/s 147 to proceed U/s 148. In absence of information about the quantum of income and the Assessment year in which income has escaped assessment assumption of Jurisdiction cannot be fulfilled. Accordingly, the other plausible interpretation can be that the notice under Section 148 cannot be issued automatically to the person searched. The Assessing Officer now needs to apply his mind and while seeking approval under Section 151 from the specified authority, demonstrate that the information obtained/discovered during search suggests that income has escaped assessment under Explanation is for the relevant Assessment year for which notice under Section 148 proposed to be issued. Such demonstration can be possible only when the AO has examined the seized assets/ documents, and records in writing that such seized ITA Nos.661 to 667, 836 and 837/Hyd/2026 assets/documents are related to the relevant assessment year. Therefore, despite the deeming fiction, even in the case of searched person, the AO may still be required to demonstrate that income of the relevant assessment year has escaped consequent to the information obtained/discovered during the search before issue of notice under Section 148. The harmonious interpretation of the deeming fiction created in respect of searched person under Explanation 2 and the proviso to section 148 may be that notice under Section 148 can be issued only when there is material for the relevant assessment-year found during the course of search which suggests that income chargeable to tax has escaped assessment. Mere factum of search itself cannot be a reason for issuing notice for reassessment. In the absence of any material to indicate that income has escaped assessment for the relevant assessment year, it may not be possible for the AO to obtain the approval from specified authority for such relevant assessment year for which the notice under Section 148 is intended to be issued. In our considered view, as ITA Nos.661 to 667, 836 and 837/Hyd/2026 mentioned above, proviso to section 148 provides a negative condition that no notice under section 148 shall be issued unless there is information which suggests that income chargeable to tax has escaped assessment. It is important to point out that this proviso to section 147 is not an enabling provision that notice under section 148 has to be issued once there is information within the meaning of Explanation 1/Explanation 2. The proviso on the other hand is a negative condition and thus is a condition precedent and only the starting point. The jurisdictional condition of section 147 i.e. that there should be income escaping assessment for the relevant assessment year, has to still be satisfied before invoking the provision of section 147 / 148.

42. Further, the case of the Assessing Officer was that, once there is search u/s 132, explanation 2 comes in to operation and the AO shall be deemed that information found during search suggest income escaping assessment and the AO can proceed with issue of notice in terms of explanation 2(i) of section 148 of the Act. The above understanding of provisions ITA Nos.661 to 667, 836 and 837/Hyd/2026 of section 148 by the AO is totally incorrect, because Explanation to Section 148 cannot override the main provision and also proviso to Section 148. In this regard the Hon'ble Bombay High court in CIT Vs Jet Airways (I) Limited held that "The Explanation 3 cannot override the necessity of fulfilling the conditions set out in the substantive part of section 147 since an explanation to a statutory provision is intended to explain its contents and cannot be construed to override it or render the substance and core nugatory". The Hon'ble Karnataka High court in N. Govindaraju Vs ITO [2015] 60 Taxmann.com 333 held that "Orthodox function of an 'Explanation'

is to explain the meaning and effect of the main provision. It is different in nature from a 'proviso', as the latter excepts, excludes or restricts, while the former explains or clarifies and does not restrict the operation of the main provision. It is true that an 'Explanation' may not enlarge the scope of the section, but it also does not restrict the operation of the main provision. Its purpose is to clear the cobwebs which may make the meaning of the main ITA Nos.661 to 667, 836 and 837/Hyd/2026 provision blurred. Ordinarily the purpose of insertion of an 'Explanation' to a section is not to limit the scope of the main provision but to explain or clarify and to clear the doubt or ambiguity in it."

43. The assessee has relied upon the decision of Hon'ble Delhi High Court in the case of Divya Capital One Pvt. Ltd. vs ACIT, Circle-7(1) [TS-5518-HC-2022(DELHI)-O], wherein the Hon'ble Court has held "whether it is 'information to suggest' under amended law or 'reason to believe' under erstwhile law, the benchmark of 'escapement of income chargeable to tax' still remains the primary condition to be satisfied before invoking powers under section 147 of the Act'. We may also point out that a similar issue has come up before Karnataka High Court in Smt. Vasanthi Ramdas Pai vs ITO, Mangalore [TS-5059-HC-2024(Karnataka)-O],and in fact, Karnataka High Court has held that 'to say that assessing officer can invoke section 147 without any reason, could apart from contrary to law, also falls foul of Article 14'. The Court has further held that on conjoint reading of provisions ITA Nos.661 to 667, 836 and 837/Hyd/2026 of section 147 and 148 of the Act, escapement of income is a sine qua-non for initiating proceedings under section 147.

44. The assessee has relied upon the decision of ITAT, Hyderabad Bench in the case of M/s. Exel Rubber Private Ltd., Vs. DCIT (supra), wherein the Coordinate Bench of the Tribunal on identical set of facts in para 14 has held as under:

> "14. The A.O has recorded reasons for issuance of notice under section 148 of the Act on 21/11/2023. Upon perusal of the relevant reasons recorded for reopening of the assessment which is available in page 12 of the paper book filed by the assessee, we find that the A.O has considered information received in pursuant to the search & seizure action conducted under section 132 of the Act in the case of Excel Rubber Group of companies and quantification of undisclosed income of Rs.6,42,24,650/- for the A.Y 2020-2021 and formed a reasonable belief of escapement of income by virtue of clause (i) of explanation 2 of section 148 of the Act, on the ground that the A.O shall be deemed to have the information which suggest the income chargeable to tax has escaped the assessment in the case of the assessee ITA Nos.661 to 667, 836 and 837/Hyd/2026 for the relevant A.Y. From the reasons recorded by the A.O, it is undisputedly clear that the A.O while arriving at the undisclosed income harped on the material seized from the premises of Shri Ramesh Kumar Sanaka, Sr. Accounts Manager without following the procedures as envisaged in section 148 of the Act which is evident from the reasons recorded for the relevant A.Y. Further, on observations of the reasons recorded, we find that the A.O invoked clause (i) of explanation (2), whereas in the present clause (iii) and (iv) of explanation (2) of section 148 is applicable because, the A.O has quantified the escaped income on the basis of material found in the residential premises of Shri Ramesh Kumar Sanaka, Sr. Accounts Manager of the assessee company and therefore, the A.O should have

