

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "C": NEW DELHI  
BEFORE Shri C.M. Garg, Judicial Member  
AND  
Shri Pradip Kumar Kedia, Accountant Member**

ITA No. 6660/Del/2014  
(Assessment Year: 2010-11)

M/s. Hind Industries Ltd, A-1, Okhla Industrial Area, Phase-1, New Delhi (Appellant) <b>PAN: AAACH0870N</b>	Vs. Deputy Commissioner of Income Tax (Appeals)-XV, New Delhi (Respondent)
---	---

Assessee by :	None
Revenue by:	Mr. Waseem Arshad, CIT DR
Date of Hearing	03/08/2023
Date of pronouncement	30/08/2023

**ORDER**

**PER C. M. GARG, J. M.:**

1. This appeal has been filed by the assessee against the order of the Id CIT(A)-XV, New Delhi dated 30.09.2014 for AY 2010-11.
2. The assessee has raised the following grounds of appeal:-
  - "1) That the disallowance of Rs.61,39,71,805/- being the alleged purchases of meat, sustained by CIT (Appeals) u/s 40A(3) of the Income-tax Act, 1961 (the Act) is arbitrary, unjust, based on suspicion and bad in law.*
  - 2) That the disallowance of Rs.61,39,71,805/- made by the Assessing Officer and sustained by CIT (Appeals) u/s 40A(3) of the Act on account of non-genuineness of purchases, while accepting the sales as genuine, is arbitrary, based on presumptions and assumptions and bad in law.*
  - 3) That meat, which is an animal product, the payments related to purchased are covered under Rule 6DD of the Income-tax Rules, 1962, hence the disallowance of Rs.61,39,71,805/- being the amount paid in cash for purchase of meat made by the Assessing Officer and sustained by CIT (Appeals) is arbitrary, untenable, unjust, bad in law, against rule of consistency and at any rate very excessive.*

*4) The above grounds of appeal are independent and without prejudice to one another."*

3. When the case was called for hearing neither the assessee nor any authorized representative appears. However, an application seeking adjournment was received through email wherein, Shri Vijay Garg, General Manager (Finance) requested for adjournment by submitting that he is suffering from eye flue and the advocate is not interested in appearing before the bench and they are trying their best to engaged a new advocate. This appeal is pending since 2014 and the order-sheet reveals that the assessee sought adjournment on 13.09.2017, 24.01.2018, 20.04.2018, 05.07.2018, 26.11.2018, 02.05.2019, 25.07.2019, 16.10.2019, 14.11.2019, 16.01.2020, 04.03.2020, 10.12.2020, 17.02.2021, 19.04.2021, 21.06.2021, 01.09.2021 and thereafter despite knowledge of the next dates of hearing there was no representation by the assessee on 01.11.2021, 03.01.2022, 22.02.2022, 09.05.2022, 01.08.2022, 27.10.2022, 08.12.2022, 09.03.2023, 15.05.2012, 16.05.2023, 24.07.2023, 25.07.2023. On 25.07.2023 Shri Vijay Garg, CA through email message requested for short adjournment and the matter was adjourned to 02.08.2023. On 02.08.2023 Shri Vijay Garg again sent mail seeking adjournment as per convenience of the bench and the matter was adjourned to 03.08.2023.

4. Again on 03.08.2023 an adjournment application through mail was received wherein, it was stated that their advocate is not interested in appearing in the case, they are trying their best to engage a new advocate. It is pertinent to mention that on 25.07.2023 last opportunity was provided and thereafter two adjournments were also given including last date of hearing 03.08.2023. From the order sheet we also note that earlier Shri M. P. Rastogi representing the case and thereafter on 16.01.2020, 10.12.2020, 17.02.2021, 19.04.2021, 21.06.2021, 01.09.2021 Shri Vijay Garg appeared and sought adjournment. Therefore, we safely presume that Shri Vijay Garg, AR is

well versed with the entire facts and circumstances of the case and now he is seeking time to engage a new advocate for the matter. In the adjournment application it has been stated that Shri Vijay Garg is suffering with some eye flue but there is no medical certificate in support of such ground. Finally, keeping in view the above conduct of AR of assessee and the fact of the case that the assessee has availed number of adjournment on various grounds in this old appeal pending since 2014, therefore, adjournment application is dismissed and we proceed to adjudicate the appeal ex parte qua assessee.

