

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD "B" BENCH: HYDERABAD
BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MANJUNATHA G, ACCOUNTANT MEMBER

ITA.No.289/Hyd./2016
Assessment Years 2011-2012

The DCIT, Circle-17(2), Hyderabad.	vs.	M/s. Vibha Agrotech Ltd., Hyderabad – 500 081. PAN AAACV8157A
(Appellant)		(Respondent)

ITA.No.331/Hyd./2016
Assessment Years 2011-2012

M/s. Vibha Agrotech Ltd., Hyderabad – 500 081. PAN AAACV8157A	vs.	The DCIT, Circle-3(3), Hyderabad.
(Appellant)		(Respondent)

For Revenue :	Dr. Narendra Kumar Naik, CIT-DR
For Assessee :	-None-

Date of Hearing :	04.09.2025
Date of Pronouncement :	24.09.2025

ORDER

PER MANJUNATHA G. :

The above cross-appeals are filed by the Revenue and Assessee Company against the Order dated 31.12.2015

of the learned Commissioner of Income Tax-(Appeals)-5, Hyderabad, relating to the assessment year 2011-2012.

2. The Revenue has raised the following grounds in the instant appeal ITA.No.289/Hyd./2016 :

1. *“The Commissioner of Income Tax (Appeals) has erred both on facts and in law.*
2. *The Hon'ble CIT(A) erred in upholding the claim of the assessee to treat the income on the sale of foundation seeds as agricultural income and allow exemption under section 10(1) of the Act, when the assessee is not entitled for the said claim.*
3. *The Hon'ble CIT(A) erred in upholding the claim of the assessee to treat the income on the sale of foundation seeds as agricultural Income and allow exemption under section 10(1) of the Act, when the assessee has not maintained separate books of accounts and has bifurcated the net profit into income from agriculture and income from business according to its own convenience to show more of agricultural income which is exempt*
4. *Any other ground that may be urged at the time of hearing.”*

3. The assessee pleads the following grounds in the instant appeal ITA.No.313/Hyd./2016 :

1. *The Ld. Commissioner of Income Tax (Appeals) 5, Hyderabad erred in dismissing the appeal of the assessee filed against the order passed by the A.O u/s 143(3) of the Act, both on facts and in law.*

2. *The Ld. CIT (A) erred in not allowing the Income admitted by the assessee in the Revised Return of Income as cultivation income.*

2.a The Ld. CIT(A) erred in denying the exemption u/s 10(1) of the Act for which the assessee is legally entitled to, merely on technical grounds which is not correct and not justified.

2.b The Ld. CIT (A) ought to have appreciated the fact that total income of Rs.76,18,96,236/ is agricultural income which is exempt u/s 10(1) of the Act

2.c The Ld. CIT (A) ought to have appreciated the fact that the foundation seeds or hybrid seeds produced on contract farming will be the result of agricultural operations and the profit arising out of such activities shall be treated as agricultural income.

3. *The Ld. CIT(A) erred in disallowing proportionate R & D Expenditure of Rs.21,07,77,694/ using the provisions of section 14A of the Act without appreciating the fact that the assessee has already added back such expenses to the profit in the computation for the year under consideration.*

4. *The Ld. CIT (A) ought to have appreciated the fact that assessee is eligible for weighted deduction u/s 35(2AB) of Rs.27,41,89,918/- for the reason that scientific research unit of the assessee has been approved by DSIR and such approval is valid up to 31.03.2016.*

4.a The Ld. CIT(A) ought to have appreciated the fact that when the assessee has complied with the provisions of section 35(2AB) of the Act by making an application for grant of Form 3CM & 3CL, then the exemption 35(2AB) cannot be denied.

4.b The Ld. CIT (A) erred in disallowing the deduction claimed u/s 35(2AB) without appreciating that the

assessee has followed the procedure as prescribed under the Act.

4.c The Ld. CIT (A) ought to have seen the substance and not the form in deciding an issue concerned with allowance granted by the statute by adopting liberal interpretation.

5. The assessee may add, alter, or modify or substitute any other points to the Grounds of appeal at any time before or at the time of hearing of the appeal.”