> arrived at a satisfaction that the said seized material belongs to the assessee which suggested escapement of income for the relevant A.Y. This is because, although there is a deeming provision of information for issuance of notice under section 148 of the Act where search is conducted under section 132 of the Act, but because of 1st proviso of section 148 of the Act, the A.O shall ascertain from the information gathered during the course of search that income chargeable to tax has escaped the assessment in the case of the assessee for the relevant A.Y. Going by ITA Nos.661 to 667, 836 and 837/Hyd/2026 the proviso to section 148 of the Act, Explanation 2 provides only a limited relaxation and the 1st proviso to section 148 put a negative condition on the A.O with the rider that information which suggests that income chargeable to tax has escaped the assessment for the relevant A.Ys. Therefore, from the above provisions of the Act, it is very clear that no notice under section 148 shall be issued automatically to the searched person and the A.O needs to apply his mind while seeking approval under section 151 from the specified authority and demonstrate that the information discovered/obtained during the search suggest that income has escaped assessment for the relevant A.Y for which notice under section 148 is issued. Further, the satisfaction of the A.O can be demonstrated from the reasons recorded. However, in the present case, going by the reasons recorded, there is no such demonstration by the A.O which is evident from the relevant reasons where the A.O simply relied upon the information submitted by the ADIT (Inv.), quantifying the undisclosed of Rs.6,42,24,650/- for the A.Y 2020-21 which is once again based on the material found in the possession of any other person. Therefore, in the absence of any satisfaction from the A.O, on the basis of information that income escaped the assessment for the relevant A.Y, issuance of notice under ITA Nos.661 to 667, 836 and 837/Hyd/2026 section 148 of the Act by considering clause (i) of Exp (2) of section 148 is contrary to the scheme of assessment as provided under section 148 of the Act, in pursuant to the search u/s 132 or requisition u/s 132A of the Act. Therefore, in our considered view, despite the deeming fiction provided under section 148, even in the case of searched person, the A.O may still be required to demonstrate that the income of the relevant A.Y has escaped the assessment before issuing notice under section 148 of the Act."

45. The assessee has also relied upon the decision of Hon'ble Gujarat High Court in the case of Sagar Mukesh Sheth Vs. ITO [TS 5681-High Court-2026], wherein in para 17, the Hon'ble High Court had held as under:

> "17. It is true that the cash transactions are done in a clandestine manner using coded script, however, the revenue, before re-opening the assessment has to establish a live link of the assessee on the basis of seized material only. The expression "relates to" and "pertains to" used in Clause(iv) to Explanation 2 to Section 148 of the Act cannot be used in vacuum. The revenue after the seizure of incriminating material is under an obligation to analyze such material, in light of attendant circumstances ITA Nos.661 to 667, 836 and 837/Hyd/2026 and record relevancy and a prima facie opinion linking such material establishing escapement of income at the hands of the

assessee. The information which is derived from the incriminating material in the instant case, does not establish live link. The information is absolutely vague and unspecific and the rate mentioned in the loose- paper is attempted to be imposed upon the petitioner after a period of four years on the basis of sale deed registered on 12.10.2021. The statement of Shri Bavadiya does not mention the name of the petitioner. There is no link, even remotely, found with Bsafal Group or City Estate Management India or City Procon Realtors Private Limited. All these aspects are very relevant, and are required to be examined before roping the petitioner in re-assessment. Thus, in our considered opinion, the provisions of Section 148 of the Act are not attracted, hence the action of the respondents in re-opening of the assessment requires to be quashed."

46. Therefore, from the above provisions of section 148 of the Act and the ratios of the case laws discussed herein above, it is very clear that no notice under section 148 shall be issued automatically to the searched person and the A.O needs to apply his mind while seeking approval under section ITA Nos.661 to 667, 836 and 837/Hyd/2026 151 from the specified authority and demonstrate that the information discovered/obtained during the search suggest that income has escaped assessment for the relevant A.Y for which notice under section 148 is issued. Further, the satisfaction of the A.O can be demonstrated from the reasons recorded. However, in the present case, going by the reasons recorded, there is no such demonstration by the A.O which is evident from the relevant reasons where the A.O simply relied upon the information submitted by the ADIT (Inv.), quantifying the undisclosed. Therefore, in the absence of any satisfaction from the A.O, on the basis of information that income escaped the assessment for the relevant A.Y, issuance of notice under section 148 of the Act by considering clause

(i) of Exp (2) of section 148 is contrary to the scheme of assessment as provided under section 148 of the Act, in pursuant to the search u/s 132 or requisition u/s 132A of the Act. Therefore, in our considered view, despite the deeming fiction provided under section 148, even in the case of searched person, the A.O is required to demonstrate that ITA Nos.661 to 667, 836 and 837/Hyd/2026 the income of the relevant A.Y has escaped the assessment before issuing notice under section 148 of the Act. Therefore, the reasons recorded by the AO for issuing notice u/s 148 of the Act contrary to Section 148 of the Act is certainly invalid, void ab initio and vitiate the entire assessment proceedings.

47. Coming back to the case laws relied upon by the Ld. CIT- DR, in the case of Hon'ble Delhi High Court in the case of Veena Arora Vs. CIT reported in (2026) TAXSCAN (HC) 157. In our considered view, the above case laws relied upon by the Ld. CIT-DR is not applicable to the facts of the present case, because in the above case, the A.O. relied on the material i.e. Excel sheet and is inferring the escapement of Income from such material. Hence the Assessing Officer has fulfilled the proviso to Section 148 that there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped Assessment in the case of the assessee for the relevant Assessment year. In the said case, the Assessing Officer has satisfied three ingredients of proviso to Section 148. First one is information with the AO i.e. the ITA Nos.661 to 667, 836 and 837/Hyd/2026 Assessing Officer has identified the seized material i.e. Excel sheet found in the premises of searched person.

Second one is which suggests that the income chargeable to tax has escaped Assessment that is the Assessing Officer observed the contents in the excel sheet and found that the petitioner has paid on money for the purchase of flat from the builder who is searched person and such amount paid is the income which has escaped the Assessment. The third ingredient is relevant Assessment year, the Assessing Officer while taking approval from the PCIT has written satisfaction to the extent of relevant Assessment year and issued notice for the concerned Assessment year. Hence in the case dealt by Hon'ble High court the petitioner is the person other than the searched person and the Assessing Officer who is the Jurisdictional Officer has complied the three conditions while obtaining the approval for issue of notice U/s 148. In the present case, the Assessing Officer failed to bring the three ingredients laid down in the proviso to Section 148 while issuing notice U/s 148. On observation of the reasons ITA Nos.661 to 667, 836 and 837/Hyd/2026 recorded, the Assessing Officer has not demonstrated the income escapement from the information in the possession which is in the form of seized material.

48. In this view of the matter and considering the facts and circumstances of this case and also by following the rations of case laws, discussed herein above, we are of the considered view that notice issued under section 148 of the Act, on the basis of reasons recorded for reopening in light of search action conducted under section 132 of the Act is bad in law and consequently, the assessment order passed by the A.O becomes void ab initio and liable to be quashed. Therefore, we quash the assessment order passed by the A.O under section 143(3) r.w.s. 147 of the Act, for Assessment years 2020-21 to 2022-23.