5. From the grounds raised by the assessee in the form 36 we note that the assessee is aggrieved with the order the Id CIT(A) wherein, the first appellate authority has upheld and sustained the disallowance of Rs. 61,39,71,805/- u/s 40A(3) of the Income Tax Act, 1961 (for short the Act). It is consistent argument and submissions of the assessee before the authorities below as well as before this Tribunal that the impugned disallowance made by the AO and sustained by the Id CIT(A) on account of non-genuineness of purchase is not sustainable as the department has accepted sales as genuine therefore, arbitrary disallowances based on presumption and surmises is bad in law. It is also a contention of assessee that that meat, which is an animal product, the payments related to purchased are covered under Rule 6DD of the Income-tax Rules, 1962, hence the disallowance of Rs.61,39,71,805/- being the amount paid in cash for purchase of meat made by the Assessing Officer and sustained by CIT (Appeals) is arbitrary, untenable, unjust, bad in law, against rule of consistency and at any rate very excessive.

6. On the strength of the above submissions and contentions the assessee prayed deletion of disallowance made by the AO and upheld by the Id CIT(A).

7. Now we turn to evaluate the stand of the AO and basis taken by the Id CIT(A) in sustaining the disallowances. The Id CIT DR supporting

the orders of the authorities below submitted that after considering the entire facts the AO reached to a conclusion that there was no material difference in the situation prevailing in present AY 2010-11, from the earlier assessment year from 2004-05 to 2009-10 wherein identical disallowance was made in the case of assessee. The Id CIT DR further submitted that after considering the totality of the facts and circumstances of the case the AO rightly held that the provision of section 40A(3) of the Act was clearly applicable in the case of the assessee and the explanation of assessee was not falling within the ambit of Rules 6DD(f) of the Income Tax Rules, 1962 and therefore, disallowances was rightly made by the AO.

8. Further, drawing our attention towards relevant part of the first appellate order the Id CIT DR submitted that the Id first appellate authority granted part relief to the assessee deleting the part disallowance of Rs. 25,23,81,862/- for purchase of raw material which was paid through account payee cheques and was not falling within the rigours of section 40A(3) of the Act. Regarding remaining part of the sustained disallowance the Id CIT DR submitted that the Id CIT(A) after considering the entire facts and circumstances of the case, in detail, found that the benefit of exception provided in Rule 6DD(f) of the Rules was not available to the assessee as the applicant failed to prove identity of the suppliers and genuineness of the purchase. The Id CIT DR submitted that the first appellate authority rightly relied on the judgment of C. V. George and Sons Vs. ACIT (2006) 286 ITR 389 and also rightly distinguished the judgment of ITAT Bangalore Bench and in case of CIT Vs. Renukeswara Rice Mills (2005) 93 ITD 263. The Id CIT DR submitted that the assessee claimed to have purchased frozen meat from the farmers in huge quantity in violation of section 40A(3) of the Act but it is surprising that how can the farmers have equipment and facility to convert the raw meat into frozen meat in their villages.

9. The Id DR submitted that it is not the case of the AO that purchase undertaken by the assessee are not genuine or not but

because the AO based accountant of the assessee that assessee has purchased frozen meat in cash which was in violation of section 40A(3) of the Act therefore, the disallowance made by the AO and sustained by the Id CIT(A) is quite correct and justified, thus, the same may kindly be upheld.

10. On careful consideration of the rival contention, for the sake of completeness of the order we find it appropriate to reproduce the relevant part of the order wherein, the AO made disallowance u/s 40A(3) of the Act:-

*"4. Disallowance on account of cash purchases under section 40A(3):-*

*4.1 The issue of cash purchases was also examined in the preceding years. While during the course of the assessment proceedings for the assessee had categorically submitted that the raw material i.e. carcass had been purchased through agents, as also the assessee took the plea that the purchases of raw materials i.e. carcass was made directly from the growers/farmers/villagers. In the in the case of the assessee for AY 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10 the AO invoked the provisions of section 40A(3) and disallowed 20% of the cash purchases by holding that the cash purchases had been made through agents known to the assessee in big towns with adequate banking facilities. Therefore, the AO held that the case of the assessee did not fall under the exclusionary conditions of Rule 6DD(f). The issue of cash purchases was also examined during the assessment proceedings for A.Y. 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09. For AY 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10, as already stated above, the assessee took the plea that the purchases had been made directly from the growers/farmers/villagers and so it was argued, by the assessee, that its case was covered by Rule 6DD(f) and that the provisions of section 40A(3) were not applicable in its case. The AO while completing the assessment for A.Y. 2004-05, 2005-06, 2006-07, 2007-08 2008-09 & 2009-10 gave the finding that the names and addresses of the alleged suppliers were not available with the assessee and the claims of the assessee were thus unverifiable. Thus the AO came to the conclusion that the purchases remained unverifiable and the claim that the purchases were made directly from the farmer/grower/villager was found to be unacceptable the AO.*

