



2019-20. The assessee has also filed cross objections in the present assessment year.

2. Brief facts of the case are, the case of the assessee was selected for the reason that Assessing Officer had information about accommodation entry provided by the assessee. Assessee had filed its return of income declaring total income of Rs.23,69,10,390/-. The Assessing Officer observed that as per order under section 148A(d) of the Income-tax Act, 1961 (for short 'the Act'), it was found that assessee had taken accommodation sale entry amounting to Rs.47,94,200/- and accommodation purchase entry amounting to Rs.5,30,000/- from various shell entity operated by Ashok Kumar Gupta. He also observed that a survey action was conducted u/s 133A of the Act in the case of Ashok Kumar Gupta and others. In the survey proceedings, they have admitted that they had provided both sale and purchase of accommodation entries which were provided to various beneficiaries. Accordingly, notices u/s 143(2) and 142(1) were issued and served on the assessee. In response, assessee has submitted details of sales made, copy of sale invoice, details of product (animal feed) sold by them, quantitative-wise details, transportation details, details of payment in support of above transactions. The assessee also furnished copy of stock register, ledger account of Madan Lal Madho Prasad in its books of account. After considering the submissions of the assessee, the Assessing Officer rejected the same and observed that the assessee had not done any genuine

transactions with Madan Lal Madho Prasad. Based on the statement of Ashok Kumar Gupta, he treated the purchase transactions as unexplained expenditure u/s 69C of the Act and proceeded to make the addition of Rs.5,30,000/-.

3. With regard to sales transaction, based on the above statement of Ashok Kumar Gupta, the sales declared by the assessee are treated as unexplained credit u/s 68 of the Act.
4. Aggrieved with the above order, assessee preferred an appeal before the NFAC, Delhi and also filed detailed submissions before Id. CIT (A) which was reproduced at pages 3 to 10 of the impugned order. After considering the detailed submissions of the assessee, Id. CIT (A) allowed the grounds raised by the assessee by observing as under :-

“5.2 During the appellate proceedings, the appellant has submitted copy of sale invoices raised by it, certificate from transporter who had transported the goods sold to the customer’s premises, copy of bank account statement wherein the sale proceeds received by the appellant, copy of ledger account in the name of M/s Madan Lal Madho Prasad (customer) maintained in the books of the appellant and copy of stock register of animal feeds maintained by the appellant. The AO has not commented anything about the above documentary evidences filed by the appellant during the assessment proceedings. The AO simply rejected entire documentary evidences filed by the appellant referring the statement given by Ashok Kumar Gupta during the survey proceedings and the submission of M/s Madan Lal Madho Prasad against notice u/s 133(6) issued by him. It is evident that the AO is totally dependent on the response filed by M/s Madan Lal Madho Prasad and the statement of Sh. Ashok Kumar Gupta. The appellant has contended that the statement of Sh. Ashok Kumar Gupta was never supplied to it. Further, the appellant has vehemently contended that the appellant has made sales to M/s Satwik Feeds Kandela Road Industrial Area, Near 220 KV Power House, Shamli (U.P.) through M/s Madan Lal Madho Prasad, Delhi which was transported to Shamli by M/s

Limra Roadways, Muzaffarnagar, but the AO did not issued notice to the above parties for their confirmation.

5.3 A perusal of invoices issued by the appellant on account of sales under reference shows that the appellant has mentioned the name of M/s Madan Lal Madho Prasad as a party "billed to" and the name of M/s Satwik Feeds, Kandela Road Industrial Area, Near 220 KV Power House, Shamli (U.P.) as "consignee shipped to". The name and complete address of the consignee i.e. M/s Satwik Feeds are appearing on the invoices but the AO did not issue notice u/s 133(6) to complete the verification. During the assessment proceedings, the appellant had furnished details regarding Product, Sales, Sales Return, Invoices, Quantity Sold, Detail of Transporter, Vehicle Nos., Weight of Goods sold and transported, Detail of Payment received alongwith Bank Statements, Copy of Ledger and Stock Register of Animal Feed etc. The AO did not issue notice u/s 133(6) to the transporter M/s Limra Roadways MZN for supplementary verification of the alleged unaccounted sales made by the appellant.