49. The learned counsel for the assessee submitted that the assessee has challenged the issue of approval under Section 151 of the Act and in view of insertion of Section 292B of the Income-tax Act, 1961 by the Finance Act, 2024 w.e.f. 01.04.2021 and also challenges before various Hon'ble High ITA Nos.661 to 667, 836 and 837/Hyd/2026 Courts about the constitutional validity of the retrospective amendment, the grounds raised by the assessee may be kept open to challenge before the appropriate forum. Therefore, Ground Nos. 3 and 4 of the assessee's appeal are kept open to be decided at the appropriate forum and at appropriate time.

50. The next issue that came up for our consideration from the appeals filed by the assessee for A.Ys. 2016-17 to 2023- 24 is the addition made by the A.O. towards estimation of 16% profit on unaccounted receipts quantified as per the seized cash book found during the course of search.

51. The learned counsel for the assessee submitted that the entire addition made by the A.O. is based on the assumption that the entries recorded in the seized cash book, loose sheets and excel sheets found in the pen drives were maintained after truncating two zeroes and consequently the A.O. multiplied the figures recorded in the seized material by hundred and estimated unaccounted receipts for various assessment years. The learned counsel for the assessee ITA Nos.661 to 667, 836 and 837/Hyd/2026 submitted that there is no incriminating material whatsoever found during the course of search to establish that the assessee had recorded transactions after suppressing or truncating two zeroes and the entire basis adopted by the A.O. is only on the basis of statements recorded from employees during the course of search. The learned counsel for the assessee further submitted that the seized material relied upon by the A.O. consists of diary entries, loose sheets and

excel sheets found in the pen drives seized from Shri Atla Chandrashekar and the same contains certain rough notings relating to receipts and payments. The learned counsel for the assessee submitted that the entries contained in the seized material are actual figures and there is no evidence to suggest that the figures were recorded after truncating two zeroes. The learned counsel for the assessee submitted that the A.O., without any independent corroborative evidence, presumed that all the entries recorded in the seized material represent figures after suppressing two digits and proceeded ITA Nos.661 to 667, 836 and 837/Hyd/2026 to multiply the entire receipts and payments by hundred which is arbitrary and contrary to facts on record.

52. The learned counsel for the assessee submitted that there is an overlapping period between the diary entries and excel sheets maintained in the pen drives and when both the records are compared, the figures recorded therein tally with each other and nowhere indicate suppression of two zeroes. The learned counsel for the assessee submitted that if really the assessee had followed the method of truncating two zeroes while recording receipts and payments, then there would have been at least some corroborative evidence in the form of actual receipts, sale deeds, bank deposits, confirmations or statements from customers establishing collection of on-money over and above the figures recorded in the seized material. However, no such evidence was found during the course of search. The learned counsel for the assessee submitted that the Managing Director of the group, Shri B. Subba Reddy, in his sworn statement recorded during the course of search, specifically denied the allegation that ITA Nos.661 to 667, 836 and 837/Hyd/2026 the assessee had recorded transactions after suppressing two zeroes and further denied authorising any employee to maintain parallel books of account in the form of pen drives. The learned counsel for the assessee submitted that the statement of the Managing Director, being the key person of the group, has greater evidentiary value and the same could not have been ignored by the A.O. while completing the assessment.

53. The learned counsel for the assessee referring to the statements recorded from Shri Atla Chandrashekar and Shri Regu Venkata Vara Prasad during the course of search submitted that the said statements were obtained under pressure and coercion and both the employees subsequently filed detailed retraction affidavits explaining the circumstances under which the statements were recorded. The learned counsel for the assessee submitted that both the employees categorically clarified in the retraction affidavits that the entries recorded in the seized material are actual figures and there was no practice of truncating two zeroes ITA Nos.661 to 667, 836 and 837/Hyd/2026 while recording transactions. The learned counsel for the assessee submitted that once the statements have been retracted at the earliest possible opportunity and supported by affidavits, the burden shifts upon the Department to establish with independent corroborative evidence that the original statements alone are correct. The learned counsel for the assessee submitted that the A.O. heavily relied upon statements recorded from eighteen parties including vendors, landlords and service providers to support the theory of truncating two zeroes. However, most of the statements relied upon by the A.O. were recorded behind the back of the assessee and proper opportunity of cross-examination was not granted. The learned counsel for the assessee submitted that although certain opportunities were provided, the cross- examination was incomplete and ineffective and therefore the statements recorded from third parties cannot be relied upon against the assessee.

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54. The learned counsel for the assessee submitted that the A.O. selectively relied upon certain isolated transactions relating to rent payments, scrap sales and payments to vendors and attempted to generalise the same for all transactions recorded in the seized material. The learned counsel for the assessee submitted that even in respect of such transactions, there is no conclusive evidence to establish that all entries maintained in the seized material represent figures after multiplying by hundred. The learned counsel for the assessee submitted that the A.O. ignored various inconsistencies, contradictions and discrepancies in the statements recorded from third parties. The learned counsel for the assessee submitted that the presumption available under Sections 132(4A) and 292C of the Act is only a rebuttable presumption and the same cannot be extended to presume that all figures recorded in the seized material represent figures after truncating two zeroes. The learned counsel for the assessee submitted that except the statements recorded during the course of search and certain ITA Nos.661 to 667, 836 and 837/Hyd/2026 third-party statements, there is no independent evidence in the form of unaccounted assets, unexplained investments, unexplained expenditure or cash deposits to support the conclusion drawn by the A.O. The learned counsel for the assessee submitted that the A.O. proceeded on pure assumptions and presumptions without carrying out any scientific or forensic examination of the digital material seized during the course of search. The learned counsel for the assessee submitted that no expert opinion was obtained to establish manipulation or coding pattern in the excel sheets or diaries. The learned counsel for the assessee submitted that in the absence of any corroborative evidence, the theory adopted by the A.O. regarding truncating two zeroes is unsustainable in law.

55. The learned counsel for the assessee submitted that without prejudice to the above arguments, even assuming without admitting that the seized material represents unaccounted receipts, the A.O. erred in estimating profit at 16% on gross receipts. The learned counsel for the assessee ITA Nos.661 to 667, 836 and 837/Hyd/2026 submitted that the assessee had already offered income at 10% on the basis of seized cash book and the A.O., without bringing any comparable cases or independent material on record, arbitrarily estimated profit at 16%. The learned counsel for the assessee submitted that estimation made by the A.O. is excessive, arbitrary and without any rational basis and therefore, the addition made towards estimation of 16% profit on alleged unaccounted receipts is liable to be deleted.