*4.2 Since in the year under consideration i.e. AY 2010-11 also all the purchases had been made in cash and the facts of the case were similar to that of AY 2004-05 to 2009-10, the assessee was asked to explain vide order sheet entry and notice u/s 142(1) was asked to explain as to why cash purchases not be disallowed as per the provisions of section 40A(3) as was the treatment given to such cash purchases in AY 2004-05 to 2009-10.*

4.3 In this regard the assessee in its reply stated that its case was covered by Rule 6DD(f) and so the provisions of section 40A(3) were not attracted in its case as the purchases had been made directly from the farmers, villagers and growers.

4.4 The assessee was required to file nature and status of agents, copy of agreement with agents, list of agents and the period since when the agents were working for the company.

The AR attended and submitted that we do not have any agreement nor we do pay them any commission and agents keep changing time to time and there is no fixed tenure. The agents are farmer/grower/villager.

The reply of the assessee has been duly considered, AR relied on two points: -

- a). Assessee company has purchased directly from growers/ villages/ farmers.
- b). There are company's agent through which assessee company has made purchases.

4.5 Which are found to be factually wrong? Regarding assessee's claim vide point (a) above, the assessee, during the course of the assessment proceedings, was directed to furnish copy of the purchases A/C for verification along with the relevant vouchers and purchase ledger. However, the assessee has only furnished purchase ledger bill summary only with the signature of preparer only shown to have routed through banking channel. As has been accepted, the assessee issued bearer cheques, the payments are treated to have been made in cash only. These, purchase bill summary also does not contain the details of daily purchases rather shown the purchased for a week or so. No other details or purchase letter was furnished, though specifically asked for the same.

4.6 The aforesaid facts clearly show that the assessee has no documentary evidence to prove that purchases are being made from individual growers/villagers/farmers. Thus, the assessee's claim that the purchases are being made directly from the individual growers/villagers/farmers are false and unacceptable.

4.7 As far as assessee's claim vide point (b) above that it has made purchases through company's agent, to verify this claim query was raised, in the case under consideration assessee's reply shows that the so called agents are of individual growers/villagers/farmers and not of the assessee company. So Rule 6DD(f) is not applicable in the case of the assessee company.

4.8 It is also pertinent to point out that the assessment order for A.Y. 2004- 05 states that Mr. Mohd. Ali Shyaukat, Sr. Manager Accounts in his statement recorded on oath on 26.12.2006 had also admitted that

*the identity of the so called suppliers cannot be verified from the books of account maintained by him. Further, it is also clear that the assessee has made purchases, payments of which have been made in cash and so the provision of section 40A(3) are clearly applicable to the case of the assessee.*

*4.9 In view of the detailed discussion made above and also in view of the facts that there is no material difference in the situation prevailing in the present year and in the situation that prevailed in the A.Y. 2004-05 to 2009-10, it can be concluded that the provisions of section 40A(3) are clearly applicable in this case of the assessee and that the provisions of Rule 6DD(f) do not in any case help the cause of the assessee. Therefore, by applying the provisions of section 40A(3), the purchases amounting to Rs. 86,63,87,667/- is hereby disallowed and added to the income of the assessee. Since, I am satisfied that the assessee has furnished inaccurate particulars of its income, penalty proceedings under section 271(1)(c) are being initiated separately."*

11. Further, we also found it appropriate to reproduce the relevant part of order wherein, the Id CIT(A) gave part relief to the assessee amounting to Rs. 25,23,81,862/- on the basis of factual finding the said amount was made through account payee cheque to the suppliers of raw material. However, the Id CIT(A) upheld that the disallowance of remaining part of the purchases undertaken in cash, in violation of section 40A(3) of the Act amounting to Rs. 61,39,71,805/-. The relevant part of first appellate order read as follows:-

*"7. These facts are ascertainable from the appellant's submissions filed on different dates, as referred in para 5 above. With the above undisputed facts, I intend to examine the claim of the appellant under Section 40A(3) r.w. Rule 6DD(f)&(I).*

