

IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCH "B", HYDERABAD

BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER  
AND  
SHRI A. MOHAN ALANKAMONY, ACCOUNTANT MEMBER

ITA No. 78/Hyd/2018	
A.Y. 2013-14	
DCIT, Circle-16(2), Hyderabad.	VS. Madhava Hytech Engineers Private Limited, Hyderabad PAN:AABCM 3921 A
(Appellant)	(Respondent)
Assessee by:	Shri Pachari Murali, AR
Revenue by:	Shri Rajiv Ranka, DR
Date of hearing:	08/07/2021
Date of pronouncement:	14/07/2021

ORDER

PER A. MOHAN ALANKAMONY, A.M:

This appeal is filed by the Revenue against the order of the Ld. CIT(A)-4, Hyderabad in appeal No. 0241/16-17/ACIT, Cir.16(2)/CIT(A)-4/Hyd/17-18, dated 20/10/2017 passed U/s. 143(3) r.w.s 250(6) of the Act for the A.Y. 2013-14.

2. The Revenue has raised four grounds in its appeal and they are extracted herein below for reference:

- “1. The Ld. CIT(A) erred in deleting the disallowance of ‘increase / decrease in inventories / WIP of Rs.6,00,00,359/-.
2. The Ld. CIT(A) erred in deleting the addition made on account of unexplained cash credit of Rs. 1,02,58,240/- U/s. 68 of the IT Act.
3. The Ld. CIT(A) erred in not giving an opportunity to the A.O. for verification of additional evidence on the above issues in violation of Rule 46A of the Income Tax Rules.
4. Any other ground that may be urged at time of hearing.”

3. At the outset, the Ld. DR submitted before us that the assessee has filed additional evidence before the Ld. CIT(A) and the Ld. CIT(A) granted relief to the assessee in respect of the certain disallowances made by the Ld. AO ie , (i) disallowance of Rs. 6,00,00,359/- towards ‘increase / decrease in inventories / WIP’ and (ii) addition of Rs. 1,56 70,443/- towards unexplained cash credit U/s. 68 of the Act. Further, the Ld. DR submitted that the Ld. CIT(A) had not provided any opportunity to the Ld. A.O. for verification of the additional evidence submitted before him which is in violation of Rule 46A of the Act. Therefore, the Ld. DR submitted that the matter may be remitted back to the file of the Ld. AO for verification of the additional evidence. On the other hand, the Ld. AR could not successfully controvert to the submissions of the Ld. DR except stating that since the additional evidence submitted by the assessee before the Ld. CIT(A) relates to the substantial additions made by the Ld. AO and the same were thoroughly verified by the Ld. CIT(A) while

granting relief to the assessee and therefore, the decision of the Ld. CIT(A) may be sustained.

5. We have heard the rival submissions and carefully perused the materials on record. On perusing the order of the Ld. Revenue Authorities, we find that the assessee had furnished additional evidence before the Ld. CIT(A) in respect of the additions made by the Ld. A.O. and the Ld. CIT(A) without granting any opportunity to the Ld. A.O. for verifying the additional evidence, admitted the same and granted relief to the assessee. Further it is apparent that as per Rule 46A(3) of the IT Rules, the Ld. CIT(A) shall not take into account any evidence produced before him unless the Assessing Officer has been allowed a reasonable opportunity to verify and comment. This lapse on the part of Ld. CIT(A) is not appreciable. Therefore, keeping in view the facts and circumstances of the case, in the interest of justice, we hereby remit the matter back to the file of the Ld. AO for de-novo consideration with direction to admit, examine and verify the additional evidence filed by the assessee before the Ld. CIT(A) and any other evidence filed at the time of assessment proceedings consequent to this remand and thereafter pass appropriate order in accordance with law and merit. We also caution the assessee to promptly co-operate

before the Ld. Revenue Authorities failing which they shall be at liberty to pass appropriate order based on the materials on record.

6. In the result, appeal of the Revenue is allowed for statistical purposes as indicated hereinabove.

Pronounced in the open Court on 14<sup>th</sup> July, 2021.

Sd/-  
(P. MADHAVI DEVI)  
JUDICIAL MEMBER

Sd/-  
(A. MOHAN ALANKAMONY)  
ACCOUNTANT MEMBER

Hyderabad, Dated: 14<sup>th</sup> July, 2021  
OKK

Copy to:-

- 1) M/s. Madhava Hytech Engineers Private Limited, 501, Down Town, Near NTR Park, Hyderabad – 500082.
- 2) DCIT, Circle-16(2) 2<sup>nd</sup> Floor, B-Block, IT Towers, AC Guards, Masab Tank, Hyderabad.
- 3) The CIT(A)-4, Hyderabad.
- 4) The Pr. CIT-4, Hyderabad.
- 5) The DR, ITAT, Hyderabad
- 6) Guard File

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