56. In support of its case, the learned counsel for the assessee has relied upon the following judicial precedents:

> ¥ M. Narayanan & Bros. Vs. ACIT reported in 13 taxmann.com 49 (Madras) ¥ CIT Vs. Shri Ramdas Motor Transport Ltd. reported in 55 taxmann.com 176 (Andhra Pradesh) ¥ Nagubhai Ammal & Others Vs. B. Shama Rao & Others reported in AIR 1956 SC 593 ¥ Pullangode Rubber Produce Co. Ltd. Vs. State of Kerala reported in 91 ITR 18 (SC) ¥ Y. Ramachandra Reddy Vs. Addl. CIT reported in 57 taxmann.com 43 (AP & Telangana) ¥ Kunhayammed & Others Vs. State of Kerala reported in (2000) 6 SCC 359 ITA Nos.661 to 667, 836 and 837/Hyd/2026 ¥ Andaman Timber Industries Vs. CCE reported in 62 taxmann.com 3 (SC) ¥ Bhima Tima Dhotre Vs. The Pioneer Chemical Co.

reported in (1968) 70 BOMLR 683 ¥ Bannalal Jat Constructions (P.) Ltd. Vs. ACIT reported in 106 taxmann.com 127 (Raj.) ¥ Roshan Lal Sancheti Vs. PCIT reported in 150 taxmann.com 228 (SC) ¥ MAC Public Charitable Trust Vs. PCIT reported in 144 taxmann.com 54 (Madras) ¥ CIT Vs. Ravi Mathur in D.B. Income Tax Appeal No. ¥ PCIT Vs. Swati Bajaj reported in 139 taxmann.com 352 (Calcutta)

57. The Ld. CIT-DR, referring to various judicial precedents, including the decision of Hon'ble Rajasthan High Court in the case of CIT Vs. Ravi Mathur reported in (2017) 1 WLC (Raj.) and also the decision of the Hon'ble Delhi High Court in the case of M/s. Huawei Telecommunications India Company Pvt. Ltd. Vs. ACIT reported in (2025) 173 taxmann.com 396 (Delhi HC) submitted that statements recorded under Section 132(4) of the Act, have evidentiary ITA Nos.661 to 667, 836 and 837/Hyd/2026 value as held by various Courts, including the Hon'ble Kerala High Court in the case of CIT Vs. Hotel Meriya. Therefore, once there is a clear admission in the statements recorded under Section 132(4) coupled with evidences found during the course of search, then subsequent retractions filed by the parties without any valid reasons cannot be accepted and the A.O. was right in placing his reliance on the initial statements recorded under Section 132(4) of the Act, from various parties for the purpose of assessment.

58. In so far as the issue of opportunity of cross- examination in the light of the principles of natural justice canvassed by the learned counsel for the assessee, the Ld. CIT-DR further submitted that, the incriminating material was found and seized from the premises of the assessee as well as from the premises of its employees. During the course of search, it was evidenced that the assessee was periodically destroying material and concealing material at multiple locations, including third party premises such as "kirana stores". These facts have been clearly brought on record. The ITA Nos.661 to 667, 836 and 837/Hyd/2026 Managing Director of the assessee has confirmed the contents of the seized material as well as the statements recorded. Subsequent enquiries were also conducted with third parties based on the seized material and statements of key employees and, therefore, the assessee had full opportunity to meet and rebut the material relied upon by the A.O. The Ld. CIT-DR, further referring to the decision of Hon'ble Allahabad High Court in the case of Motilal Padampat Udyog Ltd. Vs. CIT reported in 293 ITR 565, submitted that where material is confronted and opportunity to explain is provided, the requirement of principles of natural justice stands satisfied and cross-examination is not an absolute requirement under the Income-tax Act. Therefore, the Ld. CIT-DR submitted that the arguments of the learned counsel for the assessee in the light of principles of natural justice also fails and are incorrect. The Ld. CIT-DR, further referring to certain judicial precedents, submitted that in many cases it was held that statements recorded under Section 132(4) of the Act, is having evidentiary value and the same can be ITA Nos.661 to 667, 836 and 837/Hyd/2026 considered unless the assessee disproves the same with cogent material. Since the assessee has failed to file any cogent evidence to disprove the statements recorded under Section 132(4) of the Act, the A.O. has rightly ignored the subsequent retraction statements of employees and denial statements of Shri B. Subba Reddy, Managing Director of the assessee company, while considering the evidence for the purpose of assessment.

59. The ld. CIT(DR) further submitted that there is no merit in the arguments of the learned counsel for the assessee on the issue of estimation of 16% profit on unaccounted cash receipts found during

search, because evidences found during the course of search in the form of excel sheets clearly shows unaccounted cash receipts from sale of residential flats and commercial spaces and also expenditure incurred in cash for the purpose of business. Further, enquiries conducted by the A.O., during the course of post search investigation and assessment proceedings clearly demonstrates recording receipts and payments by ITA Nos.661 to 667, 836 and 837/Hyd/2026 suppressing two 'zeros' which is clearly evident from 131 statement recorded from 18 third parties in respect of landowners, co-partners, service providers and in respect of rental payments. Further, the evidence found during the course of search in the form of cash receipts and vouchers, also supports the case of the A.O. that the assessee was recording cash receipts and payments by supressing two 'zeros'. Therefore, the A.O. has rightly ignored subsequent retraction filed by two employees and denial statement of Shri B. Subba Reddy, CMD of the assessee company while estimating cash receipts for all these assessment years by adding two 'zeros', therefore he submitted that the additions made by the A.O. and sustained by the CIT(A) should be upheld.

60. We have heard both parties, perused the material available on record and had gone through the orders of the authorities below. The Assessing Officer made addition towards 16% profit on total unaccounted cash receipts found recorded in the cash book found during the course of search ITA Nos.661 to 667, 836 and 837/Hyd/2026 and stored in pendirve on the ground that the total cash receipts and payments recorded in the cash book are outside books of account and the same has been recorded after suppressing two zeros. The Assessing Officer has reached the above conclusion on the basis of sworn statements recorded u/sec.132(4) of the Act from Sri Chandra Sekhar Atla, Manager (Accounts) and Sri Regu Venkata Vara Prasad, Manager (Accounts and Finance) with reference to the seized loose sheets and diaries found during the course of search. The Assessing Officer has also taken support from the statements recorded from 18 other third parties comprising of landowners, co-partners, customers, vendors and sub- contractors recorded during separate searches u/sec.132 or survey u/sec.133A of the Act conducted in their cases or enquiries u/sec.131 during the course of investigation. The Assessing Officer on the basis of the above information coupled with the statement of few employees, opined that the entries recorded in the pendrive and loose sheets are after truncating last two zeros and therefore, arrived total ITA Nos.661 to 667, 836 and 837/Hyd/2026 unaccounted cash receipts by adding two zeros before estimating 16% profit on total receipts. The assessee challenged the validity of the evidence and evidentiary value of documents relied upon by the Assessing Officer for the purpose of addition including 18 other third parties' statements and argued that the evidence relied upon by the Assessing Officer lacks credence going by the contents of the excel sheets and the statements recorded from two employees. The assessee further contended that Sri B Subba Reddy, Managing Director of the Appellant group had categorically denied the contents of the pen drive and recording of entries thereon by suppression/reducing two zeros right from the date of search and up to the date of assessment proceedings. The assessee further contended that the persons who gave the statement at the date of search are also retracted by their statements by filing detailed reasons and such affidavit has been filed within a period of 60 days at the first available opportunity and therefore, the Assessing ITA Nos.661 to 667, 836 and 837/Hyd/2026 Officer ought not to have relied upon those evidences for the purpose of making additions.

61. Admittedly, the appellant company has not disputed the excel sheets and pendirve found during the course of search and entries recorded in the excel sheets. However, the appellant company has only disputed the version of the Assessing Officer in adding two zeros to the entries recorded therein on the ground that there is no corroborative evidence with the Assessing Officer supporting the contention that the appellant has recorded entries after truncating last two zeros. We have gone through the relevant excel sheets found during the course of search which are available in the paper book filed by the assessee which contains various kinds of receipts including cash received from sale of flats and commercial space and miscellaneous income and also various expenses incurred for the purpose of business of the assessee including vendors payments, payment to other parties, land owners etc. Although, it appears that entries recorded in the cash book seems to be ITA Nos.661 to 667, 836 and 837/Hyd/2026 very small in nature compared to the nature of the business of the assessee and the quantum of turnover achieved for the relevant assessment year, but going by the categorical denial of the Managing Director of the appellant company, in our considered view, the reasons given by the Assessing Officer for adding two zeros is without any basis and only on the basis of statements of two employees. Further going by the statements recorded from Sri Chandra Sekhar Atla, Manager (Accounts) and Sri Regu Venkata Vara Prasad, Manager (Accounts and Finance), we find that in response to specific queries they themselves has admitted that entries in the cash book has been recorded by suppressing last two zeros even without any question from the investigation team at the time of search. Therefore, from the above statement of the employees, it appears that initially the statements recorded from the employees seem to be recorded without any basis or supporting evidence or the employees must have given the statements under confusion state of mind without understanding the relevant records maintained by them. This ITA Nos.661 to 667, 836 and 837/Hyd/2026 fact is further strengthened by the statement of Sri B Subba Reddy, Managing Director of the appellant group where he categorically denied that he has not instructed any of his employees to record receipts and payments in the cash book after truncating two zeros. Therefore, in our considered view, the conclusion drawn by the Assessing Officer and the learned CIT(A) that the appellant company has recorded amounts after truncating last two zeros is only on the basis of initial statement of two employees even though both employees have retracted from the statement by filing detailed affidavit's and explaining the reasons for making the statement at the time of search. Therefore, in our considered view, the evidences relied upon by the Assessing Officer including the printouts of excel sheets found from the pendrive seized from employees does not have any evidentiary value in view of the categorical denial of their authenticity and veracity by Sri B Subba Reddy, Managing Director of the Company as there was various discrepancies found in the manner in which the entries were maintained in various excel ITA Nos.661 to 667, 836 and 837/Hyd/2026 sheets of the said excel work books. Therefore, in our considered view, without any further evidence the additions made by the Assessing Officer by estimating 16% profit on total cash receipts as per cash book found during the course of search by adding two zeros is incorrect and cannot be upheld in view of specific retraction of the employees and also denial of the Managing Director of the appellant group. Although, the learned Assessing Officer and the learned CIT(A) ignored the retraction filed by the employees of the assessee company on the ground that the subsequent retraction statements filed by them is only an afterthought and is without any basis, but in our considered view, going by the timing of the statements filed by the employees and the detailed affidavits filed by them in support of their retraction, we are of the firm view that the Assessing Officer ought to have consider their retraction statements before proceeding with the estimating

gross receipts by adding two zeros in the absence of supporting evidence.

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62. Coming back to another reason given by the Assessing Officer to support his findings in respect of the estimation of gross receipts by adding two zeros. The Assessing Officer conducted post-search enquiries with reference to the entries recorded in cash book by issuing summons to various people and recorded their statements. The Assessing Officer has recorded the statements of 18 third parties including land owners, co-partners, vendors and other service providers and observed that all the parties have submitted relevant evidence of payment made to the appellant company or received from the appellant company with regard to the services and claimed that they have received the actual amount as per the bills submitted to the appellant company and also produced relevant copies of bills which clearly shows that appellant has paid amount as per the bills but recorded the entries after truncating two zeros. The Assessing Officer has recorded the result of enquiries conducted with reference to 18 parties in the assessment order and linked the said statements to the entries recorded ITA Nos.661 to 667, 836 and 837/Hyd/2026 in cash book and observed that, in all those cases the statements given by the parties clearly contradicts the claim of the assessee with regard to recording entries by truncating two zeros. The assessee has disputed the statements recorded by 18 people in light of their evidentiary value and lack of cross examination to the assessee.

63. We find that the Assessing Officer has recorded the statement from various persons during post-search enquiries with reference to services provided by them and found that each one of them have received amounts which is much higher than the amount recorded by the appellant in the cash book maintained for this purpose and the same has been supported by invoices/bills issued by them. However, going by the statement recorded from 18 persons and its nature, it is undisputedly clear that the Assessing Officer has asked stereotype questions to each one of the parties with reference to the entries recorded in their name in the cash book and in response, few of them have admitted that they have received the amounts as per their bill and also admitted that the ITA Nos.661 to 667, 836 and 837/Hyd/2026 entries recorded in cash book are after reducing two zeros. However, if we consider the total number of entries recorded in the cash book which runs into two thousand entries, the selective approach adopted by the Assessing Officer by cherry-picking 18 entries that too with reference to the outside service providers to drawn an adverse inference against the assessee, lacks credence and confidence, because from the admission of 18 parties it cannot be presumed that the remaining several thousand entries appearing in the ash book are also recorded after reducing last two zeros. This fact is further strengthened by the fact that the Assessing Officer has not provided or denied the opportunity of cross examination of the 18 parties when the appellant has specifically asked the Assessing Officer to provide an opportunity to cross-examination of the parties who gave the statements against the assessee. In the absence of any evidence contrary to the claim of the assessee, in our considered view, only on the basis of statement of few persons that too without cross examination to the assessee, ITA Nos.661 to 667, 836 and 837/Hyd/2026 the reasons given by the Assessing Officer to make the additions by adding two zeros cannot be accepted. We further note that the admission all other parties cannot be considered as conclusive evidence against the assessee unless there is corroborative evidence on record since the maker of the statement can bind himself