5.4 The appellant had submitted stock register of animal feed which shows that on the date of sale the quantity of the stock has been reduced by the corresponding weight of animal feed as per sale invoices. The same would be very much important information to verify the genuineness of the sales made by the appellant but the AO has not commented about the authenticity and the genuineness of the stock register maintained by the appellant. Date and GR Number alongwith vehicle number are reflecting on the invoices issued by the appellant. The AO could have verified the genuineness of the claim of the appellant that goods sold were transported from his factory premises at Muzaffarnagar to the premises of end customer at Shamli, but the AO did not make any efforts to cross verify the genuineness of the sales made by the appellant.

5.5 On verification of bank statement submitted by the appellant it is noticed that entire sale proceeds have been received in the bank of the appellant, no cash receipt is there on account of such sale. The contention of the appellant carries sufficient force that the AO has made entire addition on the basis of statement given by Sh. Ashok Kumar Gupta during the survey proceedings, but he did not provide opportunity of cross examination of statement giving person, even a copy of statement of Sh. Ashok Kumar Gupta was not supplied to the appellant. From the assessment order itself it is evident that the AO did not make any efforts to collect corroborative documentary evidences to support the statement of Sh. Ashok Kumar Gupta and reply supplied by M/s Madan Lal Madho Prasad in response to the notice u/s 133(6) issued by the AO. In my considered opinion, the AO has made the impugned

addition of Rs. 48,29,200/- on account of unaccounted sale and Rs. 5,30,000/- on account of bogus purchases without giving any rebuttal to the documentary evidences filed by the appellant during the assessment proceedings. Therefore, the addition made by the AO is not justified. Hence, the AO is hereby directed to delete the above additions. Accordingly, ground no. 1 & 2 of the appeal are allowed.”

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

“1. Whether on the facts and in the circumstances of the case, the Ld. CIT(A) has erred in law in holding that the assessee had discharged its primary onus of proving the credit worthiness of the concerned parties and also genuineness of the transaction in terms of section 68 of the IT Act. 1961?

2. Whether on the facts and in the circumstances of the case, the Ld. CIT(A) has failed to appreciate that merely because payment has been made through banking channel would not lead to conclusion that the transaction is genuine.

3. Whether the Ld. CIT(A) has erred both in law and facts by deleting the addition of Rs.48,29,200/- on account of unexplained credits u/s 68 of the Act?

4. Whether the Ld. CIT(A) has erred both in law and facts by deleting the addition of Rs. 5,30,000/- on account of unexplained expenditure u/s 69 of the Act?”

6. At the time of hearing, Id. DR of the Revenue brought to our notice para 3.2 of the appellate order and submitted that in a survey, Ashok Kumar Gupta had categorically admitted that all the entries provided to the assessee are bogus sales and also bogus purchases. Ld. DR submitted that the sales entries were made through entity, Madan Lal Madho Prasad who is father-in-law of Ashok Kumar Gupta's son, therefore, in survey it is clearly established that all the entries of sales and purchase recorded by the assessee

are bogus and he supported the disallowance made by the Assessing Officer to the extent of 100% of both purchases and sales.

7. Further he brought to our notice page 12 of the appellate order and submitted that Id. CIT (A) has given relief based on the bank transaction which are nothing but self-documents and he objected to the relief granted to the assessee by the first appellate authority. Ld. DR heavily relied on the findings of the Assessing Officer.
8. On the other hand, Id. AR of the assessee submitted that it has made genuine sales transaction of Rs.53,59,200/- out of which goods worth of Rs.5,30,000/- were returned. The evidence of sales submitted before us in the form of table is as under :-

