

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई।  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH: CHENNAI**

सुश्री पद्मावती एस, लेखासदस्यकेसमक्ष  
श्रीमनुकुमारगिरि, न्यायिकसदस्य एवं

**BEFORE MS. PADMAVATHY S, ACCOUNTANT MEMBER AND  
SHRI MANU KUMAR GIRI, JUDICIAL MEMBER**

**ITA No : 3964/Chny/2025**

**&**

**SA No. 141/Chny/2025**

**In ITA No : 3964/Chny/2025**

**निर्धारण वर्ष/Assessment Year: (2018-19),**

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|--|-----------|--|
| M/s Sai Rajan Agro Tech Co.,<br>No. 136, Usman Road,<br>T Nagar, Chennai-600017<br>Tamil Nadu<br><b>[PAN:ACTFS 2863 A]</b> | <b>Vs</b> | ITO Non Corporate Ward 1(6)<br>CHENNAI -600034   |
| <b>(अपीलार्थी/Appellant (s))</b>   |           | <b>त्यर्थी/Respondent(s)</b>                     |
| अपीलार्थी की ओर से/ Assessee by  | :         | MR. B. RAMAKRISHNAN, F.C.A &<br>Ms. Lavanya, C.A |
| प्रत्यर्थी की ओर से /Respondent by   | :         | Ms. GOUTHAMI MANIVASAGAM,<br>Addl. CIT           |
| सुनवाई की तारीख/Date of Hearing  | :         | 27.01.2026                                       |
| घोषणा की तारीख /Date of<br>Pronouncement   | :         | 03.02.2026                                       |

**आदेश / ORDER**

**PER MANU KUMAR GIRI, JM:**

The captioned appeal along with stay petition has been filed by the assessee against the order of the Commissioner of income tax (Appeals) ['CIT(A)' in short] dated 25.11.2025 and also seeking stay of recovery of demand raised by the Revenue for AY 2018-19.



2. Brief Facts of the case: The assessee filed an original return of income on 31/08/2018 declaring income of Rs. 0/- (with agricultural income of Rs. 1,09,76,910/-), which was processed u/s. 143(1) of the Act. The case was selected for limited scrutiny under the E-assessment Scheme, 2019 on the issue of agricultural income. A notice u/s. 143(2) was issued on 28/09/2019, followed by notices u/s. 142(1) on 05/12/2019, 20/07/2020, 07/09/2020, 06/10/2020, 08/10/2020, 10/11/2020, 23/11/2020, 24/12/2020, and 03/02/2021. The appellant responded partially to some notices but, according to the AO, did not furnish complete information or supporting documents regarding land ownership. On perusal of all the written submission and explanation by AR of the assessee, only nature of expense is proved but land holding not proved. In the absence of satisfactory evidence that the firm owned or leased the land, the Assessing Officer treated the declared agricultural income of Rs. 1,09,76,910/- as income from other sources and taxed, resulting in an assessed income of Rs. 1,32,91,556/-. The assessment was completed u/s 143(3) r.w.s. 144B on 17/04/2021. Penalty proceedings u/s 270A was initiated.



3. The Id.CIT(A) in his order has noted that:

*The appellant-firm has not produced any evidence to show that it controlled, supervised, or financed the cultivation.*

*There is no agreement, correspondence, or accounts showing payments made to Ponniamman Farm for carrying out agricultural operations on behalf of the appellant.*

*The firm has not shown any sale proceeds, crop-wise yield, or bank credits relatable to agricultural sales.*

*The only materials on record are the partnership deed and copies of land records of partners, which establish ownership of land by partners, but not use by the firm.*

Regarding alleged Double Taxation of Agricultural Income as Business Income , the Id.CIT(A) has noted as under:

*The appellant has further contended that the net agricultural income of Rs. 23,14,646 (before depreciation) was again considered by the AO under the head "Business Income," thereby resulting in double taxation.*

*On examination of the assessment order, it is seen that the entire gross agricultural income of Rs. 1,09,76,910 has been treated as "income from other sources." However, the AO's computation table at page 11 of the order does not separately tax Rs. 23,14,646 as business income. The business head shows "Nil" returned and "Nil" assessed.*

*It therefore appears that the appellant has misread the computation sheet; what was described in the narrative portion of the order as "business income" was part of the AO's discussion of facts, not an independent head of assessment. The actual tax computation brings only one sum that of Rs. 1,09,76,910 to charge.*