but he cannot bind others with his statement without there being any further evidence on record and this legal principle is supported by the decision of ITAT, Visakhapatnam Bench in the case of P. Koteswara Rao vs. DCIT in ITA.Nos.251 & 252/Vizag/2012. Similar view has been taken by ITAT, Ahmedabad Bench in the case of Prarthana Construction (P) Ltd. vs. DCIT [2001] 118 Taxman 112 (Ahd.Tribu.) wherein it was held that "loose papers and documents seized from the premises of third parties and statements recorded at the back of the assessee without it being afforded opportunity to interrogate the said deponents could not be the basis for making the addition in the hands of the assessee". Since the Assessing Officer has not brought on record any evidence to support the statement of ITA Nos.661 to 667, 836 and 837/Hyd/2026 18 persons, in our considered view, in the absence of proper opportunity of cross examination provided to the assessee, the conclusion drawn by the Assessing Officer to support the finding that the assessee has recorded the entries after truncating two zeros is totally incorrect going by the ratio laid down by the Hon'ble Supreme Court in the case of Andaman Timber Industries vs. CCE [2015] 62 taxmann.com 3 (SC) wherein it was held that "not allowing the assessee to cross- examine the witnesses by the adjudicating authority though the statements of those witnesses were made the basis of the impugned order is a serious flaw which makes the order nullity inasmuch as it amounts to violation of principles of natural justice".

64. Therefore, in our considered view conclusion drawn by the AO on the basis of statements of 18 third parties that entire entries of receipts and payments recorded in excel sheet is after suppressing two zero is only a case of suspicious and surmise and not based on any evidence and thus, cannot be upheld. The A.O., without any independent ITA Nos.661 to 667, 836 and 837/Hyd/2026 corroborative evidence, presumed that all the entries recorded in the seized material represent figures after suppressing two digits and proceeded to multiply the entire receipts and payments by hundred which is arbitrary and contrary to facts on record. if really the assessee had followed the method of truncating two zeroes while recording receipts and payments, then there would have been at least some corroborative evidence in the form of actual receipts, sale deeds, bank deposits, confirmations or statements from customers establishing collection of on-money over and above the figures recorded in the seized material. However, no such evidence was found during the course of search. Further, Shri B. Subba Reddy, in his sworn statement recorded during the course of search, specifically denied the allegation that the assessee had recorded transactions after suppressing two zeroes and further denied authorising any employee to maintain parallel books of account in the form of pen drives. The statement of the Managing Director, being the key person of the group, has greater evidentiary value and the same ITA Nos.661 to 667, 836 and 837/Hyd/2026 could not have been ignored by the A.O. while completing the assessment. The A.O. proceeded on pure assumptions and presumptions without carrying out any scientific or forensic examination of the digital material seized during the course of search. No expert opinion was obtained to establish manipulation or coding pattern in the excel sheets or diaries. In the absence of any corroborative evidence, the theory adopted by the A.O. regarding truncating two zeroes is unsustainable in law. Therefore, we are of the considered view that, the reasons given by the AO to allege that entries in cash book are recorded by suppressing two zeros is without any basis and cannot be accepted in total.

65. Coming back to another aspect of the issue. The AO had also supported his case of suppression of two zeros in light few evidence, viz, estimate slips, hand written loose- sheet papers, which were found and seized vide annexure A/EMX08/02 and observed that Shri Chandrasekar Atla on seeing those attracts had accepted the estimation slips and further stated that actual sale price of the property unit was ITA Nos.661 to 667, 836 and 837/Hyd/2026 sold at a higher price then the SRO registered and the difference the SRO value and that actual sale price is received in cash. The AO discussed the issue in Para 6.1 of Assessment Order in light of statement recorded from Shri Chandrasekar Atla and observed that there are clear evidence to prove suppression of two 'zeros' while recording cash receipts from sale of property. The assessee disputed the above findings of the AO and argued that on the basis of one or two entries of cash receipts, the AO can't infer that more than 2000 entries in the cash book are also recorded by suppression of two 'zeros' without any evidence. We find that if AO found some supporting evidences like cash receipts, estimation slips, bill and vouchers in support of receipt entries found in the cash book which shows recording entries by suppressing two 'zeros', then the AO can consider only those entries which are supported by further evidences for the purposes of adding two 'zeros' to arrive at total cash receipts from sale of flats. However, there is no scope for the AO to extrapolate and add two 'zeros' to remaining several ITA Nos.661 to 667, 836 and 837/Hyd/2026 hundred entries of cash receipts recorded in cash book without any further evidence. Theodore, we are of the considered that wherever the AO finds suppression of two 'zeros' with supporting evidence, then the AO can very well compute cash receipts by adding two 'zeros'. However, based on few entries of cash receipts, which are further supported by corroborative evidence like cash receipts, estimate slips, etc., he can't add two 'zeros' to remaining entries of cash receipts without any supporting evidence. Therefore, we direct the AO to restrict addition of two 'zeros' to the entries appearing in the cash book which are fully supported by corroborative evidences, and wherever the entries in the cash book are not supported by further evidences, then the reasons given by the AO to add two 'zeros' can't be accepted and thus, the AO is directed to consider the cash receipt entries as it is without adding two 'zeros'.

66. Coming back to various case laws relied upon by the learned DR for the Revenue. The learned DR relied upon Judgment of Hon'ble Allahabad High Court in the case of ITA Nos.661 to 667, 836 and 837/Hyd/2026 Moti Lal Padampat Udyog Ltd vs. CIT [2007] 293 ITR 565 (Alld.HC) and Hon'ble Calcutta High Court decision in the case of Kisanlal Agarwalla vs. Collector of Land Customs AIR 1967 Cal. 80 and argued that cross-examination is not an absolute or indispensable requirement. In our considered view, the case law relied upon by the learned DR is not applicable going by the facts of the present case, because the said Judgments cited by the learned DR can no longer be considered since they were rendered prior to the Judgment of Hon'ble Supreme Court in the case of Andaman Timber Industries vs. CCE (supra). The learned DR has also placed reliance on the Judgment of Hon'ble Calcutta High Court in the case of PCIT vs. Swathi Bajaj [2022] 139 taxmann.com 352 (Calcutta-HC). We find that, once again the above decision is distinguishable on facts because in the said case it was held that assessee have not been shown to be prejudiced on account of non-furnishing of the investigation report or non-production of the persons for cross-examination. However, in the case of the appellant company ITA Nos.661 to 667, 836 and 837/Hyd/2026 herein, the statement of third parties indicts the appellant, and prejudice has been caused to the appellant since the Assessing Officer has placed strong reliance on the said statements for drawing adverse conclusion against the appellant. Therefore, the above case laws relied upon by

the learned DR have no application and thus, rejected.

67. In this view of the matter and considering the facts and circumstances of the case and also by considering the ratios of various case laws discussed hereinabove, we are of the considered view that the Assessing Officer has failed to conclusively prove the allegation of recording entries in the cash book after reducing two zeros in respect of all entries of receipts. In so far as few entries of cash receipts, wherever the AO brought on record supporting evidence, viz cash receipts, bills and WhatsApp chats, there are clear corroborating evidence of recording entries after truncating last two 'zero'. Therefore, we are of the considered view that the additions made by the Assessing Officer by estimating 16% profit on total cash receipts as per excel sheets by ITA Nos.661 to 667, 836 and 837/Hyd/2026 adding two zeros cannot be upheld. The learned CIT(A) without considering the relevant facts, has simply sustained the additions made by the Assessing Officer. Thus, we set aside the Order of the learned CIT(A) on this issue and direct the Assessing Officer to adopt the gross receipts as per the cash book found during the course of search without adding two zeros, except in a cases where there are supporting evidences like cash receipts bills and vouchers and WhatsApp chats etc., for the purpose of estimating the profit for the Assessment. Years 2016-17 to 2022-23.

68. Coming back to estimation of 16% profit on total cash receipts. The assessee has admitted cash receipts recorded as per cash book found during the course of search as it is without adding two 'zeros' and also admitted 10% profit on total cash receipts by considering the various expenditures found recorded from same cash book found during the course of search. The Assessing Officer has disputed 10% profit estimated by the assessee on the grounds that going by the financial results declared by the ITA Nos.661 to 667, 836 and 837/Hyd/2026 assessee itself for earlier financial years and in other group concern case, the assessee had an average declared 15% profit from its regular business for the last several years. Therefore, the Assessing Officer has adopted the profit declared by the assessee as basis for estimating the profit on suppressed turnover as per cash book found during the course of search and estimated 16% profit on total cash receipts. The assessee has challenged the 16% profit rate estimated by the Assessing Officer on the ground that the Assessing Officer has adopted 16% profit without any basis and going by the nature of business of the assessee and the past financial results, the assessee has fairly declared 10% profit on total cash receipts. In our considered view the assessee has failed to file any evidence to justify 10% profit adopted on total unaccounted cash receipts. Further, the assessee firm and company itself have recorded or disclosed on average 15% profit for last several financial years. Further, in unaccounted receipts normally the profit percentage is little higher side when compared to the profit declared by the ITA Nos.661 to 667, 836 and 837/Hyd/2026 assessee on declared transactions, because general administrative and other overhead expenses are mostly recorded in the regular business transactions. Since the appellant has failed to conclusively prove 10% profit rate adopted for disclosing additional income on unaccounted cash receipts and further going by the general practice the profit percentage in undisclosed turnover is much higher side, in our considered view, the Assessing Officer has rightly adopted 16% profit on total unaccounted cash receipts found recorded in the cash book found during the course of search and said rate is further strengthened by the financial results declared by the assessee in earlier financial years. Therefore, we are of the considered view that there is no error in estimating 16% net profit from the Assessing Officer on total unaccounted cash receipts. The CIT(A) after considering relevant facts has rightly upheld 16% profit on unaccounted cash receipts.

Thus, we are inclined to uphold the Order of the learned CIT(A) on this issue and reject the ground taken by the assessee for Assessment years 2016-17 to 2023-24.

ITA Nos.661 to 667, 836 and 837/Hyd/2026

69. The next issue that came up for our consideration from Ground No.13 of the assessee appeal for AY 2019-20 is addition of Rs.2 Crs. u/s.69 of the Act towards cash payment to M/s. Unique Inflatables Ltd.

70. The Ld. Counsel for the assessee submitted that additions made by the AO is unsustainable, because the evidence relied upon by the AO is unsigned cash receipts found during the course of survey in the case of M/s. Unique Inflatables Ltd. And claimed to have been signed by Shri Ramadugu Ramdev Rao, MD of the company, however, said evidence was neither found in the search of the assessee nor signed by the assessee company. Therefore, the additions made by the AO, on the basis of third party evidence is unsustainable in law in absence of any independent corroborative evidence. In this regard, he relied upon the decision of the Hon'ble Delhi High Court in the case of CIT v. Sanatlal [2020] 118 taxman.com 432 (Delhi) and the decision of the Hon'ble Bombay High Court in the case of PCIT v. Umesh Ishrani [2019] 108 taxman.com 437 (Bom).

ITA Nos.661 to 667, 836 and 837/Hyd/2026

71. The Ld.CIT-DR/SR-AR for the Revenue, on the other hand, submitted that the evidences found during the course of survey in the form of cash receipts clearly shows cash payments by the assessee company towards development of land in Survey No.92 situated at Nanakaramguda, Serilingampalli, RR District. The MD of M/s. Unique Inflatables Ltd. Shri Ramdugu Ramdev Rao has issued a signed receipt of Rs.2 Crs. The assessee neither denied the transaction of development of land nor explained the payments made to the above company except denying the evidences, therefore, the AO was right in making addition u/s.69 r.w.s.115BB of the Act. Therefore, he submitted that the addition made by the AO should be upheld.

72. We have heard both the parties, and perused the reasons given by the AO to make additions towards cash payment of Rs.2 Cr. To M/s. Unique Inflatables Ltd. towards development of land at Survey No.92 situated at Nanakaramguda, Serilingampalli, RR District. The AO made additions on the basis of cash receipts found during the ITA Nos.661 to 667, 836 and 837/Hyd/2026 survey conducted in the case of Shri Ramdugu Ramdev Rao, MD of M/s. Unique Inflatables Ltd. The assessee neither disputed the transaction of development of land in Survey No.92 nor explained the cash payments to M/s. Unique Inflatables Ltd., except by making a vague argument that the signed cash receipts found from the third-party premises cannot be used as a evidence for making additions u/s.69 of the Act. This is the transaction of development of land in Survey No.92 is not disputed by the assessee. In our considered view, the cash receipts found during the course of survey in the case of M/s. Unique Inflatables Ltd., is a clear evidence of payment of cash in relation to development of land and thus, in our considered view, the arguments of the assessee that additions made in the hands of the assessee company based on evidence found with a third party is not sustainable in law, in absence of corroborative evidences is devoid of merit and can't be accepted.

Since there is clear evidence of cash receipts for making cash payments in relation to development of land, in our considered view, the ITA Nos.661 to 667, 836 and 837/Hyd/2026 AO was right in making addition of Rs.2 Crs. u/s.69 of the Act as unexplained investment. The LD.CIT(A), after considering relevant facts has rightly sustained the additions made by the AO. Thus, we are inclined to uphold the findings of the LD.CIT(A) and reject the ground taken by the assessee.

ITA NO 836/HYD/2026 AND ITA.NO 837/HYD/2026- ASSESSMENT. YEARS 2022-23 AND 2023-24.