S.No.	Invoice No.	Date of Invoice	Amount (in Rupees)	Remarks
1	MZN/GBS/7	12.04.2018	5,55,000	Copies of sale invoices are placed at page from 121 to 130 of paper book
2	MZN/GBS/34	13.06.2018	5,40,000	
3	MZN/GBS/36	15.06.2018	5,30,000	
4	MZN/GBS/41	22.06.2018	5,30,000	
5	MZN/GBS/43	25.06.2018	5,30,000	
6	MZN/GBS/60	14.07.2018	5,00,000	
7	MZN/GBS/72	02.08.2018	4,99,200	
8	MZN/GBS/75	13.08.2018	5,50,000	
9	MZN/GBS/91	01.10.2018	5,60,000	
10	MZN/GBS/115	04.12.2018	5,65,000	
		TOTAL	53,59,200	
Less : Sales Return			5,30,000	
Net Sales			48,29,200	

9. Further he brought to our notice that assessee has received payment as under:-

S.No.	Date of payment received	Amount (in Rupees)	Remark
1	10.04.2018	555000	Bank statement reflecting the same is placed at page from 132 to 141 of the paper book
2	13.06.2018	540000	
3	15.06.2018	530000	
4	22.06.2018	530000	
5	16.07.2018	470000	
6	03.08.2018	499200	
7	14.08.2018	550000	
8	01.10.2018	560000	
9	03.12.2018	565000	
	Total	4799200	

10. The difference of sales made and payment received of Rs.30,000/- which is Debit Note raised by the party. Further he submitted that assessee has submitted all the relevant details including copy of sales invoice, certification of transported, copy of bank statement, copy of ledger account of Madan Lal Madho Prasad and also date-wise stock register of Animal Feed Supplement. He submitted that all these details were submitted before the Assessing Officer who has acknowledged the same at para 3.2 of the order, however he disregarded the same. He further submitted that the assessee is a listed company and its accounts are subject to audit and also compliance to various agencies. He submitted that there is no evidence with the Assessing Officer to disregard the submissions of the assessee except statement of third party. Further he submitted that Id. CIT (A) has appreciated the fact that all these sales are on 'billed to' to 'shipped to' basis. Accordingly, goods were billed to M/s. Madan Lal Madho Prasad, Delhi and shipped the goods to M/s. Satwik Feeds, Shamli (U.P.) and all

the shipments are supported by the transported by M/s. Limra Roadways, Muzaffarnagar. He heavily relied on the findings of the Id. CIT (A).

11. Considered the rival submissions and material placed on record. We observed that the AO proceeded to treat the sales and purchase made by the assessee through M/s. Madan Lal Madho Prasad who happened to be father-in-law of Ashok Kumar Gupta's son and heavily relying on the statement of Ashok Kumar Gupta, the AO has rejected all the documents submitted by the assessee. We observed that AO has added the sales declared by the assessee u/s 68 of the Act. All these sales are recorded in the books of account and it is supported by various documents including sale bills, therefore, AO cannot treat the sales which is already declared as income in the books of the assessee and all the credits are already explained by the assessee, therefore, invoking of section 68 in the factual matrix in the case of the assessee is bad in law. Accordingly, we do not see any reason to disturb the findings of the Id. CIT (A) who has verified the various documents submitted before him and AO.
12. With regard to purchases, we observed that AO has not rebutted various documentary evidences submitted by the assessee. Merely relying on the findings and survey proceedings without bringing on record any cogent material to prove that the purchases made by the assessee are out of accommodation entry. Further, we observed that the assessee had

submitted the relevant documents to show that it is not purchase but sales returns. Therefore, we do not see any reason to disturb the findings of the ld. CIT(A) in this regard.

13. In the result, the appeal filed by the Revenue is dismissed.
14. The cross objections filed by the assessee are basically in support of the appellate order. As we have already dismissed the appeal of the Revenue, the cross objections have become infructuous, hence dismissed as infructuous.
15. To sum up : the appeal filed by the Revenue and cross objections filed by the assessee are dismissed.

**Order pronounced in the open court on this 28<sup>th</sup> day of January, 2026.**

**Sd/-  
(ANUBHAV SHARMA)  
JUDICIAL MEMBER**

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

**Dated: 28.01.2026  
TS**

Copy forwarded to:

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

**ASSISTANT REGISTRAR  
ITAT, NEW DELHI**