*Accordingly, there is no double taxation in effect. Nevertheless, to remove all doubt, the AO is directed to ensure*



:: 4 ::

*in giving effect that the sum of Rs. 1,09,76,910 alone is taxed once, under "income from other sources," and that no portion of it is simultaneously reflected under "profits and gains of business or profession."*

*This ground is therefore dismissed as infructuous.*

4. Before us, the Id. AR for the assessee filed a petition in terms of Rule 29 of the Income Tax (Appellate Tribunal) Rules, 1963 as under:

*1. The Petitioner, M's. Sai Rajan Agro Tech Co. is in appeal before this respectful authority against the order dated 25.11.2025 passed u/s 250 of the Income Tax Act, 1961 (the Act") by the Leamed Commissioner of Income Tax (Appeals), NFAC, Delhi, for the subject AY 2018-19, confirming the assessment order dated 17.04.2021 passed u/s. 143(3) r.w.s 144B of the Act by the Leamed Assessing Officer, NFAC, Delhi,*

*2. The Petitioner is a partnership firm, constituted under a Deed of Partnership dated 18.02.2015, carrying on the business of agricultural operations in agricultural lands belonging to its partners, situated at Puduvayal Village, Gummidipoondi Taluk, Thiruvallur District, Tamil Nadu. For the AY 2018-19, the petitioner had filed its return of income on 31.08.2018, declaring Nil total income after claiming exemption in respect of agricultural income amounting to Rs. 1,09,76,910/-*

*3. The petitioner's case was selected for limited scrutiny on the issue of agricultural income. During the course of assessment proceedings, the Learned Assessing Officer issued notices u/s. 143(2) and 142(1) of the Act calling for details in support of agricultural income declared. In response, the petitioner had furnished certain details explaining the nature of agricultural operations carried on in the lands belonging to the partners of the firm and the manner in which such operations were conducted through M/s. Ponniamman Farm to achieve economies of scale.*

*4. However, the Leamed Assessing Officer, primarily on the ground that the petitioner did not own agricultural land in its own name and that the agricultural operations were carried out through M/s. Ponniamman Farm, held that the petitioner had failed to establish its right over the agricultural lands and its involvement in agricultural operations. Accordingly, the Learned*



:: 5 ::

*Assessing Officer treated the entire agricultural income of Rs.1,00,76,910/- as "Income from Other Sources and brought the same to tax u/s.68 r.w.s 11500E of the Act by order dated 17.04.2021.*

*5. Aggrieved by the said assessment order, the petitioner preferred an appeal before the Learned Commissioner of Income Tax (Appeals), NFAC, Delhi. The Learned CIT(A), vide order dated 25.11.2025, upheld the addition of Rs. 1,09,76,910/-, inter alia holding that the petitioner was a mere passive participant and that there was no sufficient evidence to establish that the petitioner carried out or controlled the agricultural operations, or that Mis, Ponniamman Farm acted as an agent of the petitioner.*

*6. Aggrieved by the said order of the Leamed CIT(A), the petitioner has preferred the present appeal before this Hon'ble Tribunal.*

*7. In this regard, the petitioner now seeks to place on record the following documents as additional evidence, which go to the root of the matter and are crucial for adjudication of the issue relating to the nature of income and the role of the petitioner in agricultural operations:*

*Details in Tabular Form specifying the extent of agricultural land (in acres), held by each of the partner companies of the petitioner at Pudevayal Village, Gummidipoondi Taluk, Thiruvallur District, aggregating to approximately 100 acres. (Page Nos. 4-7)*

*Audited Financial Statements of M/s, Ponniamman Farm for FY 2017-18 relevant to AY 2018-19, evidencing that it acted only as a facilitator / pure agent in carrying out agricultural operations on behalf of the petitioner and that the agricultural income and expenditure were not accounted for in its own hands. (Page Nos. 8-15)*

*Audited Financial Statements of Partner companies of the Petitioner for FY 2017-18 relevant to AY 2018-19, namely:*

- i. Macnur Enterprises Pvt Ltd (Page Nos. 16-42)*
- ii. RAR Corporate Services Pvt Ltd (Page Nos.43-67)*
- iii. RAR Enterprises Pvt Ltd (Page Nos.68-93)*
- iv. RAR Ventures Pvt Ltd (Page Nos.94-117)*