*7.2 At the time of hearing on 30.08.2013, the AR of the appellant was asked to file details of the persons (including name, address, PAN cheque/bank details) to whom payments were made for procuring meat. Further, the confirmed ledger accounts were also sought and a note on the procurement method and responsibilities of such persons was sought. Vide letter dated 06.12.2013, the appellant had filed details of suppliers showing their name, name of the village and the amount paid in respect of such purchases. The details show that the appellant had made payment in respect of purchases of Rs.25,23,81,862 by cheque. Further, an amount of Rs.23,39,05,551 was paid to 54 individuals in respect of raw material supplied. Out of this, all individual payments were above Rs. 20,000 and made in cash except a payment to Mr. Sultan, R/o Sultanpur of Rs.17,000. Further, in respect of raw material supplied, it is observed that an amount of Rs.36,64,10,738 was paid to 25 persons on different dates and on each date, payment made in cash exceeded Rs.20,000. The payment made*

to NJV for sheep of Rs.24,33,00,896 was also made in cash. Other than this, to the 14 farmer groups, payment of Rs.3,39,55,869 was also made in cash, for purchase of veal (young cattle). The appellant for this purpose, paid deboning and processing charges of Rs.97,96,049 and processing charges rendering of Rs.13,65,600 to M/s HAIL.

7.2.2 As the appellant failed to furnish details including PAN, complete address regarding such 'lead persons' during the course of hearing on 06.12.2013, the Ld. AR of the appellant was asked to furnish written confirmation of 'lead persons' through whom purchases for more than Rs.25 lakhs were made during the year along with their confirmed ledger account and evidences in support of the identity, including detailed address and PAN, if any.

7.2.3 Further, at the time of subsequent hearing on 16.12.2013, the AO was asked to furnish vouchers with regard to payment of Rs.25 lakhs. The hearing continued on different dates thereafter on 23.12.2013, 13.01.2014, 04.04.2014, 29.04.2014, 08.05.2014, 23.05.2014, 10.06.2014, 23.06.2014, 17.07.2014, 21.08.2014 and 22.09.2014 for the purpose of rendering further opportunity to the appellant. The appellant submitted that in view of large number of such suppliers, it will not be possible to furnish such confirmations. On the request of the appellant, the requirement was reduced to furnishing confirmation from individuals from whom total purchases of above Rs.50 lakhs was made during the year in cash. However, no confirmation was filed by the appellant before me. The appellant submitted that the copy of ledger account of suppliers of raw material in the books of the appellant and the payment vouchers issued by the appellant to such suppliers are the only evidences available in support of identity of such persons and genuineness of such transactions. It was submitted that name and complete address of all the suppliers was filed vide letter dated 06.12.2013. Vide letter dated 10.12.2013, the appellant made the following submissions:

*"that in the meat business, the suppliers are not regular suppliers. They keep changing from time to time, the nature of this business is such that on a given day a person may be supplying to us while the next day he may be supplying to another factory hence the continuity of suppliers from year to year may differ. Hence it becomes difficult to trace a four or five year old supplier"*

7.3 The other evidence filed before me by the appellant is in the form of bank vouchers issued by the appellant company. I find that there is no specific voucher No. and the details shown on such bank vouchers include date, name of the lead person (without address), amount and details of the bearer cheque and the concerned bank from which such payment was to be made. The appellant had also filed bank statements before me, which show that on different dates, cash cheques were issued to certain persons, however such names are limited to few individuals. For example, in the month of March, 2010, from the Indian Bank A/c of the appellant, cash cheques were paid to one Mr. Annu

Aslam on different dates. In the month of February 2010, cash cheques were primarily on several dates to Raees Aslam, Hakimuddin, Nazar Aslam, while in the month of January 2010, payments were primarily made in cash to Bobby Zafar, Ezaz Ershad, Hakeem Aslam, Javed Aslam, Mudassr Aslam, Sultan Ahmed and Hakeem Aslam. In the month of December 2009, cash payment was made to Imran, Manoj John, Shahnawaz, Nadim and Joseph. It is apparent that the cash payments made were to certain specific individuals only on different dates, whose names keep repeating on several occasions. Therefore, the plea of the appellant that "in the business of meat procurement, suppliers keep changing and the appellant is not able to keep track of them" is not supported by the facts.