4. Brief facts of the case are that, the assessee company is engaged in the business of research, cultivation, production and marketing of hybrid seeds. The assessee company had filed its return of income for the assessment year 2011- 2012 on 24.09.2011 declaring total income of Rs.1,83,13,205/-. The return of income filed by the assessee company has been processed under section 143(1) of the Income Tax Act, 1961 [in short "the Act"] and intimation under section 143(1) of the Act has been issued on 27.01.2012. The case of the assessee company has been selected for scrutiny and notice under section 143(2) and 142(1) of the Act were issued. In response to notice under section 142(1) dated 14.03.2014, the assessee has enclosed copy of revised return filed on 19.02.2014 declaring total

income at Rs.NIL. The Assessing Officer rejected the revised return filed by the assessee on the ground that, the said return has been filed beyond the due date provided under section 139(5) of the Act. Further, during the course of assessment proceedings, the Assessing Officer called-upon the assessee to furnish relevant evidences in support of claim of agriculture income. The Assessing Officer had also called-upon the assessee to file relevant evidences in support of weighted deduction claimed under section 35(2AB) of the Income Tax Act, 1961 [in short “the Act”] towards research and development expenditure. The Assessing Officer after considering the submissions of the assessee, rejected the agricultural income claimed towards sale of foundation seeds on the ground that, the foundation seeds produced by the assessee company are the result of intensive research and other technical inputs and further, the activity of research was inextricably linked and interwoven with the process of growing of foundation seed and both activities, therefore had to be considered together. Production of foundation seeds is not agriculture activity

and that, the income derived from sale of foundation seeds cannot be exempt under section 10(1) of the Act. Accordingly, the Assessing Officer rejected the claim of agriculture income and made addition of Rs.67,08,72,176/- to the total income of the assessee company. Similarly, the Assessing Officer rejected the claim of weighted deduction claimed under section 35(2AB) of the Act on the ground that, the assessee company has not fulfilled the conditions prescribed under Rule 6(4) of I.T. Rules, 1962 including furnishing of relevant Form-3CL from the Competent Authority for approval of in-house research and development expenditure and thus, made addition of Rs.27,58,38,297/-.

5. Aggrieved by the assessment order, the assessee preferred appeal before the learned CIT(A). Before the learned CIT(A), the assessee submitted that, the issue of disallowance of agriculture income is covered by the decision of ITAT, Hyderabad Benches, Hyderabad in appellant's own case for assessment year 2009-2010, where the Tribunal after considering the relevant submissions, has

allowed the claim of agriculture income under section 10(1) of the Act. The assessee had also challenged the addition made by the Assessing Officer towards disallowance of weighted deduction claimed under section 35(2AB) of the Act. The learned CIT(A) after considering the relevant submissions of the assessee and also by following the decision of ITAT, Hyderabad Bench in assessee's own case for earlier assessment year, deleted the addition made by the Assessing Officer towards disallowance of agriculture income. Further, the learned CIT(A) upheld the addition made by the Assessing Officer towards disallowance of weighted deduction under section 35(2AB) of the Act, on the ground that, the assessee has failed to furnish relevant approval from the Competent Authority in Form-3CL to claim deduction.

6. Aggrieved by the order of the learned CIT(A), the Assessee and Revenue are now, in appeal before the Tribunal.

7. The only issue that came-up for our consideration from grounds of appeal of Revenue is, deletion of addition made by the Assessing Officer towards agriculture income. Dr. Narendra Kumar Naik, Learned CIT-DR for the Revenue submitted that, the learned CIT(A) erred in upholding the claim of the assessee to treat the income from sale of foundation seeds as agriculture income and allowed exemption under section 10(1) of the Act, when the assessee is not entitled for the said claim. Learned CIT-DR further submitted that, to treat the income on the sale of foundation seeds as agricultural income and allow exemption under section 10(1) of the Act, the assessee must maintain separate books of accounts and furnish bifurcation of income from agriculture activity and non-agricultural activity. In the present case, the assessee has not furnished any details and the learned CIT(A) without appreciating the relevant facts, has simply deleted the addition made by the Assessing Officer. Therefore, he submitted that, the Order of the learned CIT(A) on this issue

should be set-aside and addition made by the Assessing Officer should be upheld.

8. None appeared for the assessee. We have heard the learned CIT-DR, perused the material on record and had gone through the orders of the authorities below. The assessee is engaged in the business of plant breeding, research, cultivation, production and marketing of hybrid seeds, foundation seeds and production and marketing of well yielding hybrid seeds and various commercial crops. The assessee has claimed exemption under section 10(1) of the Act on income derived from sale of foundation seeds. The Assessing Officer disallowed exemption claimed by the assessee u/sec.10(1) of the Act on the ground that, the said activity does not fall under agriculture activity and income derived from sale of foundation seed cannot be exempted under section 10(1) of the Act. The CIT(A) deleted the addition made by the Assessing Officer towards disallowance of agriculture income by following decision of ITAT, Hyderabad Benches, Hyderabad in assessee's own case for the earlier assessment year, where the claim of exemption under section 10(1) of the Act towards income derived from sale of foundation

seed has been allowed. The relevant findings of the learned CIT(A) are under :

7. Disallowance of claim of Agricultural Income of Rs.67,08,72,176/-.

The appellant company argued that it is engaged in plant breeding research, creation of novel, trait-specific genetic material and hybrids, cultivation of foundation seed and production and marketing of high yielding hybrid seeds of various commercial crops. It is claimed that the production process of the company involves the various stages like Research, Foundation and Hybrid Seed Foundation Stage. But the Assessing Officer has treated the income derived from the sale of foundation seed or hybrid seed as business income and levied tax accordingly. The Assessing Officer denied the exemption claimed by the appellant company u/s 10(1) of the Act amounting to Rs.67,08,72,176/- on the ground that the income from sale of foundation seed is income from business.

7.2 It was submitted by the appellant that the identical issue came up before the honorable Hyderabad bench of ITAT in the assessee's own case for the AYs 2002-03 to 2005-06 vide ITA No 469,470,480,481,76/H/2008. A gist of the decision is presented as under:

i. The Department in its appeal in ITA Nos.469, 470/Hyd/2008 and 76/Hyd/2009 raised the following grounds:

1. The CIT(A) erred in allowing the income from sale of foundation seeds as income from agricultural activity and exempted u/s 10(1) of the Act.
2. The CIT(A) ought to have considered that the production of basic seeds and sale of hybrid seeds is an integral activity undertaken for the ultimate sale of hybrid seeds and income should be treated as income earned out of business activity.

ii. While dismissing the appeal, it was held that:

“The issues raised in the Revenue appeals has been squarely covered by the order of the Tribunal in assessee's own case for the assessment year 2001-02 reported in 314 ITR (AT) 231 Hyderabad wherein it was held that :

The assessee was carrying on agricultural operations and growing basic seeds on the lands. It was not the case of the Revenue that without performing the basic operations, the subsequent operations had been carried on by the assessee. The basic seeds were sold by the assessee only as a

result of the basic operations that had been carried on by it and on expending human skill and labour thereon and only after performing operations such as weeding, watering, manuring, etc. the resultant product was grown and made ready for sale in the form of basic seeds. Thus the basic seeds sold by the assessee were the result of primary as well as subsequent operations involving huge skill and efforts and the income there from was agricultural income as provided u/s 2(1A) of the Act to exemption u/s 10(1) OF THE Act. The assessing officer was to treat the income from basic seeds as agricultural income and allow exemption u/s 10(1) of the Act”.

iii. This particular issue came up for adjudication before ITAT, Hyderabad for assessment year 2001-02. The facts of the case as delineated in the order of Tribunal are as follows:

The assessee company is engaged in research, production and marketing of hybrid seeds.

The production process of the assessee company is involved in the activity of research, production and marketing of hybrid seeds of various field crops. Each activity involves a sequence of process. Research activity involves the sequence of germplasm collection evolution. Multiplication and utilization, hybridization, initial evaluation of hybrids and varieties advance hybrid testing and on-farm testing. Production activity involves parent seed multiplication, foundation seed multiplication and labeled/certified hybrid/seed production.

Further, it was argued by the assessee before the ITAT: As the assessee is engaged in the cultivation upto basic seed stage (foundation seed) by undertaking all basic operations of agricultural on the land, the income derived by the assessee on sale of foundation seed is definitely agricultural income...

Accordingly, hon'ble ITAT held that the undisputed findings of the AO and CIT(A) are that the basic seeds are produced by the assessee by doing basic agricultural operations; the assessee is doing agricultural operations and growing basic seeds on the lands. It is not the case of the Revenue that

without performing the basic operations, the subsequent operations have been carried on by the assessee. If the basic seeds are sold by the assessee, the same is the result of the basic operations on the land on expending human skill and labour thereon and it is only after performing several operations such as weeding, watering, manuring, etc., the resultant product is grown and made ready for sale in the form of basic seeds. Thus the basic seeds sold by the assessee were the result of primary as well as subsequent operations involving huge skill and efforts as defined under s. 2(1A) and the same is an agricultural income as provided under s. 2(1A), entitled to exemption under s. 10 (1).

7.4 After analyzing the facts of the case and issue in hand, which is identical to issues decided for assessment years 2001-02 and 2002-03 to 2005-06 and following the principles of judicial discipline, I hold that that the basic seeds are produced by the assessee by doing basic agricultural operations. The basic seeds are the result of the basic operations on the land on expending human skill and labour thereon. Thus, the basic seeds sold by the assessee were the result of primary as well as subsequent operations involving skill and efforts as defined under s. 2(1A) of the IT Act and the same is an agricultural income as provided under s. 2(1A) of the Act, entitled to exemption under s. 10(1) of the IT Act. Accordingly, the AO is directed to treat the income from basic seeds Rs. 67,08,72,176 as agricultural income and allow exemption under s. 10(1) of the IT Act.

The grounds (No 4,5,6 & 7) taken by the assessee are therefore, allowed to the extent indicated above.

8. The assessee claimed research and development expenditure of Rs 21,07,77,694. Though the assessing officer has rejected the claim of agriculture income and treated such income as business income, he proceeded to examine the allowability of all research expenses. The AO asked the assessee to explain as to why the claim should not be disallowed, as research relates to agricultural activity and not relate to its business. It was argued by the assessee that research pertained as much to hybrid seeds as to foundation seeds and therefore related to business as well. The assessing officer however, opined that there is no genetic difference between a foundation seed and a hybrid seed and the only difference in nomenclature comes from scale of production. As per assessing officer, hybrid seeds merely foundation seed produced in mass scale and what the scientist works on its only on the foundation seed which serves as proto type for hybrid seeds. He observed that if a proto type is not found satisfactory it would be subject to further research and only then it would be released for production of hybrid seeds. He, therefore, found the argument of the assessee that research is done for both foundation seeds and hybrid seeds as unacceptable.

He further observed that the expenses are also hit by Sec.14A as the same had been incurred for earning income which is claimed by the assessee as exempted u/s 10(1) of the IT Act. However, since the entire income of the assessee was treated by him as business income, the expenses claimed u/s 35 were allowed and no disallowance was said made.

Since I hold that the income from foundation seed as agriculture income and eligible for exemption u/s 10(1) thereupon, no R & D expenditure are to be allowed against the business income in view of the presence of 14A of the Act.

But, at same time I have the advantage of findings of the hon'ble ITAT in assessee's own case for 2002-03, 2004-05 and 2005-06. There was identical situation that is on appeal to CIT(A), he directed the assessing officer to treat the income from basic seed as agriculture income and allow exemption u/s 10(1) thereupon. Simultaneously, he directed the assessing officer that no R & D expenditure to be allowed against the business income in view of the presence of 14A of the Act. The appellant filed the appeal before the ITAT and raised the ground that the learned CIT(A) has erred in holding that no research and development expenditure can be allowed against the business income of the assessee in view of the provisions of Sec.14A of the IT Act and accordingly directed the assessing officer to disallow the research expenditure claimed by the assessee. Taking into account facts of the case, the ITAT (ITA No 469,470, 480,481,76/H/2008 dated 18.06.2010 held that:

"9. We have heard both the parties and perused material on record. The general principles to be applied in similar circumstances have been laid down by the courts in the decisions cited before us. In the decision cited by the learned Representative of the assessee in Waterfall Estates Ltd. case (supra), the assessee company was deriving income from tea and coffee estates and coffee company was deriving income from tea and coffee estates and curing works. That company was managed by managing agents. In this case, the assessee had to work out the net income from taxable and non taxable sources. For the assessment year 1968-69, the assessee company claimed the whole of the managing agency commission against income from tea. The Tribunal held that proper allocation of the managing commission was called for in proportion to the expenditure incurred in various activities such as tea



plantation, coffee plantation and coffee curing works. The Tribunal held that the several activities carried on by the assessee constituted separate and distinct activities. Confirming the findings of the Tribunal, the Hon'ble SC held that the several activities carried on by the assessee constituted separate and distinct activities. Confirming the findings of the Tribunal, the Hon'ble SC held that various activities income from some of which was not taxable did not constitute a single business and therefore, common expenses have to be allocated in between different activities on a good proportion. In Maharashtra Sugar Mills Ltd. case (supra) against the issue was the deductibility of managing agency commission. In that case, the assessee company owned extensive lands on which it grew sugar cane and used the sugar cane for manufacture of sugar in its factory. The question was whether a part of the managing agency commission paid by the assessee company could be disallowed on the ground that the part related to management of sugar cane cultivation, income from which was exempted from tax as agricultural income. The Tribunal found that the cultivation of sugar cane and the manufacture of sugar by the assessee company constituted one single and indivisible business and, therefore, the entire managing agency commission was laid out or expended for the purpose of the business carried on, by the assessee and therefore, the entire managing agency commission was laid out or expended for the purpose of business carried on by the assessee and was allowable as deduction. Upholding the said finding, the Hon'ble SC held that the fact that income from a part of the business was not eligible to tax under the act was not relevant circumstances. As pointed out by the learned counsel for the assessee, the court observed in that case that there is no basis for the view that only expenditure incurred in respect of business activity giving rise to income, profit or gain taxable under the income tax Act, can be allowed as deduction and not otherwise. The court held that to find out whether a deduction claimed is permissible under the Act or not, all that has to be done is to examine the relevant provisions of the Act. That equitable consideration are wholly out of place in constructing the provisions of taxing statute and provisions of the statute have to be taken as they stand. In KCP Ltd. case (supra) while affirming the decision of AP High Court in Challappali Sugar Ltd. case (supra), the Hon'ble SC reiterated the same view by applying the earlier decision in the case.

9.1. Now we have to examine the facts of the present case in the light of the above rulings given by various courts. We have already confirmed the fact that

the assessee has been carrying two activities viz., agricultural activities and commercial activities. The objectivities of agricultural activities is pursued by development of parent seeds and commercial activities pursued by development of hybrid seeds from the parent seeds. The parent seed is developed by assessee by an act of agriculture. Thereafter the assessee selling the foundation seeds to the farmers for further multiplication and the farmers cultivate and multiply these seeds and the hybrid seeds so produced by them are sold back to the assessee company. The assessee company process the hybrid seeds so purchased to suit the desired quality and sell as finished seeds. These two are different transaction, there is no formal agreement with the farmer wherein the farmer is prohibited from selling the seeds so produced by them in the open market. From this, it is clear that the first transaction of sale is concluded, once the sale is took place. Once there is a sale and also a purchase of product, then it cannot be termed as integral or composite activity. Thus, the source of procurement for parent seed is own production i.e. agricultural activity. The sources of procurement of hybrid seed is the farmers. The policy and strategy for agricultural activity is different from commercial activities. One activity is cannot be said to be ancillary to other activity. Both are generate independent source of income and formulate distinct business.

9.2. The next point to be considered is whether the R&D expenditure is exclusively attributable either to agriculture or commercial division or attributable to both the activities/divisions. In our opinion, the activities carried on by the assessee company as constituted distinct business activities of the assessee company and the R&D expenditure incurred by the assessee attributable to both the divisions. In such circumstances, the principle laid down by the Hon'ble Supreme Court in Waterfall Estates Ltd. (supra) should apply to this case in as much as the R&D Expenditure has to be apportioned between agricultural and non agricultural activities and the portion attributable to non agricultural activities allowed, as deduction in computing the taxable income. In the decisions cited by the learned counsel for the assessee viz., in Maharashtra Sugar Mills Ltd. (supra) and KCP Ltd. case (supra) the fact were different. In those cases, the assessee was not growing sugar canes as a distinct activity and independent source of income. Growing of sugar cane and manufacture of sugar constituted single and indivisible business. Therefore, those decisions are not applicable to the present case. The decision of the learned CIT(A) is in contravention of the provisions contained in

Sec.35(1)(i) and section 43(4)(i) of the IT Act in view of these provisions that the CIT(A) should have allowed the proportionate expenditure as a deduction in computing the taxable income. Revenue insisted nothing to be deducted whereas assessee company canvassed for the deduction of the whole of R&D expenditure. In our opinion, the assessee company is entitled to deduction on account of R&D expenditure but the same has to be restricted in proportion to the turnover between the agricultural division and the commercial division, and the amount relatable to commercial division can alone be allowed as business expenditure. In the facts and circumstances, we direct the assessing officer to allow expenditure attributable to commercial division in proportion to the turnover between the agricultural division and the commercial division. This view of ours is fortified by the order of the Tribunal in the case of ACIT Vs. Kanchanganga Seeds Co.(P) Ltd. (81 ITD 152 (Hyd.) Accordingly, this ground in assessee is partly allowed.

Respectfully following the principles of judicial discipline, I direct the assessing officer to allow expenditure attributable to commercial division in proportion to the turnover between the agricultural division and the commercial division.

9. Before us, the learned CIT-DR for the Revenue fairly conceded that, the issue is covered in favour of the assessee by the decision of ITAT, Hyderabad Benches, Hyderabad in assessee's own case for the assessment years 2002-2003 to 2005-2006. However, strongly refuted the findings of the CIT(A) on the basis of facts brought on record by the Assessing Officer and argued that, sale of foundation seeds cannot be considered as agriculture activity and consequently, income derived from sale of foundation seeds

cannot be considered as agriculture Income. In our considered view, there is no difference between the facts considered by the Assessing Officer for the year under consideration and facts considered by the Tribunal for the earlier assessment years in respect of exempt income claimed by the assessee towards agriculture income being income derived from sale of foundation seeds. Since, there is no difference in facts, when compared to the earlier years, in our considered view, there is no error in the reasons given by the learned CIT(A) to allow exemption claimed by the assessee under section 10(1) of the Act towards income derived from sale of foundation seeds as agricultural income. Thus, we are inclined to uphold the findings of the learned CIT(A) and dismiss the appeal filed by the Revenue.

ITA.No.331/Hyd./ 2016 – A.Y. 2011-2012 :

10. Coming back to the assessee's appeal ITA.No. 331/Hyd./2016. The assessee challenged disallowance of weighted deduction claimed under section 35(2AB) of the Act in respect of research and development expenditure incurred by the assessee.

11. None appeared for the assessee. We have heard the Learned DR, perused the material on record and the orders of the authorities below. The Assessing Officer disallowed the weighted deduction claimed by the assessee under section 35(2AB) of the Act on the ground that, the assessee has not satisfied the conditions prescribed for claiming deduction by filing necessary evidences including Form-3CK issued by the Competent Authority, certifying the amount eligible for deduction. We find that, the provisions of Section-35(2AB) of the Act mandates that, where a company is engaged in the business of bio-technology or any business of manufacturing and production of article, which is not in the list of 11th Schedule and incurred any expenditure on scientific research, not in the nature of any cost of land or building, on in-house research and development facility which has been approved by the Prescribed Authority which is the Secretary, DSIR, Government of India, then, the assessee shall be allowed sum equal to one and half times of the expenditure so incurred as deduction. Provisions of sub-section (4) provides

that, Prescribed Authority shall submit its report in addition to approval of the said facility to the Director General of income Tax in such form and within such time, as may be prescribed. Further Rule 6 of Income Tax Rules, 1962 lays down procedure for making application and approval in the prescribed form which is Form-3CK and the Prescribed Authority is required to grant approval in Form-3CM. Further, after approval, the assessee shall furnish relevant details of expenditure every year to the Competent Authority and the Competent Authority after satisfying the conditions shall issue Form-3CK, certifying the amount eligible for deduction. In the present case, going by the facts available on record, we find that, the assessee except furnishing approval in Form-3CM, but, could not furnish relevant Form-3CK from the Competent Authority for quantifying the amount of eligible deduction for the year under consideration. Since, the assessee has failed to furnish relevant evidences for claiming weighted deduction under section 35(2AB) of the Act, in our considered view, there is no error in the reasons given by the learned CIT(A)

to sustain the addition made by the Assessing Officer towards disallowance of weighted deduction claimed under section 35(2AB) of the Act. Therefore, we uphold the Order of the learned CIT(A) on this issue and dismiss the appeal filed by the assessee.

12. In the result appeal of the Revenue and appeal of the Assessee are dismissed. A copy of this common order be placed in the respective case files.

Order pronounced in the open Court on 24.09.2025.

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Sd/-
[MANJUNATHA G]
ACCOUNTANT MEMBER

Hyderabad, Dated 24th September, 2025

VBP

Copy to

1.	The DCIT, Circle-17(2), Hyderabad.
2.	The DCIT, Circle-3(3), Hyderabad.
3.	M/s. Vibha Agrotech Ltd., 'Inspire', Plot No.21, Sector-1, HUDA's Techno Enclave, Madhapur, Hyderabad. PIN – 500 081. Telangana.
4.	The Commissioner of Income Tax-(Appeals)-5, 6A, I.T. Towers, AC Guards, Hyderabad – 500 004.
5.	Pr. Commissioner of Income Tax-5, Hyderabad
6.	The DR ITAT "B" Bench, Hyderabad.
7.	Guard File.

//By Order//

//True Copy//