73. The facts and issue involved in this appeals filed by the assessee, M/s Vamsiram Builders and Developers Pvt Ltd for Assessment years 2022-23 and 2023-24 are similar to facts and issue, which we have considered in the case of M/s Vamsiram Builders and Developers Pvt. Ltd. (Formerly known as Vamsi Ram Builders, Partnership Firm) for Assessment. Years 2016-17 to 2022-23. But for figures, the facts and issues are exactly identical. The assessee has raised legal grounds challenging validity of notice issued u/s 148 of the Act for both assessment years and also challenged addition of two zeros to cash receipts found recorded in seized cash book ITA Nos.661 to 667, 836 and 837/Hyd/2026 and estimation of 16% profit on total unaccounted cash receipts. As regards, validity of notice issued u/s 148 of the Act, for Assessment years 2022-23, the reasons given by us in preceding paragraph numbers 39 to 48 shall mutatis mutandis applies to this appeal, as well. Therefore, for detailed reasons given in para no. 39 to 48, we quash notice issued u/s 148 of the Act, for Assessment year 2022-23. In so far as second issue of addition towards 16% profit on estimated unaccounted cash receipts by adding tow zeros, the reason given by us in preceding paragraph numbers 60 to 67 shall mutatis mutandis applies to this appeal, as well. Therefore, similar reason, we direct the AO to adopt the gross receipts as per the cash book found during the course of search without adding two zeros, except in a cases where there are supporting evidences like cash receipts bills and vouchers and WhatsApp chats etc., for the purpose of estimating the profit for the Assessment. Years 2022-23 to 2023-24.

ITA Nos.661 to 667, 836 and 837/Hyd/2026

74. The next issue that came up for our consideration from Ground No.7 of assessee appeal for the AY 2022-23 is addition of Rs.50 lakhs u/s.69 of the Act towards cash payment to M/s. Unique Inflatables Ltd.

75. An identical issue has been considered by us in the case of M/s Vamsiram Builders and Developers Pvt. Ltd. (Formerly known as Vamsi Ram Builders) for the AY 2019-20 in ITA No.664/Hyd/2026. Except for figures, the facts and issues exactly identical. The reasons given by us in preceding paragraph No.73 shall mutatis mutandis applies to this appeal as well. Therefore, for similar reasons, we are inclined to uphold the additions made by the AO u/s.69 of the Act towards cash payment to M/s. Unique Inflatables Ltd. and reject the ground taken by the assessee.

76. The next issue that came up for our consideration from Ground No.7 of assessee appeal for the AY 2023-24 is addition of Rs.2 Crs. u/s.69 of the Act towards cash payment to M/s. Unique Inflatables Ltd.

77. In so far as the assessment year 2023-2024 is concerned, the Assessing Officer made addition of Rs.2 crore of cash payment to M/s. Unique Inflatables Ltd., for development of land in Survey No.92 situated at Nanakramguda, Serilingampally, RR District on the ground that during the course of survey in the case of Shri Ramdugu Ramdev Rao, Managing Director of M/s. Unique Inflatables Ltd., whatsapp message was downloaded from the mobile of V Suresh is contained cash receipt of Rs.2 crores received from Shri B Subba Reddy, of appellant company. The assessee disputed the above addition by stating that the additions made by the Assessing Officer is on the basis of unsigned receipt and therefore, in the absence of any corroborating evidence for cash payment the additions made by the Assessing Officer cannot beupheld. We find that in the statement recorded during the course of proceedings, Shri Ramdugu Ramdev Rao in specific question no.17 while replying stated that wherever he has received cash, normally he has signed the receipts and since the above cash receipt is ITA Nos.661 to 667, 836 and 837/Hyd/2026 not signed by him he is not aware whether he has received the cash from Sri B Subba Reddy of M/s. Vammsiram Builders. From the statement given by Shri Ramdugu Ramdev Rao there is no clarity as to whether the cash receipts considered by the Assessing Officer is signed by the appellant company and Shri Ramdugu Ramdev Rao. If the Assessing Officer has made the addition only on the basis of the unsigned receipt, then the additions made by the Assessing Officer cannot be upheld, because unless the transaction is completed, only on the basis of an unsigned cash receipt prepared by the recipient it cannot be alleged that the appellant company has paid Rs.2 crores in cash in connection to the development of land in Sy.no.92 situated at Nanakramguda, Serilingamapally, RR District. Since there is no clear evidence including in the statement recorded by the Assessing Officer from Shri Ramdugu Ramdev Rao u/sec.131(1A) of the Act on 12.09.2022, the facts needs to be verified by the Assessing Officer with reference to the original cash receipts if any, available with the Assessing Officer. In ITA Nos.661 to 667, 836 and 837/Hyd/2026 case, the Assessing Officer supports the addition by signed cash receipt then, the addition made by the Assessing Officer is sustained. In case, the Assessing Officer not able to bring the signed cash receipt then, the Assessing Officer is directed to delete the addition made for Rs. 2 crores u/sec.69 of the Act towards cash payment by the appellant company to M/s. Unique Inflatables Ltd. We Order accordingly.

78. In the result, the appeals ITA.Nos.661 to 667/Hyd./2026 filed by the assessee, M/s Vamsiram Builders and Developers Pvt. Ltd. (Formerly known as Vamsi Ram Builders) for Assessment. Years 2016-17 to 2022-23 are partly allowed. Similarly, the appeal ITA.No.836/Hyd./2026 filed by the assessee, M/s Vamsiram Builders and Developers Pvt. Ltd for Assessment years 2022-23 is partly allowed and the appeal ITA.No.837/Hyd./2026 for the assessment year 2023-24 is partly allowed for statistical purposes. A copy of this common order be placed in the respective case files ITA Nos.661 to 667, 836 and 837/Hyd/2026 Order pronounced in the Open Court on 05th June, 2026.

Sd/-	Sd/-
Sd/-	( )
(VIJAY PAL RAO)	(MANJUNATHA G.)
/VICE PRESIDENT	/ACCOUNTANT MEMBER

Hyderabad, dated 05.06.2026.
TYNM/sps & VBP sps

ƒ / Copy of the order forwarded to:-

1. /The : VAMSIRAM BUILDERS &

Assessee DEVELOPERS PVT. LTD., (FORMERLY VAMSI RAM BUILDERS), 8TH FLOOR, JYOTHI LORVEN, ROAD. NO.45, JUBILEE HILLS, HYDERABAD-500033, TELANGANA

2. / The :

ACIT, CENTRAL CIRCLE-1(1), ACIT, Revenue CENTRAL CIRCLE, CENTRAL CIRCLE-1(1), AAYKAR BHAWAN, OPPOSITE LB STADIUM, BASHEER BAGH, HYDERABAD-500004, TELANGANA

3. The Principal Commissioner of Income Tax (Central), Hyderabad.

4. § ¤ , , / DR, ITAT, Hyderabad

5. ¤ ' “ / Guard file Digitally signed ƒ / BY ORDER VADREVU by VADREVU PRASADA PRASADA RAO Assistant Registrar ITAT, Hyderabad.

Date: 2026.06.05 RAO 12:21:04 +05'30'