M/s. V.R. Farms Pvt. Ltd., Hyderabad v. Deputy Commissioner of Income Tax, Central Circle-III, Hyderabad

Income Tax Tribunal Appeal No. 272 of 2008 (in ITAT ITA No. 296/Hyd/2001)

I.T.T.A. No. 272 of 2008 (Telangana HC, decided 28.11.2025) | 2025-11-28

Unsecured-credit addition sustained where creditors denied loans and signatures and no strong rebuttal displaced concurrent findings.

Income-tax Act,1961: sections 131, 143(3), 260A

High Court for the State of Telangana | 2-judge bench (Division Bench) | Justice P. Sam Koshy | Justice Suddala Chalapathi Rao

Assessment years: 1996-97

01 FACTS OF THE CASE

V. R. Farms challenged the Tribunal order of 8 November 2007 in ITA 296/Hyd/01, affirming the CIT(A) order of 29 January 2001 and assessment of 30 March 1999. Of Rs.58 lakh unsecured loans, Rs.10 lakh was disputed: Rs.5 lakh from G. Ramalinga Raju and Rs.2.5 lakh each from D. V. Krishnam Raju and P. V. Krishnam Raju.

Source: PDF pp.2–3, paras 1–5

02 DISCUSSION BY THE HON'BLE COURT

The assessee relied on cheques, creditor identity and confirmation letters and objected to vague statements, unidentified recording personnel and lack of cross-examination. Creditors had denied advancing money and signing confirmations. The Court found no strong material rebutting those denials and treated the concurrent conclusions as factual findings.

Source: PDF pp.4–7, paras 7–10

03 JUDICIAL DECISION

The absence of particulars about recording the statements was acknowledged but held insufficient by itself to disbelieve the authorities' findings. The Rs.10 lakh unexplained-credit addition was upheld and the substantial question answered for Revenue.

Source: PDF pp.6–7, paras 10–11

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed without costs; pending miscellaneous petitions closed.

Source: PDF p.7, paras 11–12

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Banking form did not resolve the evidentiary conflict: The decisive problem was that the named creditors disowned both the advances and the confirmations. Cheques and identity details did not, on this record, overcome that contradiction. Practical preparation requires evidence connecting the actual fund movement with the alleged lender and addressing the denial, rather than resubmitting the same disputed confirmation. (PDF pp.3–6, paras 5–10)

Procedural objections must be read narrowly: The assessee raised lack of cross-examination and uncertainty about who recorded the statements. The Court acknowledged missing recording details but found that defect alone inadequate to displace the concurrent findings. It did not say cross-examination had been afforded or formulate a general rule dispensing with it; extending the result to materially different evidence would overstate the decision. (PDF pp.4–7, paras 8–10)

Identify the exact addition sustained: The litigation concerned Rs.10 lakh from three creditors, not rejection of the entire Rs.58 lakh loan balance. The Court's conclusion rests on the unrebutted denials and its treatment of concurrent factual findings. The source does not expressly identify section 68, so the note does not attribute a separate interpretation of that provision to the Court. (PDF pp.3–7, paras 5–11)

Source: PDF pp.3–6, paras5–10

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 8-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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