*Affidavit of M/s. Ponniamman Farm, affirming that it acted merely as a pure agent of the petitioner-firm for carrying out agricultural operations and that all income and expenditure relating to such agricultural operations were accounted for only in the books of the petitioner firm. (Page Nos. 118 &119)*

*Affidavits of the partner companies of the petitioner, confirming that the agricultural lands owned by them were made available to the petitioner for*



:: 6 ::

*carrying on agricultural operations and that all income and expenditure relating to such agricultural operations were accounted for only in the books of the petitioner firm. (Page Nos. 120-127)*

*8. The above documents are submitted as additional evidence before the Hon'ble ITAT in terms of Rule 29 of the Income-tax (Appellate Tribunal) Rules, 1963, Further, we submit that non-submission of the above documents before the Assessing Officer and the Commissioner of Income Tax (Appeals) was not intentional.*

*9. We draw the attention of Hon'ble Bench to the decision of Income Tax Appellate Tribunal, Patna in the case of Abhay Kumar Shroff vs ITO (1997) in 63 ITD 144, wherein it was held that if the documents sought to be admitted even at second appellate stage are of a nature and quality such that they render assistance to Tribunal in passing orders or are required to be admitted for any other substantial cause', it would rather be the duty of Tribunal to admit them.*

*10. In the present case, we believe that these documents are essential to assist this Hon'ble Bench in passing orders and therefore pray that the evidence enclosed may be taken on record.*

*11. Considering the above, we pray that this respective authority may be pleased to admit the above documents as additional evidence under Rule 29 of the Appellate Tribunal Rules, for which act of justice the petitioner shall ever be grateful.*

5. The Ld.DR for the revenue strongly objected to the production of the new evidences.

6. We have heard the rival submissions and perused the material available on record. The Rule 29 Appellate Tribunal Rules is as under:

*29. Production of additional evidence before the Tribunal.- The parties to the appeal shall not be entitled to produce additional evidence either oral or documentary before the Tribunal, but if the Tribunal requires any documents to be produced or any witness to be examined or any affidavit to be filed to enable it to pass orders or for any other substantial cause, or, if the income-tax authorities have decided the case without giving sufficient opportunity to the assessee to adduce evidence either on points specified by them, or not specified by them, the Tribunal, for reasons to be*



:: 7 ::

*recorded, may allow such document to be produced or witness to be examined or affidavit to be filed or may allow such evidence to be adduced.*

7. Rule 29, as quoted above, is to the effect that though parties to the appeal before the Tribunal shall not be entitled to produce additional evidence but if the Tribunal desires the production of any document or examination of any witness or any affidavit to be filed, it can, for reasons to be recorded, do so.

8. We find that the non-submission of the present additional evidences before the AO or Id.CIT(A) were not wilful nor intentional. In this regard it is apposite to refer the ratio of the decision of the Hon'ble High Court of Delhi in the case *CIT v. Text Hundred India Pvt. Ltd., (2013) 351 ITR 57* wherein at Para-13 of the Judgment, it was held that Rule 29 enables the Tribunal to admit any additional evidence which would be necessary to do substantial justice in the matter. Their Lordships further observed that the various procedures, including that relating to filing of additional evidence, is a handmade of justice and justice should not be allowed to be choked only because of some inadvertent error or omission on the part of one of the parties to lead evidence.

9. We also find that the above evidences are indispensable and goes root to the matter and for substantial justice admit the same. Since we have admitted the additional evidences, we set aside the impugned order to the file of the Id.AO to look into a fresh the issues raised by him after considering the entire evidences placed by the assessee. Hence, we do so.



SA No. 141/Chny/2025 (A.Y.2018-19)  
ITA No:3964/Chny/2025

:: 8 ::

10. In the result, the captioned appeal is allowed for statistical purposes. Since we have disposed of the appeal itself, therefore, captioned stay petition become infructuous.

Order pronounced on the 03<sup>rd</sup> day of February, 2026, in Chennai.

**Sd/-**  
**(पद्मावती एस)**  
**(PADMAVATHY S)**  
लेखा सदस्य/**ACCOUNTANT MEMBER**

**Sd/-**  
**(मनु कुमार गिरि)**  
**(MANU KUMAR GIRI)**  
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 03 February, 2026.

**SNDP, Sr. PS**

**आदेश की प्रतिलिपि अग्रेषित/Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF