

**IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI**

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND  
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 112/Ran/2018

(Assessment Year: 2010-11)

K.D. Singh Poultries Private Limited, South Samaj Street, H.B. Road, Ranchi-834001. <b>PAN No. AADCK 1696 C</b>	Vs.	I.T.O., Ward 1(5), Ranchi.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Sri S.K. Gupta, A.R.
Department represented by	Smt. Rinku Singh, CIT-DR
Date of hearing	12/06/2025
Date of pronouncement	12/06/2025

**ORDER**

**PER: BENCH**

1. This is an appeal filed by the assessee against the order of the Id. CIT(A), Ranchi in appeal No. CIT(A), Ranchi/10379/2016-17 dated 09/03/2018 for the A.Y. 2010-11.
2. Shri S.K. Gupta, Id A.R. is represented on behalf of the assessee and Smt. Rinku Singh, Id. CIT-DR is represented on behalf of the revenue.
3. It was submitted by the Id. AR that the only issue that is being contested in the assessee's appeal is in regard to the share capital received by the assessee from seven farmers which has been treated as the unexplained income of the assessee. It was a submission that the grounds in regard to reopening are not pressed and the Id. AR has also signed to this effect.
4. It was submitted by the Id. AR that in the course of assessment, it was noticed that the assessee had received share application money from seven farmers to

an extent of ₹ 6.74 crores. It was a submission that this amount of ₹ 6.74 crores was loans taken by seven farmers, whose names have been specifically identified in page 28 of the assessment order. The account numbers of the farmers were also identified. These loans were originally taken by the farmers for doing pisciculture operations. It was a submission that as the operations did not go through initially, the farmers had invested the same as share application money in the company of the assessee. It was a submission that the seven farmers had also appeared before the ADIT, Rajvardhapuram, Andhrapradesh in the course of investigation proceedings. They had also confirmed the transactions and they had also mentioned that the son of the Director of the assessee company had also stood guarantor for their loans and had agreed to repay their loans if they were unable to pay the loans. It was a submission that the loans were also repaid during the year 2016. It was a submission that as the share application money has been introduced from seven farmers, their names, their identities and their sources have also been shown. No addition is liable to be confirmed in the hands of the assessee. It was a submission that the source of the funds of the farmers were from the IDBI loan, it was routed through their loan accounts, the identity of the farmers were very much available, the farmers had also appeared before the ADIT. It was a submission that the addition is not liable to be made.

5. In reply, the learned CIT- DR submitted that the farmers only knew that they have given the money to the assessee company. They did not have any knowledge of what is share application money and what is a loan. It was a submission that the addition is liable to be confirmed.

6. We have considered the rival submissions. Even assuming that the farmers did not know that they were applying share application money, still it would be, at best, treated as an unsecured loan, the source of the funds are very much clear as having been come from the IDBI bank, it is routed through the farmers accounts. The farmers have confirmed that the transactions are genuine. The bank has confirmed the loan given to the farmers. The amounts have also been returned to the farmers in 2016 against their loans. If at all, an investigation was required, it should have been done in 2016 as to how the money was returned, but unfortunately, now it is too late. As the assessee has substantially proved the identity, creditworthiness and genuineness of the transactions from the assessment order itself, the addition as made by the Assessing Officer and as confirmed by the Id. CIT(A) stands deleted.
7. In the result, appeal of the assessee is allowed.

Order announced in open court on 12th June, 2025.

Sd/-  
(RATNESH NANDAN SAHAY)  
ACCOUNTANT MEMBER

Sd/-  
(GEORGE MATHAN)  
JUDICIAL MEMBER

Ranchi, Dated: 12/06/2025

*\*Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi