

**IN THE INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH 'DB': AGRA**

**BEFORE SHRIS.RIFAUR RAHMAN, ACCOUNTANT MEMBER
and
SHRI SUNIL KUMAR SINGH, JUDICIAL MEMBER**

**ITA No.251/AGR/2025
(Assessment Year: 2018-19)**

HMA Agro Industries Limited,
2/220, 2nd Floor, Glory Plaza,
Opp. Soor Sadan, M.G. Road,
Agra – 282 002.
(PAN :AACCH0450J)

vs.

DCIT, Central Circle,
Agra.

**ITA No.300/AGR/2025
(Assessment Year: 2019-20)**

**ITA No.301/AGR/2025
(Assessment Year: 2021-22)**

**ITA No.302/AGR/2025
(Assessment Year: 2022-23)**

**ITA No.303/AGR/2025
(Assessment Year: 2023-24)**

ACIT, Central Circle,
Agra.

vs.

HMA Agro Industries Limited,
2/220, 2nd Floor, Glory Plaza,
Opp. Soor Sadan, M.G. Road,
Agra – 282 002.

(PAN :AACCH0450J)

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : Shri Sudhir Sehgal, Advocate
Shri Deependra Mohan, CA

REVENUE BY : Shri Arun Kumar Yadav, CIT DR

Date of Hearing : 13.10.2025

Date of Order : 04.12.2025

ORDER**PER S. RIFAUR RAHMAN, AM:**

1. The appeal being ITA No.251/Del/2025 is filed by the assessee against the order of Id. PCIT (Central), Kanpur [hereinafter referred to as 'Id. PCIT'] dated 27.03.2025 for Assessment Year 2018-19. The Revenue has filed the appeals against the order of Id. CIT (Appeals), Kanpur – 4 dated 25.03.2025, 27.03.2025, 27.03.2025 & 27.03.2025 for Assessment Years 2019-20, 2021-22, 2022-23 & 2023-24.
2. Since the issues are common and the appeals are connected, hence the same are heard together and being disposed off by this common order.
3. First, we take up ITA No.251/Agr/2025 for AY 2018-19 filed by the assessee against the order of PCIT u/s 263 and the brief facts of the case are as under:-
 - i). The assessee is a Limited Company, engaged in the manufacturing business of Boneless Meat and Meat products and majority of the meat products are exported.
 - ii). The original assessment was framed u/s 143(3) vide order, dated 09.04.2021, wherein, the addition of Rs. 1,08,00,000/- was made on account 'excess salary' paid to two employees u/s 40A(2b) of the Act. The said assessment was then subject matter of reassessment u/s 148 based on the reason to believe of the AO that the assessee had taken bogus purchase thro accommodation entries from one Sh. Md. Irfan. During reassessment proceedings, the AO issued summons to Md. Irfan and his statement was recorded on oath before the AO wherein, he admitted that he is engaged in trading of live animals and also

confirmed the sales made to the assessee and even filed the sample copies of the bills for three years.

- iv). The Assessing Officer also issued a specific query relating to transactions made with Md. Irfan and a reply was also submitted during the course of reassessment proceedings on this issue and thereafter, the speaking order was passed by the Assessing Officer with the approval of the Addl. Commissioner of Income Tax, Central Range, Kanpur, u/s 147/143(3) vide order, dated 31.03.2023 and no adverse view was drawn in respect of alleged accommodation entries from Md. Irfan, the AO accepted that genuine purchases had been made by the assessee from Md. Irfan and against which, payments have been made through banking channel and also that against such purchases sales of meat have been exported by the assessee out of India.
- v). Thereafter, after verification of the records of the reassessment proceedings, show cause notice, dated 09.04.2024 was issued u/s 263, wherein the PCIT stated that Md. Irfan had entered into huge sale transactions with the assessee and the amount as remitted by HMA Agro Industries Ltd. to Sh. Md. Irfan was immediately withdrawn in cash from his account and in some cases, the funds were transferred to other accounts.
- vi). It was further mentioned in the show cause notice that though, HMA Agro Industries Ltd. had stated that they had purchased alive animals from Md. Irfan. However, Md. Irfan could not substantiate sales to HMA Agro Industries Ltd. and rather it was stated in the show cause notice that Md. Irfan is a handling agent of HMA Agro Industries Ltd. It was further stated in the show cause notice by the PCIT that Md. Irfan is not carrying on any genuine business, he provides only bogus

purchase bills of purchases to HMA Agro Industries Ltd. and which in turn, transfer funds to his bank account against these bills. It was also stated that AO finalized the assessment in the case of Md. Irfan, after making the addition of Rs. 62,11,24,558/- on 'protective basis' u/s 68 r.w.s 115BBE of the Act, with a finding that substantive addition be made in the hands of beneficiary being the assessee HMA Agro Industries Ltd. It was further stated in the show cause notice that the AO has failed to examine and establish the modus operandi of bogus purchases and, thus, it was stated that the assessment being erroneous and prejudicial to the interest of revenue and the assessee was asked to reply to the same.

- vii). The assessee submitted a detailed reply during the course of proceedings u/s 263, stated that the Assessing Officer in the proceedings u/s 148 which were reopened on this issue of alleged bogus purchases from Md. Irfan, had examined each and every issue and even the statement of Md. Irfan was also recorded by the AO u/s 131, in which, Md.Irfan confirmed the supply of Alive animals to the assessee and regarding the withdrawal of cash from his bank account, partially he stated that the payment had to be made to suppliers of buffalo and, as such, cash withdrawals were made and it was further stated that the AO has applied his mind to the facts and circumstances of the case and, thus, possible view has been drawn and besides, that the assessee relied on number of case law on the issue that where there is due application of mind and possible view has been taken, the proceedings u/s 263 deserves to be dropped.
- viii). The Ld PCIT has given his finding from para 6.1 and para 6.2, he came to the conclusion that bogus purchases have been made by the assessee and there being immediate cash withdrawal transactions into various

dummy account by Md. Irfan and also cash withdrawals prove the modus operandi of providing the accommodation entries and there is non- application of mind on the part of the AO as necessary verification has not been made and, thus, the case was covered under clause (a) of explanation-2 of section 263 and by relying upon various case law, set aside the order passed by the AO u/s 147/143(3) with a direction to pass a fresh order after conducting proper enquiries.

4. Against the order of the ld. PCIT, the assessee is in appeal before us raising following grounds of appeal :-

“1. That the learned Principal Commissioner of Income Tax has erred in law and on facts in initiating the proceedings u/s 263 of the Act.

2. That the learned Principal Commissioner of Income Tax has erred in law and on facts in setting-aside the assessment order passed u/s 147/143(3) merely on difference of opinion, wherein the issue of purchases from Shri Mohd. Irfan was already accepted after detailed scrutiny, analysis and examination thereof done by Ld. A.O. in re-assessment proceedings.

3. That the learned Principal Commissioner of Income Tax has erred in law and on facts to initiate the proceedings, when the original proceedings have been completed with the approval of Additional Commissioner of Income Tax. Hence, the proceedings have been completed after proper monitoring by the competent authority.

4. That the learned Principal Commissioner of Income Tax has erred in law and on facts in passing the order u/s 263 neither taking proper cognizance referring to the assessment records and detailed enquiries made by the Ld. AO and nor considering replies and submissions made by the appellants.

5. That the order of the learned Principal Commissioner of Income Tax u/s 263 of the Income Tax Act is arbitrary, unjust, merely based on presumptions and that no error existed, or prejudice was caused to

the revenue therefore, the order of the Ld. P. Commissioner of Income Tax passed under section 263 of the I.T. Act. deserves to be quashed.

6. That any other relief or reliefs deemed fit in the facts and circumstance of the case may be granted.”

5. At the time of hearing, ld. AR of the assessee submitted as under: -
- A. The assessee is a limited company engaged in the manufacturing business of meat and meat products and the assessee is third largest supplier of meat in India, and majorly sales of the assessee are export sales being made outside India.
 - B. The assessee filed its return of income declaring income of Rs. 48,41,83,500/- for the year under consideration and the first complete scrutiny assessment was framed, wherein addition to the tune of Rs. 1,08,00,000/- was made on assessee relating to excess salary paid to two employees u/s 40A(2)(b) vide order dated 09.04.2021 u/s 143(3) of the Act, 1961. Copy of the order has been placed in Paper Book, as **Annexure A.**
 - C. Thereafter, SCN notice u/s 148A(b) was issued on assessee dated 15.03.2022, alleging that, the assessee had taken bogus accommodation entries from one Sh. Md. Irfan S/o Sh. Meharban. **Copy placed in the paper book as “Annexure C.”**. In response to that, assessee submitted its reply on 22.03.2022 attached with this brief, wherein assessee submitted that, the assessee had only made purchases of ‘Alive animal’ from the above said party, which is accounted in audited books of accounts of assessee and copy of ledger account of the said party was also filed. However, the reply filed by the assessee was considered and notice u/s 148A(d) & notice u/s 148 for initiating of reassessment proceedings

were issued on assessee dated 31.03.2022 and order copy is placed as “Annexure C” of Paper Book.

- D. Further, during the course of reassessment proceedings, the AO made an enquiry from the Md. Irfan vide summons issued dated 26.03.2023 forming part of Supplementary paper Book at page 1, and the statement of Md. Irfan recorded on oath, wherein he had admitted that, he is engaged in trading of Alive animals and also confirmed that, he had made sales to assessee and also the documentary evidences in form of “Copy of account, sample bills for three years” were filed by Md. Irfan at the time of recording statement, copy of referred statement is forming part of paper Book 1 referred as Annex-D.
- E. Further specific query vide questionnaire issued on 11.01.2023 was raised on assessee relating to transactions made with the Md. Irfan alongwith following details as under, placed at Supplementary Paper Book- Page- 6 to 8.
- a) Audited books of account of the assessee.
 - b) Nature of activities being carried out in the assessee business.
 - c) Complete bank statement of the assessee for the year under consideration.
 - d) Computation of income of the assessee.
 - e) Details of transaction made by assessee with Md. Irfan S/o Meherban i.e. Details of purchase made by the assessee, copy of invoices, transportation slips, weight slips and relevant extract of bank statements highlighting the transaction made by the assessee with regards to purchases made from Sh. Irfan.

- F. Copy of the reply filed by the assessee dated 18.01.2023 is **forming part of Supplementary paper Book at pages 2 to 5.**
- G. Further, the Ld. AO after satisfying with the reply filed by the assessee alongwith the statement of Md. Irfan recorded on oaths., passed an assessment order u/s 147/143(3) vide order dated 31.03.2023 confirming the addition made in original assessment order framed u/s 143(3) and specific finding at para No. 5 of the assessment order as given as under:-
- “After considering the details and explanations filed by the Assessee/Authorized representative and in view of the facts and circumstances of the case, assessment is completed u/s 147 of the Income Tax Act, 1961 at the total income of Rs. 49,57,35,180/- as originally determined by the Assessing Officer in the assessment order dated 09.04.2021. Notice of demand and challan is issued accordingly.”
- H. From the above sequence of events and documentary evidences, it is very much clear that the AO was well aware about the reasons for reopening of the assessment u/s 148 and he took all the step to verify the transactions with Md. Irfan and recorded his statement issued questionnaire & looked into the reply of the assessee and, applied his mind and, thus, once the AO has raised specific query with regard to the issue during assessment proceedings, then, the PCIT cannot sit over that the judgment of the Assessing Officer concerned.
- I. The PCIT, thereafter, issued a Show cause notice, u/s 263, dated 09.04.2024 and copy of the same has been enclosed alongwith these submissions and the same has been raised about the bogus accommodation entries with Md. Irfan and has mentioned that since

there is a cash withdrawals from the bank account of Md. Irfan, that is returned back to the company.

J. It is submitted that the statement of Md. Irfan as recorded by the AO during assessment proceedings is very much clear where, he had denied that he is engaged in providing accommodation entries and further, furnished ledger copies for the financial year 2016-17, 2017-18 and 2018-19 and stated that, whatever, amount is received on sale of alive animal, the same is paid to farmers from whom alive animals are purchased. He explained the detail of the transfer entries from his bank account and then, he has stated that he had withdrawn the cash for making payment to the farmers from whom, the alive animals have been purchased. Thus, the statement is absolutely clear and the PCIT cannot sit over the judgment of AO and, further, the PCIT, in his order u/s 263 has invoked clause (a), Explanation-2 to section 263, that the order has been passed without making any enquiries or verification.

K. It is submitted that the detailed verification/enquiries have been made and what more enquiries were liable to be carried out by AO had not been specified by the PCIT and has relied upon certain judgements, which are totally out of context, because in those cases, requisite enquiries had not been made. We are relying upon the judgment of Hon'ble Apex Court in the case of **V-Con Integrated Solutions (P.) Ltd. [2025] 173 taxmann.com 774 (SC)/[2025] 304 Taxman 598 (SC)/[2025] 476 ITR 526 (SC)[04-04-2025]**, where the judgment of **Hon'ble Punjab & Haryana High Court cancelling the order of PCIT has been upheld and following finding have been given:-**

(i) **INCOME TAX : SLP dismissed against order of High Court that where Pr. Commissioner invoked revision**

proceedings on ground that Assessing Officer had not made sufficient inquiries regarding share capital, however, he had not pointed out any further inquiries which were required to be made by Assessing Officer, Tribunal was justified in quashing order of Pr. Commissioner.

(Share capital) - Assessment year 2018-19 - Assessee-company received share capital of certain amount - Assessing Officer passed assessment order accepting share capital received by assessee - Principal Commissioner invoked revisionary jurisdiction under section 263 on ground that Assessing Officer had not made any enquiry in respect of share capital received by assessee - It was noted that Assessing Officer had issued a questionnaire and had also asked for documents, which were answered and furnished to Assessing Officer by assessee - Same were also informed to Principal Commissioner, who ensued proceedings under section 263 - However, Principal Commissioner had not pointed out any further enquiries which were required to be made by Assessing Officer in this case - High Court by impugned order held that since Assessing Officer had made adequate inquiries, order passed by Principal Commissioner under section 263 was rightly quashed by Tribunal - Whether power under section 263 can be exercised by Commissioner, but by going into merits and making an addition, and not by way of a remand, recording that there was failure to investigate - Held, yes - Whether Commissioner must record abject failure and lapse on part of Assessing Officer to establish both error and prejudice caused to revenue - Held, yes - Whether order passed by High Court, which upheld decision of Tribunal was correct on facts and in law and, thus, SLP filed by revenue against impugned order of High Court was to be dismissed - Held, yes [Paras 2, 4, 5 and 6] [In favour of assessee]

- ii). Reliance is being placed on the judgment of **CIT Vs. Nirav Modi, 77 Taxmann.com 15 (SC)**, in which, it has been held as under:-

“Section 68 read with section 263, of the Income-tax Act, 1961 - Cash credit (Gift) Assessment years 2007-08 and 2008-09 - Assessee received certain amount as gifts from his father and sister who were non-residents in India - Assessing Officer after making detailed enquiries, took a view that assessee had duly proved identity, source and creditworthiness of donors - Commissioner, however, passed a revisional order under section 263 directing Assessing Officer to enquire into capacity of donors and to decide about genuineness of gifts afresh - It was noted that Commissioner in his order of revision, did not indicate any doubt in respect of genuineness of evidence produced by assessee - Moreover, satisfaction of Assessing Officer on basis of documents produced was not shown to be erroneous High Court by impugned order held that it was a case where a view had been taken by Assessing Officer after making proper enquiry and, thus, Tribunal was justified in setting aside impugned revisional order - Whether Special Leave Petition filed against impugned order was to be dismissed - Held, yes [Para 2] [In favour of assessee]”

- iii). Reliance is also being placed on the judgment of Apex Court in the case of **PCIT Vs Shreeji Prints (P) Ltd., reported in 130 taxmann.com 294 (SC).**, in which, it has been held where a view has been taken by the AO after making proper enquiry and, thus, the Tribunal was justified in setting aside the impugned assessment order.
- iv). Reliance is being placed on the judgment of Hon’ble Delhi High Court in the case of **ITO Vs G.Housing Project, reported in 343 ITR 329, in which it has been held that if requisite enquiries had been made by the AO, during assessment proceedings, and taken a view then the PCIT cannot sit over such order of AO and cancel the same.**
- v). **Exotic Relators and Developers vs. PCIT as reported in (2024) 71 CCH 0299 Chd-Trib.**

“AO having issued successive notices under ss. 142(1) and 143(2) from time to time to the assessee raising numerous queries and framed the assessment after considering the replies submitted by the assessee, the assessment order passed by the AO cannot be said to be erroneous and prejudicial to the interests of the Revenue and, therefore, the impugned order passed by the Principal CIT in exercise of his revisionary jurisdiction under s. 263 is bad in law, more so as he himself has not made any minimal enquiry before holding that the AO has not made any enquiry; inadequate inquiry or insufficient inquiry cannot be a ground to order revision of assessment under s. 263.”

- vi). Reliance is being placed on the judgment **of Loil Continental Foods Ltd. Vs PCIT, in ITA No. 577/Chd/2017 (Chd-Trib.) vide order, dated 04.12.2019**, in which, in para 17 of the judgment, it has been held as under:-

“17. The Id. CIT made reference to the Explanation-2 to Section 263 and also decision of Hon’ble Supreme Court in the case of CIT Vs. Amitabhachan, 384 ITR 200. It is pertinent to note that Explanation-2 of section 263(1) would help the Id. Commissioner to take cognizance under section 263 of the Act, if no inquiry was conducted by the AO before finalizing the assessment order. No doubt the assessment orders are very brief, and did not have elaborate discussion on these issues, but it is pertinent to bear in mind that assesseees have no control over the AO and cannot persuade him to draft the assessment order in a particular manner. It is the discretion of the AO, how to pass an assessment order. Had an elaborate discussion available, then that would be an ideal situation for the higher appellate authorities to appreciate, what has operated in the mind of the AO while passing the assessment. But in the absence of such discussion, it has to be ascertained from the questionnaire and the replies submitted by the assessee. Explanation-2 can be invoked when no inquiry was conducted by the AO. In the present case, he has issued a questionnaire

calling for details on 37 counts. Those details were submitted. Some of the issues raked up by the Id. Commissioner in the impugned order were between the group concerns, and their accounts were open before the AO in simultaneous proceedings. He was satisfied with these accounts. Thus, it is a case of inquiry and Explanation-2 cannot be invoked in the present case. In view of the above discussion, we are of the view that the Id. Commissioner is not justified in exercising powers under section 263, and setting aside the assessment orders. We allow all these appeals and quash the impugned orders passed under section 263 of the Income Tax Act in each case of the appellants.

- vii). Commissioner of Income-tax vs. Arora Alloys Ltd. [2015] 60 taxmann.com 67 (Punjab & Haryana)/[2015] 370 ITR 732 (Punjab &Haryana)[21-07-2014]**

Section 69C, read with section 263, of the Income-tax Act, 1961 - Unexplained expenditure (Statements made before other authorities, relevance of) - Assessment year 2005-06 - Assessee-company was engaged in business of manufacturing of non-alloys steel ingots, trading in scrap, etc. - Subsequent to assessment, Commissioner invoked jurisdiction under section 263 on basis of statement made by director of assessee-company before Central excise authorities in context of levy of excise duty on unaccounted production - Thereafter, he made additions on account of unexplained purchases and sales - It was observed that revenue had not collected any independent material to arrive at conclusion that there were unexplained sales or purchases made by assessee - Whether where additions made were solely based on statement made by director of assessee-company before Central Excise Authorities, same could not be sustained - Held, yes [Para 10] [In favour of assessee]

- viii). PCIT Vs M/s Clix Finance India Pvt. Ltd. (2024) (3) TH 157-Delhi High Court**

- L. We are enclosing herewith our reply to PCIT in response to notice u/s 263, dated 2nd of July, 2023, in which, we have cited number of case laws that since the order u/s 143(3) was passed after approval of Addl. CIT, Central Range, Kanpur and under such circumstances, the PCIT cannot exercise his power u/s 263 and reference is being made to the judgments quoted from page 5 onwards and other judgments about the application of mind.
- M. The assessee in response to the SCN notice u/s 263 filed his reply dated 02.07.2024 wherein assessee has given his submission that, the assessment being initiated in the case of the assessee is merely on some difference on opinion and also given the reference of statement of MD. Irfan recorded at the time of assessment, wherein he has confirmed that he has sold lives stocks animals to assessee and books of Irfan payment of which have been made through banking channel and recorded in the Audited books of the account of the assessee and also assessee relied upon various case laws of the different Tribunals, wherein it has been clearly held that the revision merely based on change opinion not permitted.
- N. Further, it is submitted that we are submitting herewith the copy of order of CIT(A) in the case of Mr. Irfan in AY 2018-19 wherein on same issue was there in his case relating to “alleged accommodation entries provided to assessee worth of Rs. 62,11,24,560/-” and your goodself attention in invited towards the page 4 of the order of Md. Irfan, wherein ground no 2 specifically relating to addition of Rs. 62,11,24,560/- and the CIT(A) in the case of the Md. Irfan had wrote an email to the DCIT, Central Circle – AGRA on 08.11.2023 case of

M/s. HMA Agro Industries Limited and the response to the said email is as under:

*"Sir,
Please refer to the subject as mentioned above.
With respect to the same, the desired specific information is as under:
1. The Assessment Order, dated 31.03.2023, has been passed, for AY 2018-19, in the case of M/s HMA Agro Industries Limited covering the issue discussed in the trailing mails. Shri Irfan was also issued Summons and his statements were recorded on oath on 28.03.2023. Since he was able to provide the details of transactions and documentary supports in the nature of bills/vouchers, ledgers and account statements, which established that he was carrying out business with M/s HMA Agro Industries Limited and therefore, no separate addition was made in the hands of M/s HMA Agro Industries Limited for AY 2018-19, on this ground. (The Assessment Order and the statements of Shri Irfan are being scanned and enclosed with this mail. Some sample documents presented are also being enclosed for reference)."*

- O. From the above findings of the AO given in the case of assessee on the concerned issue in the case of Md. Irfan, the CIT(A) has allowed the appeal of the Md. Irfan as per relevant findings at para 6.6 page 13 of the order of CIT(A). Copy of the order of CIT(A) has been filed in the Paper Book as "Annexure F".
- P. From the above facts, it is submitted before your goodself that, there is no failure on the part of the assessee as well as assessing officer in conducting any enquiry before passing the assessment order u/s 147 and the same enquiry have been referred in the case of the Md. Irfan. Though, it is very established that, this is not a case of lack of enquiry, therefore it is mere a change of opinion of the Ld. PCIT in invoking the provisions of section 263 read with Explanation 2 clause (a) and since adequate and due enquiries have been made, no case of 263 could be made by PCIT.

In view of above said facts and case laws, the order as passed by the PCIT u/s 263 deserves to be set aside.

6. On the other hand, ld. DR of the Revenue submitted that the Ld PCIT on verification of the assessment record noticed that the AO had not completed the assessment proceedings as he has failed to make proper enquiry as well as did not followed the due procedure and supposed to have made due verification. He submitted that the Ld PCIT had rightly invoked the provisions of section 263 read with explanation 2(a). Therefore, he supported the detailed findings in revision order.
7. Considered the rival submissions and material available on record. We observed that the assessee is in the business of exporting meat and meat products. It purchases livestock from various suppliers in turn they purchases the same from the local market or directly from the farmers. The assessee being major meat exporter, had to purchase huge livestock, therefore, they utilized the local suppliers, basically to organize/regularize their purchases. Therefore, they engage suppliers like Mr. Irfan who go to the local market and purchase small batches of animals from the market or from the farmers. They supply the same to the assessee as per their requirements or as per their purchase indent. They are being compensated with certain additional margin or commission on top of the market price. We observed that the Ld PCIT failed to understand the nature of business of the assessee. Without their being purchased livestock, it is not possible for the assessee to achieve such huge export. The people who are engaged are basically dealings in the

unorganized sector, all the payments have to be settled in cash. We noticed that the assessee makes the payments to such suppliers through cheques or banking channel.

8. The basic issue raised by the Ld PCIT is that the reassessment proceedings were initiated for verification of bogus purchases from Mr Irfan, after verification of the above issues, AO recorded statement u/s 131 of the Act and after considering the submissions of assessee, he accepted that the transactions are genuine and accordingly did not propose any addition or disallowances. However, Ld PCIT was of the opinion that the AO had not verified the above issues by overlooking the immediate cash withdrawals by Mr. Irfan or transfers to other accounts, may be dummy accounts maintained by him. The nature of cash withdrawals indicates modus operandi for providing accommodation entries, the immediate cash withdrawal and transfer of funds to other accounts, as per his opinion the same are returned back to the assessee, thereby completing the cycle of bogus purchases, therefore, there is non-application of mind on the part of AO. He heavily relied on the assessment proceedings carried out in the case of Mr. Irfan and the addition was made on protective basis and substantive addition should have been made in the hands of assessee, however, the same was not made by the AO in the reassessment proceedings. Based on the above observations, he came to the conclusion that there is non-application of mind on the part of

assessing officer in as much as the necessary verification of facts/enquiries which should have been made, have not been made, making the assessment order erroneous, prejudicial to the interest of revenue in terms of clause (a) to Explanation 2 of section 263 of the Act. He remitted the order back to the AO to pass fresh order after conducting proper enquiries.

9. On careful consideration of material facts on record, we observed that Ld PCIT had completely ignored the other facts on record that in the case of Irfan, in subsequent appeal before CIT(A), the addition was deleted. Further, in the assessee's own cases, the issue was consistently accepted as regular practice and allowed the same as regular purchases in the past.
10. We further observed that the AO had recorded statement from Mr Irfan independently and the relevant statements matched with the further statements recorded with the personnel of the assessee company and applied his mind, in our view, taken a possible view. Ld PCIT had not given clear finding how the assessment is erroneous and also how it is prejudicial to the interest of revenue. He merely observed that the substantive addition should have been made in the case of assessee, since it was not made, he formed an opinion that the assessment proceedings are bad as well as erroneous. He observed that AO had not applied his mind as well as not verified the issues he is supposed to. It is not the case of Ld PCIT that no verification at all was made. Therefore, relying on the decisions in the case of Shreeji Prints (P) Ltd

(supra), G. Housing Projects (supra) and Arora Alloys Ltd, wherein, the Hon'ble P&H High Court held that revenue had not collected any independent material to arrive at conclusion that there were unexplained sales or purchases made by the assessee. In the given case, the AO had made the independent enquiry and recorded the statement of Mr. Irfan and came to the conclusion that the purchases are genuine and is one of the possible view, Ld PCIT had merely relied on the issues raised in the case of Mr. Irfan and observed that the relevant substantive addition should have been made merely on the basis of cash withdrawals by Mr. Irfan without really understanding the nature of the business of the assessee and also the assessee would not have made the exports without the supply of live stocks purchased thru the middlemen, particularly dealing in the unorganized sector. One cannot treat the assessment as erroneous on the basis of suspicion and gut feeling that the assessment was made without application of mind. Therefore, we are inclined to set aside the order passed u/s 263 of the Act with the above detailed observations. Hence, the grounds raised by the assessee are allowed.

11. In the result, appeal filed by the assessee being ITA No.251/Agr/2025 for AY 2018-19 is allowed.
12. Now we take up Revenue's appeal being ITA No.300/Agr/2025 for Assessment Year 2019-20 as lead case for all the Revenue's appeals.

13. The appeal being ITA No.300/Agr/2025 is filed by the Department against the order of CIT (A), Kanpur-4 and the facts as per the assessment order are that the assessee is a Public Limited Co. involved in the business of manufacturing, processing and export of meat and meat products. Search and seizure action u/s 132(1) was carried out on 05.11.2022 at the residential and business premises of HMA Agro Industries Ltd. and various documents, books of accounts and other records were seized.
14. The notice u/s 148 was issued and the assessee filed return in response to notice u/s 148 and declared the same income as per original return of income and certain additions were made by the Assessing Officer, while framing the assessment after giving opportunity to the assessee and the following issues were raised, for which, the addition was made by the Assessing Officer :-

i). **Purchase of Raw Boneless meat**

It was found by the AO that the assessee purchased raw boneless meat of Rs. 90,95,46,485/- from various parties and which detail have been reproduced by the AO at page 3 of his order and the AO was of the view that these purchases of raw boneless meat is not in line with the business module of the assessee and he, as such, made enquiries from certain parties namely Imlak Traders, Elahi Trading Co. & Others and further he has also mentioned in the order that on account of verification u/s 133(6) of the Act, certain parties have denied having

made supplies of any 'Raw Boneless Meat' to the assessee and, for which, the letters as issued to the Elahi Trading Co. and Others have been reproduced at pages 5 to 12 of his order. It was further stated that statement of Sh. Zulfiquar Ahmad Qureshi (key person of HMA Group) was also recorded and, in which, he confirmed that it was not usual practice of purchasing 'Raw Boneless Meat and it was done only for some limited time and was stopped and such purchases do not include bones and other by-products. It has further been stated by the AO that purchases are bogus, since the payment made against the purchases of Raw Boneless Meat have been routed through various accounts and there is round tripping of funds as per observation made by the AO at page 12 to 23 of the order and further, it was observed at page 23, that certain parties namely Sh. Shuaib Ahmad has capital only of Rs. 1,92,61,832/- as per audited balance sheet as on 31.03.2023 and it appears that he does not have the 'net worth' to put an investment of Rs. 4 crores and, accordingly, the show cause notice was issued to the assessee, for which, the detailed reply was given by the assessee from pages 24 to 26 of the order of Assessing Officer, after considering the reply of the assessee, addition of the purchases of raw boneless meat to the tune of Rs. 90,95,46,485/- have been made by the AO as per finding given at page 26 of the order and it has been held by the

Assessing Officer that bogus purchases of Raw Boneless meat has been made by the assessee.

- ii). Further, certain purchases have been made from Md. Irfan to the tune of Rs. 170 crores and this issue have been discussed at page 46 to 52 of the order of AO and reference has been made to the proceedings for Asst. Year 2019-20, where the case of assessee was reopened on the issue of taking accommodation entries from Md. Irfan amounting to Rs. 1,70,70,52,766/- from Md. Irfan and against which, the bogus purchases have been shown by the assessee. The assessee submitted a detailed reply that genuine purchases have been made from Md. Irfan and genuine purchases have been made by the assessee of alive animals and further Md. Irfan supplied alive animals and confirmed the copy of account of Md. Irfan in the books of accounts of assessee had been submitted and such copies of accounts have been confirmed by Md. Irfan.
- iii). It was further stated that all the payments in respect of purchases have been made through banking channels and it was also stated that the cash withdrawal from the bank account of Md. Irfan during the whole year have been 109, 94,70,000/- and further, the arrival of animal from Md. Irfan is clearly substantiated on the basis of yearwise records of the assessee, where recording is made in respect of purchases of alive

animals on day to day basis and there is a report of the 'Veterinary Doctor' in respect of each and every buffalo purchased and the assessee has been maintaining quantitative records and all his sales are majorly exported and, thus, there is no question of making bogus purchases.

- iv). The AO calculated at page 51 of the order that since Md. Irfan had made cash withdrawals of Rs. 109,94,70,000/-, during the year the same was added to the income of the assessee.
- v). Aggrieved with the above order, the assessee preferred an appeal CIT(A) and filed detailed submissions before him. The issue of raw boneless meat have been discussed by the Ld CIT(A) from para 7.1 of the order. The Ld CIT(A) analyzed the purchases of raw Boneless meat and referred to the reply of the assessee to the show cause notice issued by AO at page 8 & 9 of his order, also considered the detailed written submissions of the assessee from page 9 of the order. In the submissions the assessee referred to the statement of Sh. Zulfiqar Ahmad Qureshi, a key person of HMA Agro Industries Ltd., in which he accepted the purchases of raw boneless meat, and it was argued that the AO has twisted the statement to suit his conclusion. Further, it was argued by the assessee that the Elahi Trading Co. has only supplied raw boneless meat to the tune of Rs. 4,01,173/- only that has been

recorded in his books of accounts, beside that he had made sales during the year to the tune of Rs. 17,58,46,131/- of the live animals and confirmed the copy of account of Elahi Trading Co. had been submitted. It was also stated that in the case of Sh. Israr Ahmad, it is a case of mistaken identity as the notice has been issued to Sh. Israr Ahmad instead of Imlak Traders and the assessee had bought the goods from Imlak Traders Prop. Imlak Ahmad, hence the reply of 'Ishrar Ahmad' has no evidentiary value. It was further stated that the sales made against the purchases of raw boneless meat have been accepted and quantitative record of the assessee and detail of GST data was relied upon and, thus, it was stated that if the sales and quantitative record have not been doubted, no case of bogus purchases could be made. Reliance was placed on various case law, reproduced at pages 13 to 19 of the impugned order.

- vi). The Ld CIT(A) analyzed the issues his order and held that there is no direct evidence brought on record by the AO that the purchases were bogus and further, the frozen meat is exported to Gulf Countries, Other Southern Asian countries and license of ASPEDA required for such meat processing were in place with the assessee and no adverse view has been drawn by such authorities.

vii). It was further held that the AO has mis-interpreted the statement of parties and drawn a wrong conclusion about the supplies of raw Boneless meat and in respect of Israr Ahmad, it was a case of mistaken identity and similarly other parties have also not denied any sales of raw boneless meat and for Elahi Trading Co., confirmed copy of account had been submitted, where sales of Raw Boneless Meat had been recorded. The CIT(A) also held at page 21 that the cases of the suppliers were also simultaneously taken by the AO and their assessments had been framed u/s 147/143(3) as per chart reproduced at page 21 of the order of CIT(A). It was further stated that the assessee have filed reconciliation of GST paid, along with annual return of GST and purchases were backed by invoices and all the payments were being made by cheque and further no conclusive evidence had been led that the purchases were bogus and the reliance was made by the CIT(A) on various case laws of Hon'ble Apex Court, High Courts and different Benches of the ITAT at pages 23 to 26 of the order and the CIT(A) has given his finding at para 7.8 of the order, in which, he has held that allegation of round tripping of funds is not substantiated at all and also the sales have not been doubted, the stock record have not been commented adversely and sales and purchases are two sides of same coin and hence to dispute the purchases from such major

suppliers in the hand of assessee and treating the same as bogus purchases would not be justified and, thus, deleted the addition of Rs. 90,95,46,485/-.

viii). The second issue of alleged bogus purchases from Md. Irfan have been discussed at para 8.1 of the order and he referred to written submissions made before the AO from page 32 to 35 along with basis of reopening of the case u/s 148 and also considered the detailed submissions which have been reproduced by the CIT(A) in para 8.3 of the order, on account of purchases from Md. Irfan and considered at length the reply of the assessee on this issue from page 36 to page 40 of the order of CIT(A), further stated that there was no basis of making the disallowance of 109,94,70,000/- out of the total purchases of alive animals to the tune of Rs. 170,70,52,786/- without pointing out specific purchases to be bogus, and it was only on the basis of doubt and suspicion, the AO has made the addition and there is no basis of making addition of Rs. 109,94,70,000/- on account of cash withdrawals by Md. Irfan.

ix). The Ld CIT(A) has given his finding from page 40 onwards after considering various case law and facts and circumstances of the case have given his categorical finding from para 8.11, at page 48 of the order, have held that the assessee company a producer and exporter of

frozen meat and when the sales which are mostly exported and got the custom clearance and necessary approval from APEDA is there and which have been accepted by the AO and Md. Irfan have also accepted such sales, relevant the payments have been made through banking channels by the assessee. He has held that there is no basis of making the disallowance of Rs.109,94,70,000.

15. Aggrieved with the above order, the Revenue is in appeal before us raising following grounds of appeal :-

“1. Whether on facts and circumstances of the case and in law, the Ld. CIT(A)-IV, Kanpur has erred in deleting the addition of Rs. 90,95,46.485/- on account of bogus purchase of Raw Boneless Meat, without appreciating the fact that some of the suppliers of raw boneless meat, under verification u/s 133(6) of the Act, have denied to have supplied any raw boneless meat to the assessee & payments made against purchase of raw boneless meat have been routed through M/s S.M Agri Exports Pvt. Ltd. and M/s. Maharashtra Food Processing and Cold Storage and the assessee company has been the ultimate beneficiary of the same.

2. Whether on facts and circumstances of the case and in law, the Ld. CIT(A)-IV, Kanpur has erred in deleting the addition of Rs.109,94,70,000/- on account of bogus purchase of Raw Boneless Meat from Sh. Irfan, without appreciating the fact that assessee admitted the facts that cash withdrawals of Rs. 109,91,70,000/- have been withdrawn only and in view of this facts as admittance by the assessee on the issue, the respective addition was made in the assessment order.

3. Whether on facts and circumstances of the case and in law, Ld. CIT(A)-4, Kanpur has erred in deleting the addition, without appreciating the facts that the Assessing Officer has passed the assessment order after thoroughly examining and analysing the seized material and proper appreciation of facts of bogus purchase of Raw Boneless Meat.”

16. At the time of hearing Ld DR submitted that the search was conducted on 05.11.2022. He brought to our notice para 7.1 of assessment order and submitted that the assessee purchased the raw boneless meat (RBM) from various parties over the years, in this regard, he brought to our notice the statement purchases from various parties over the years, it is reproduced at para 7.1. He submitted that the above purchases are not in line with the business module of the assessee nor under APEDA guidelines. He also brought to our notice the statement of Mr. Zulfiquar Ahmed Qureshi. Further submitted that some of the parties have stated that they do not trade in raw boneless meat. Further some of the suppliers stated that RBM was an R&D done at the assessee company. He submitted that the AO had clearly brought on record that the cash transactions are nothing but round tripping of cash back to the assessee company. All these transactions are nothing but bogus purchases. The material clearly indicates that it is only round tripping of cash and objected to the findings of Ld CIT(A) and submitted that Ld CIT(A) had accepted the circumstantial evidences to give benefit to the assessee without proper appreciation of findings of AO. Accordingly, he relied on the findings of AO.
17. On the other hand, ld. AR of the Assessee submitted as under :-
- I. The assessee is the third largest meat exporters in India and has supplied the Frozen Meat to many countries and no discrepancy or any

fault has been noticed by the Assessing Officer, in so far as, supplies of meat by the assessee company, which is exported. However, some of the purchases have been doubted and the assessee is in possession of complete invoices/documents of the purchases and copies of account of all the suppliers, from whom, the purchases have been made and the payments made through banking channels to suppliers and above all, the same Assessing Officer has framed the assessments of majority of the suppliers and no adverse view have been drawn by the Assessing Officer in their cases.

- II. During the year under consideration, the total turnover of the assessee is Rs. 2742,22,98,474/- and the Assessing Officer during the course of assessment proceedings have raised two issues regarding the bogus purchases and they are as under:-
- i). Addition on account of purchases of Raw Boneless Meat
 - ii). Addition on account of purchases from Mr. Irfan

PURCHASES OF RAW BONELESS PURCHASES MEAT

- a). This issue has been discussed by the Assessing Officer from para 7.1, page-2 of the assessment order.
- b). The Ld. CIT(A) has discussed this issue from para 7.1., page 5 of his order and in the order of CIT(A) from pages 5 to page 13, he has discussed about the basis of addition made by the AO and the reply to show cause notice of the Assessing Officer by the assessee has been reproduced by the CIT(A) from page 8 to page 9 of his order.
- c). The submissions of the appellant before CIT(A) on each and every issue with regard to the above addition have been reproduced from pages 9 to page 13 of the order of CIT(A) and

various cases laws on this issue of bogus purchases from pages 13 to 19 of the order of the CIT(A).

d). The Ld. CIT(A) from para 7.6, page 19 to page 22 has discussed about the basis of AO regarding the addition on account of 'Raw Boneless Meat' and then referred to number of judgments starting from para 7.7 that, when sales have not been doubted, the purchases cannot be said to be bogus and after relying upon number of case laws, starting from pages 23 to 26, he has given a categorical finding in para 7.8 to 7.9 of the order at page 27 to 29 and deleted the addition. While deleting the addition, the Ld.CIT(A) has discussed in detail in para 7.7 of his order each and every argument relied upon by the AO, for which, the reliance have been made on certain enquiries made by the AO from three parties and discussed as under:-

- i). The Assessing Officer issued notice u/s 133(6) to one of the supplier 'M/s Imlakh Traders', whose Proprietor is Md. Imlak Ahmmmed and the reply was received from 'Mr. Ishrar Ahmad' Prop. Imlak Traders, who denied having made any sales to the assessee of 'Raw Boneless Meat' and copy of the letter as filed by Mr. Ishrar Ahmad, dated 05.03.2024, have been reproduced at pages 8 & 9 of the assessment order and, thus, it was held to be a case of mistaken identity. Hence, no adverse view could be drawn in respect of this issue. Reply at page 10 to 11 of the order of the CIT(A).
- ii). The CIT(A) also referred to the reply filed by the assessee in response to notice issued by the AO u/s 133(6) to M/s Elahi Trading Co., which reply has been reproduced by

the AO at pages 6 to 7 of the assessment order, in which, he has stated he has supplied 'live buffaloes' and had not sold any boneless meat to HMA Agro Industries Limited. The assessee had relied upon his reply to show cause notice of the AO and which have been reproduced in para 2, page 10 of CIT(A) order, in which, it was stated that M/s Elahi Trading Co. had made the sales to the tune of Rs. 17,58,46,131/- of Live Animals and he has confirmed his copy of account and it is only on account of one bill, dated 21.12.2018 for Rs. 4,01,172/-, in which, he mentioned as 'Buffaloes Caracas' Sale and further, the same has not been confronted to the assessee, even, though the request was made.

- iii). In so far, MAQ Traders, he has not made sales during the Assessment Year 2019-20 and, thus, no adverse view needed to be drawn and no sales have been made is borne out from page 3 of the AO's order and same has mentioned at pages 10 to 11 of CIT(A) order and in para 7.7. of the order of CIT(A), page 20, has been given by CIT(A).
- iv). Further, Sh. Zulfiquar Ahmed Qureshi, KMP, stated that the Raw Boneless Meat was procured by the appellant company for a short duration of time and it was not found to be feasible and hence was discontinued later on. Similar, is the statement of Mr. Shoaib Ahmed, one of the key supplier. All such discussion have been analyzed and discussed by the CIT (A) in para 7.6 to 7.7 of the order, Pages 19 & 20 and further the CIT(A) at page 21 has

relied upon the fact that in the case of suppliers of the goods, their cases were also taken up by the same AO and no adverse has been drawn in respect of such supplies made to HMA Agro Industries Ltd. as per page 21 of the order of CIT(A).

- e). The other undisputed findings held by the CIT(A) are as under:-
- i). The corresponding purchases for 'Raw Boneless Meat' cannot be disbelieved or disallowed, since the sales were made by the appellant, not doubted and the appellant has also produced the production details of frozen meat in quantity.
 - ii). The suppliers are regular tax payers and they have filed their ITRs and computation of Income.
 - iii). The purchase invoices clearly mention the detail of 'Raw Boneless Meat'.
 - iv). All the payments/ for purchases have been made through banking channels.
 - v). Copies of account of the suppliers, alongwith their assessment orders filed and no adverse view drawn in their cases.

IV. The Ld. CIT(A) has then given his finding in para 7.8 as under:-

- a). Mostly the export sales are there, which have undergone custom clearance.
- b). The necessary approval from the APEDA have been taken and under such circumstances, the bogus purchases cannot be upheld.
- c). The Assessing Officer has not disputed the stock record and yield of the appellant company.

- d). No incriminatory material have been brought on record.
- e). The statements as given by the suppliers have been misinterpreted and rather all the facts having been provided to the AO.
- f). No case of inflation made out by the AO by taking the alleged accommodation entries in the form of alleged bogus purchases as day to day stock record have been maintained.
- g). Quantitative records of the Live Animals and Others on the day of arrival has been maintained in day to day register, no defects pointed out.
- h). No case of bogus sales made out by the AO.
- i). Allegation of round tripping of funds, no evidence is there, since such screenshots did not relate to assessment year 2019-20.
- j). Though, the number of case laws have been relied upon by the CIT(A), we are submitting herewith gist of further judgments on the issue of bogus purchases and, thus, the CIT(A) has rightly deleted the addition.

V. ADDITION OF BOGUS PURCHASES FROM IRFAN

- a). This issue has been discussed by the AO in para 7.5, page 46 of the order. This issue is on the basis of order u/s 148A (d) and, thus, it appears that no incriminating material regarding the above said addition is there and the AO has made an addition to the tune of Rs. 109,94,70,000/-. The facts are that there has been total credits in the bank account of Sh. Irfan amounting to Rs. 170,70,52,766/- and it was found that all such credit entries are on account of the amount remitted to Sh. Irfan on account of purchases made by M/s HMA Agro Industries Ltd. and, thus, it was stated that these are genuine payments against purchases.

The assessee furnished the ledger account of Irfan, duly confirmed.

b). The reply of the assessee has been reproduced by the AO at pages 48 to 51 of the assessment order. The submissions of the assessee were as under before the AO:-

- i). There are no cash withdrawals made by the assessee M/s HMA Agro Industries Ltd.
- ii). There is contradiction in the information with the AO, wherein, initially, it was stated that there are cash withdrawals of Rs. 170,70,52,786/- by Mr. Irfan and it needs to be examined and it was also alleged that Mr. Irfan was the Handling Agent of HMA Agro Industries Ltd.
- iii). We have made all the payments to Irfan through banking channels against the purchases made by the assessee and Irfan had supplied Live Animals and the same has been confirmed by him.
- iv). There is no tangible information received by the AO from DCIT, CC, Ghaziabad and no opportunity to cross examination have been afforded and Mr. Irfan had not stated to them that he has not supplied the goods to us.
- v). Further, if certain withdrawals have been made by Mr. Irfan from his bank accounts, we are not liable to explain that.
- vi). In fact, there are cash withdrawal from the bank account to the tune of Rs. 109,94,70,000/-.
- vii). The assessee had duly recorded purchase transactions in the audited books of accounts.

- viii). The arrival of 'live animals' register have been seized, which proves the purchases made by us are authentic.
- ix). During the course of assessment proceedings for Asstt. Year 2018-19, Mr. Irfan in his statement recorded by the same AO, has accepted the sales made of Live Animals, to HMA Agro Industries Ltd.
- x). This has been discussed by the CIT(A) starting from para 8, page 29 of his order.
- xi). The Ld. CIT(A) has reproduced the reply of the Show cause notice of the AO from pages 32 to 35 of his order and then, the assessee's submissions before the CIT(A) have been reproduced at pages 35 to page 40 of his order and following submissions were made:-
- a). Mr. Irfan has stated that he was doing the sale and purchase of Life Animals from Agriculturist and then selling the same to assessee concerned, which were then slaughtered by the assessee and ultimate export of frozen meat as stated during the course of proceedings for Asstt. Year 2018-19.
- b). Copy of purchase vouchers depicting the number of animals, weight, of animal.
- c). Copy of purchase summary showing the number of animals their weight and average weight which have been categorized according to the categories of animal like 130 kg below, 130 kg up, 170 kg below, 170 kg up.
- d). Weight sheet of the animals so supplied depicting the arrival date, time, for each and every animal to prove

that the animals were received at our slaughterhouse for the entire year.

e) The quantitative tally of animal purchased, meat produced, sales made at Khurja factory.

f). The GST summary for the impugned assessment year showing the sale of frozen meat at Khurja unit -1, along with division wise output GST tax liability and Form GSTR 9 which is the annual return for GST paid on the sales so affected.

g). All the said purchases have been duly entered into animal arrival register at our Aligarh plant and then they were slaughtered and the frozen meat was further exported to different countries after following due procedure as prescribed by law.

h). No discrepancy of any sorts was there in the said stock records also.

i). Our purchases from Mr. Irfan from Asstt. Year 2018-19 has been accepted.

j). There is no basis of cash withdrawals made by Mr. Irfan from his bank account as the basis of addition in the hands of assessee and which purchases viz-a-viz invoices Numbers has been treated as bogus, has not been quantified by the AO.

k). It is a settled fact that even payment for purchase of Live Animals is exempt from the provisions of section 40A(3) as per rule-6 DD. The books of accounts of the assessee have not been rejected u/s 145(3) meaning thereby that all entries as recorded in the books of

accounts are correct and, thus, when the books of accounts have not been rejected, no addition could be made as per decided case laws.

- VI. The finding of the CIT(A) in para 8.5 and 8.6, page 40 to page 50 is being relied upon, wherein, he has relied upon the statement of Mr. Irfan, who has confirmed supplied Live Animals to the assessee.
 - VII. Further, the entire amount credited in the bank account of Mr. Irfan have not been withdrawn.
 - VIII. Further, out of Rs. 170,70,52,786/-, purchases of Rs. 60,75,82,786/- have been considered to be genuine. If those purchases are genuine, there is no basis of making the addition of Rs. 109,97,70,000/- on account of Bogus Purchases and Mr. Irfan has stated that the withdrawal of cash is to make the payments to the farmers who supply Alive animals to assessee.
 - IX. There is no evidence of the cash withdrawals by Mr. Irfan taken/handed over to the assessee.
 - X. The quantitative detail from Mr. Irfan giving the detail of 'Live Animals' bought from Mr. Irfan and GST have been paid, the sales have not been doubted and then by relying upon the various judgments, the finding has been recorded in para 8.11, page 48 and which is being relied upon.
18. Considered the rival submissions and material available on record. We observed from the assessment order that the AO observed from the records that assessee had purchased raw boneless meat (RBM) from certain parties, the list of parties is reproduced at para 7.1 of the assessment order. Since the assessee purchased the above RBM from parties, which are not the regular

method of processing the meat and meat products by the assessee, he was of the view that this fact was unearthed only during the search, hence, it is incriminating material. Further, he observed that as per the manual of APEDA, the assessee had to get the certificate from the agency certified by APEDA on the fitness of the meat supplied by the assessee to the overseas customers, which should be fit for human consumption. Since the assessee has procured the RBM from certain suppliers, he doubted the documents relating to pre-shipment certificate issued by the recognized laboratory on the purchases made by the assessee, particularly the supply of RBM from the listed suppliers. AO observed in his order that “if the assessee is purchasing Raw Boneless Meat, how it would ensure that meat derived from only healthy animals is exported”. With the above observation, he recorded the statement of Mr. Zulfiquar, who had not denied the above purchases, it was submitted that the assessee tried the above module of processing meat, may before cost cutting, which is slightly deviated from the regular method of processing the meat in their slaughterhouse. In the regular method, the assessee buys the livestock and does all the process of meat cutting to packing for the purpose of export. In this method, the assessee tried to eliminate the above process of cutting and cleaning of meat from the suppliers and repack them in the assessee’s facility for the purpose of export.

19. The AO had wrongly observed that inspection certificates are must for procurement of RBM. It does not matter whether the meat is processed at assessee's slaughterhouse or outside, the final meat before packing for export must be certified by the approved lab by the APEDA. Without the above certificates, the assessee would not have exported the meat. We observed that the AO had accepted the export sales and only raises doubt on the procurement method adopted by the assessee, it is the decision of the businessman, who will decided where and how to procure the raw material for the purpose of its process/business. It is ultimately the final product which has to meet the standard fixed by the APEDA. The AO has merely doubted the procurement process and basically rejected the whole purchase of RBM from the suppliers, all of them and the assessee had accepted the trial run of the above method. The above aspect was aptly appreciated by the Ld CIT(A) in his order based on the documents submitted before him.
20. With regard to observations of AO on the issue of bogus purchases and round tripping of funds, he observed in his order that "the department has categorically **inferred**, on the basis of analysis of seized material, that the payments made against purchase of raw boneless meat have been routed through companies viz., SMAEPL and MFPCS and the assessee company has been the ultimate beneficiary of the same." Based on the above observations and certification issue based on the APEDA manual, he drawn

algorithm for round tripping of funds. He presumed that the assessee must have benefited based on the presumed algorithm and reproduced certain ledgers from the books of assessee and above said suppliers, which were matching with the books maintained by both sides. When confronted with the assessee, the assessee had explained all the transactions vide letter dated 19.03.2024, the same is reproduced in the assessment order. After considering the above submissions, he rejected the same by observing that there is sufficient evidence available on record which suggests that the assessee has shown bogus purchases of RBM. With the above observations, he treated the whole purchase of RBM as bogus purchases.

21. After considering the detailed submissions of the assessee on the issue of purchase of RBM from the suppliers, case law and findings in assessment order, Ld CIT(A) had observed in his order that the assessee had procured RBM for short period of time, which was later discontinued. He also analyzed the findings of AO with respect to the issue of notice u/s 133(6) and various statements of the suppliers, he observed that AO had merely relied on the statement of certain suppliers, which are contrary to the facts on record. He has dealt with the same at para 7.7 of the impugned order. Apart from that he found that the revenue had accepted the corresponding sales declared by the suppliers in their assessments no adverse findings were recorded for the assessment years 2019-20 to 2023-24 of the various suppliers on whom AO

had treated them as bogus purchases. The relevant details of suppliers, AYs and details of assessment completion are reproduced in the impugned order at page 21. He further observed that sales of RBM have been accepted by the AO from the same suppliers during the assessment proceedings and search proceedings, the corresponding purchase of same RBM cannot be disbelieved. He came to the conclusion based on the various documents and confirmations of the parties who have supplied the RBM, the relevant documents were all submitted before him.

22. Further Id. CIT (A) observed that assessee is a producer and exporter of frozen meat and when the sales which are mostly exported, which have undergone custom clearance, necessary approvals from APEDA have been taken, then to consider the purchases done by the assessee as bogus would not be right. Further, he observed that AO had not doubted the stock records or the yield nor any incriminating material was brought on record. All the payments for the purchases are through proper banking channel which is not under dispute either. Since the sales and purchases are two sides of the same coin, to dispute the purchases from the major suppliers in the hands of the assessee, at the same time Assessing Officer had accepted the sales of the suppliers itself proves that the reasoning for making addition in the hands of the assessee is not correct.

23. With regard to round tripping of funds, Ld CIT(A) observed that the AO had inferred on the basis of purchase of RBM, which is not the regular method of processing of meat, based on that he formed the algorithm and hypothesis without their being any material in its support, none of the material reproduced in assessment order like ledger copy, WhatsApp messages etc are not related to the impugned assessment year. After considering the relevant issues, he came to the conclusion that the purchases recorded by the assessee are genuine purchases and not bogus.
24. After considering the findings of AO and corresponding adjudication of Ld CIT(A) as well as relevant material submitted before us, we do not see any reason to disturb the findings of Ld CIT(A). In the result, ground no.1 raised by the Revenue is accordingly dismissed.
25. With regard to ground nos.2 and 3, we observe that this issue under consideration is similar to the issue addressed in the appeal preferred by the assessee relating to the order passed u/s 263 of the Act in AY 2018-19, the findings in para nos.7 to 10 above in AY 2018-19 relating to the purchases from the Mr. Irfan is applicable mutatis mutandis in this Assessment year also. Following the above findings, we are inclined to dismiss the ground no's 2 and 3 raised by the Revenue.
26. In the result, appeal filed by the Revenue for AY 2019-20 is dismissed.

27. The similar issues are raised by the revenue in the other assessment years viz, 2021-22, 2022-23 and 2023-24 are exactly similar to the issues/grounds raised in AY 2019-20, the findings given in AY 2019-20 are applicable *mutatis mutandis* in the other assessment years. The only difference is that the assessee had purchased live animals from other suppliers like (a) SAG Cattle Farming & (b) Shadab Ahmad in AYs 2021-22 and 2022-23 and assessee had procured from Reliable Agro Industries Ltd. in AYs 2022-23 & 2023-24 and from F.S. Farm Trading in AY 2023-24. The issues are exactly similar to the issues raised in AY 2019-20 are exactly similar to AYs 2021-22, 2022-23 and 2023-24, therefore the appeals preferred by the Revenue are dismissed.
28. To sum up : in the result, appeal filed by the assessee for AY 2019-20 is allowed and appeals filed by the Revenue in AYs 2021-22, 2022-23 and 2023-24 are dismissed.

Order pronounced in the open court on this 4th day of December, 2025.

**Sd/-
(SUNIL KUMAR SINGH)
JUDICIAL MEMBER**

**sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

**Dated: 04.12.2025
TS**

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**ASSISTANT REGISTRAR
ITAT, NEW DELHI**