

**IN THE HIGH COURT OF PUNJAB AND HARYANA  
AT CHANDIGARH**

**Sr. No.205**

**ITA No.386 of 2010 (O&M)  
Date of decision: 02.08.2016**

The Commissioner of Income-Tax, Patiala

....Appellant

versus

M/s K.C. Pipes Pvt. Ltd., Samana (Pb.)

....Respondent

**CORAM: HON'BLE MR. JUSTICE S.J. VAZIFDAR, ACTING CHIEF JUSTICE  
HON'BLE MR. JUSTICE DEEPAK SIBAL**

\* \* \* \*

Present:- Mr. Z.S. Klar, Advocate  
for the appellant.

Mr. Pankaj Jain, Senior Advocate with  
Mr. Sachin Bhardwaj, Advocate and  
Mr. Divya Suri, Advocate  
for the respondent.

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**S.J. VAZIFDAR, ACTING CHIEF JUSTICE (ORAL)**

This appeal is against the order of the Tribunal pertaining to the Assessment Year 2006-07. The Tribunal confirmed the order of the CIT (Appeals). The respondent-assessee filed its return of income. During the course of assessment, the Assessing Officer noticed that the paid up share capital of the assessee during the year in question had increased by ₹ 80 lacs on account of 15 share holders having subscribed to the shares. The Assessing Officer came to the conclusion that these 15 applicants were farmers. It is contended before us that the farmers are not aware of the functioning of the share market. It was contended that the source of the money paid by the farmers is doubtful.

2. The share holders had appeared before the Assessing Officer. The only grievance is that they had not appeared again. The matter pertains to questions of fact and the Tribunal and the CIT (Appeals) have found that the money, in fact, was received by the Company. In consideration thereof, shares were issued and amount has been credited to the appropriate account. If the share holders have acquired the money illegally, the respondent-assessee cannot be held liable. There is nothing to show that the money belongs to the Company/assessee itself. The revenue must then proceed against the share holders.

3. The appeal is, therefore, dismissed as no substantial question of law arises. We do not make any observation regarding the assessment proceedings in respect of the 15 parties who had subscribed to the shares.

**(S.J. VAZIFDAR)**  
**ACTING CHIEF JUSTICE**

**(DEEPAK SIBAL)**  
**JUDGE**

**August 02, 2016**

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|------|---------------------------|--------|
| (i)  | Whether speaking/reasoned | Yes/No |
| (ii) | Whether reportable        | Yes/No |