7.4 In order to verify the identity and genuineness of such transactions, I had directed the Ld. DCIT Circle 12(1), New Delhi to conduct enquiries regarding the identity of such persons and the genuineness of transactions with them. The Ld. AO issued notice under Section 133(6) to the following parties:

1.	20.02.2014	Mr. Mateen, Village - Nek, Meerut, UP
2.	20.02.2014	Tasleem, Village Jattari, Aligarh, UP
3	20.02.2014	Sultan Yakub, Village Alipur, Atruali, Aligarh, UP
4	20.02.2014	Mr. Sahzad Kandla, Village, Kandla, UP
5	20.02.2014	Sayeed Quershi Atruali, Village Nabipur, Atruali, Aligarh, UP
6	20.02.2014	Noor Mohd. Haji, Village Babupur, Atruali, Aligarh, UP
7	20.02.2014	Wakil Asif Meerut, Village Nek, Meerut, UP
8	20.02.2014	Wakil Asif Khurja, Village Nek, Meerut, UP
9	20.02.2014	Wakil Asif Devband, Village Nek, Meerut, UP
10	20.02.2014	Wakil Asif Atruali, Village Nek, Meerut, UP
11	20.02.2014	Wakil Asif Unnao, Village Nek, Meerut, UP
12	20.02.2014	Wakil Asif Jattari, Village Nek, Meerut, UP
13	20.02.2014	Abdul Qadir Meerut, Village Nek, Meerut, UP
14	20.02.2014	Aftab Meerut, Village Kishori, Meerut, UP
15	20.02.2014	Aftab Unnao, Village Kishori, Meerut, UP
16	20.02.2014	Aftab Khurja, Village Kishori, Meerut, UP
17	20.02.2014	Aftab Jattari, Village Kishori, Meerut, UP
18	20.02.2014	Iqbal, Village Nawal Garh, Rajasthan
19	20.02.2014	Ashqeen, Village Baamasee, Barmer, Rajasthan
20	20.02.2014	Aman Qureshi, Village Chandwar, Firozabad, UP
21	20.02.2014	Ahsan Qureshi, Village Mirpur, Khurja, UP
22	20.02.2014	Ezaz Ershad, Village Ritoli, Bulandshar, UP
23	20.02.2014	Saleem Devband, Village Salooni, Devband, UP

12. On careful consideration of the above rival submission and relevant part of assessment and first appellate order, we find that the

AO first of all noted that the assessee is consistently making purchase of raw material in violation of section 40A(3) of the Act right from AY 2004-05 to 2009-10 and the same practice was continued in the present AY 2010-11 also. The AO thereafter noted that contention of the AO that assessee purchased frozen meat directly from farmers/villagers/ growers and there was agent through which assessee company has made purchases. The AO after evaluating the facts of the case noted that the assessee has no documentary evidence to prove that purchases are being made from individual growers/farmers/villages through Agents of assessee and thus the claim of assessee is false and unacceptable. The AO proceeded to note that the assessee reply shows that the so called agents are of individual growers/villages/ farmers and not of the assessee company so Rule 6DD(f) was found to be non-applicable in the case of the assessee.

13. The AO further noted that the assessment AY 2004-05 stated that Mr. Mohd Ali Shyaukat, Sr. Manager Accounts in his statement recorded on oath on 26.12.2006 had also admitted that the identity of the so called suppliers cannot be verified from the books of accounts maintained by him and the assessee has made purchase, payments have been in cash is violation of section 40A(3) of the Act are clearly applicable in the case of the assessee and the benefit of exception envisages under Rule 6DD(f) of the Rules is not applicable to the case of the assessee.

14. From first appellate order, we note that the Id CIT(A) partially deleted the addition by observing that some payments were made through account payee cheques and the part addition of Rs. 25,23,81,862/- was deleted. The Id CIT(A) further observed that the amount of Rs. 36,64,10,738/- was paid to 25 persons on different dates and on each date, payment was made in cash exceeded Rs. 20,000/-. The Id CIT(A) also observed that the assessee has paid amount of Rs. 23,39,05,551/- to 54 individuals in respect of raw

material supplied and out of this all individual payments were above Rs. 20,000/- except a payment of Rs. 17,000/- to Mr. Saultan. Id CIT(A) also took note of the fact that the payment of NJV for sheep amounting to Rs. 24,33,00,896/- was also made in cash other than this to the 14 farmers was also made in cash amounting to Rs. 3,39,55,869/- for purchase of veal (young cattle). The Id CIT(A) noted that the assessee failed to furnish the details including complete PAN, complete address of lead vendors and when the assessee was furnished written confirmation of lead persons through whom purchase for more than Rs. 25 lakhs were made during the year then despite several opportunities the appellant submitted that in view of large number of such suppliers, it is not possible to to furnish confirmations. The Id CIT(A) further granted time to assessee reducing the scope of enquiry and asked to submit confirmation from the individuals from whom total purchase of above Rs. 50 lakhs were made during the year in cash but no compliance was made by the assessee and the assessee simply submitted ledger account of suppliers of raw material in the books and payment vouchers which was not sufficient to establish identity of persons/ suppliers and genuineness of the transactions.

15. The Id CIT(A) thereafter, considered the reply of assessee in detail submitted by the assessee and also issued notices u/s 133(6) of the Act and most of them remain unserved and un-complied. From the relevant part of the first appellate order as has been reproduced above it is clear that the Id CIT(A) also concur with the observation of the AO that during the assessment proceeding for AY 2004-05, statement of Mr. Modh Ali Shaukat, Sr. Manager of appellant company was recorded wherein, he admitted that identity of the so called suppliers cannot be verified from the books of account. It is booked satisfaction of present case that the assessee is consistently vouching provision of section 40A (3) of the Act by making purchase in cash and making payment more than prescribed limit falsely taking shelter of Rule 6DD(f) of the Rules. We are unable to understand of conduct of business of the assessee

when the department is consistently pressing hard on the cash purchase of the assessee in violation of section 40A(3) of the Act then also the assessee is consistently making purchase in violation of said provision in cash and hence the Id CIT(A) was right in concluding that the benefit of section 6DD(f) is not available to the assessee as per facts and circumstances of the case.

16. We are in agreement to the conclusion drawn by the Id CIT(A) that the assessee is not eligible for benefit of exceptions enumerated under Rule 6DD(f) of the Rules as appellant failed to prove identity of suppliers and genuineness of the purchase made in cash. Therefore, he was right in relying on the proposition rendered by the Hon'ble Kerala High Court in case of CV George and Sons Vs. ACIT (supra). On perusal of the ITAT Bangalore Bench in case of CIT Vs. Ranukeswara Rice Mills (supra) we are in agreement with the conclusion drawn by the Id CIT(A) that in that case the payment was made by appellant for purchase of agricultural produce through an agent one M/s. K. Parameswarappa & co. called as (KP) and hence that case was covered under the exceptions granted under 6DD(f) of the Rules.

17. In the present case the assessee could not establish that the purchase were made through agent. The Id CIT(A) also noted that the Hon'ble Gujarat High Court in case of CIT Vs. Hynooop Food and Oil India (P) Ltd (supra) held that in absence of any evidence in support of identity and genuineness of the appellant benefit of section 6DD(f) of the Rules cannot be applied in favour of the assessee therefore, the AO was right in making disallowance u/s 40A(3) of the Act therefore, the Id CIT(A) was correct and justified in upholding the same. The Id CIT(A) before upholding the disallowance noted from the relevant fact that the cash purchase aggregating to Rs. 23,39,05,551/- made from 54 individuals were in respect of purchase of frozen meat being a produce of raw meat that is processed for long term storage, was to be produced by meat processing undertakings having plant and machinery for converting raw meat into frozen meat. Thus, we are in agreement

to the conclusion drawn by the Id CIT(A) that frozen meat could be purchased only from the meat processing units and therefore, the said suppliers, who are claimed to be illiterate villages with no bank accounts, cannot be held as cultivators or producer of frozen meat. Therefore, the explanation of assessee being devoid of merits and far away truthful factual positions was rightly discussed by the Id AO CIT(A). Hence, the payment of assessee made in cash in violation of section 40A(3) of the Act is not eligible for benefit of exceptions envisages under Rules 6DD(f). In totality of the facts and circumstances, we are unable to see any valid reason to interfere with the findings recorded by the Id CIT(A) while sustaining the part disallowances u/s 40A(3) of the Act and hence we uphold the same. Accordingly, grounds of assessee being devoid of merits are dismissed.

18. In the result, the appeal of the assessee is dismissed.

Order pronounced in the open court on 30/08/2023.

**-Sd-**  
**(Pradip Kumar Kedia)**  
**ACCOUNTANT MEMBER**

**-Sd/-**  
**(C. M. GARG)**  
**JUDICIAL MEMBER**

Dated:30/08/2023

A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi