

**IN THE INCOME TAX APPELLATE TRIBUNAL  
KOLKATA 'SMC' BENCH, KOLKATA  
[Before Sri J. Sudhakar Reddy, Accountant Member]**

**I.T.A. No. 1991/Kol/2017  
Assessment Year: 2010-11**

**M/s. Mangalam Rice Mill Pvt. Ltd.....Appellant**  
**Vill. Khudkuri**  
**P.O. Sankhari**  
**Dist. East Burdwan - 713 424**  
**[PAN : AABCO 1345 G]**

**ACIT, Circle-2, Burdwan.....Respondent**  
**Kachari Road**  
**Burdwan - 713 101**

**Appearances by:**

*Shri Suvo Chakraborty, Advocate, appeared on behalf of the assessee.*  
*Shri Sallong Yaden, Addl. CIT, appearing on behalf of the Revenue.*

Date of concluding the hearing : March 26<sup>th</sup>, 2018

Date of pronouncing the order : April 13<sup>th</sup>, 2018

**O R D E R**

**Per J. Sudhakar Reddy :-**

This appeal filed by the assessee is directed against the order of the Id. Commissioner of Income Tax (Appeals)-Burdwan, Kolkata (hereinafter the 'Id. CIT (A)'), passed u/s 250 of the Income Tax Act, 1961 (the 'Act'), dt. 30/06/2017, for the Assessment Year 2010-11, on the following revised grounds of appeal:-

- “1. For that estimation of higher G.P. rate on unexplained sale as well as on unexplained investment on paddy without rejecting the books of accounts is incorrect and unjust.*
- 2. For that one A.O. has made estimated addition of G.P. on unaccounted sales then no addition should have been made on unexplained investment in paddy and on unexplained expenditure account.*
- 3. For that estimation of G.P on unaccounted sales and purchase of paddy is too high and baseless in comparison of real profit declared by appellant which is based on audited accounts.*
- 4. For that addition on unexplained expenditure is illegal since the assessment order is silent on which head such expenditure was incurred by the appellant.*
- 5. For that appellant may modify the grounds.”*

2. After hearing rival contentions, I dismiss Ground Nos. 1 & 2 as not pressed.
3. Ground No. 3 is on the issue of estimation of gross profit. The Id. Assessing Officer estimated the gross profit at 12% on cash sale of rice which was not entered in the books i.e. on unexplained sale of rice made out of the books. The assessee submits that the gross profit earned by it is 4.68% as could be seen from the audited books of account as well as the audited statements of the earlier Assessment Years. He submits that estimating the gross profit at 12% is excessive.
- 3.1. The Id. D/R, opposed the same. In my view ends of justice would be met if gross profit is estimated at 8% in place of 12% on unaccounted cash sales of rice. In the result, the assessee gets part relief.
4. Ground No. 4 is on the addition made as unexplained expenditure u/s 69C of the Act. The Assessing Officer found from the impounded book that unexplained expenditure of Rs.5,91,750/-, was incurred but not entered in the books. The assessee admitted this fact but stated that the same was incurred from cash sales outside the books. The Assessing Officer was of the view that the assessee has not explained the source of this expenditure. The Id. CIT(A), upheld the order of the Assessing Officer on the ground that the assessee has not brought out cogent reasons.
- 4.1. In my view, the submission of the assessee that the source of this expenditure is cash sales which were unexplained sale of rice, is a logical explanation. The Assessing Officer has also made addition u/s 69B of the Act. The unaccounted income as well as the unexplained investment which have been added to the income has to be telescoped with the unexplained expenditure as otherwise it would be a case of double taxation. Hence, I delete this addition.
5. In the result, the appeal of the assessee is allowed.

***Kolkata, the 13<sup>th</sup> day of April, 2018.***

***Sd/-***

**[J. Sudhakar Reddy]**  
Accountant Member

Dated : 13.04.2018  
{SC SPS}

*Copy of the order forwarded to:*

**1. M/s. Mangalam Rice Mill Pvt. Ltd  
Vill. Khudkuri  
P.O. Sankhari  
Dist. East Burdwan – 713 424**

**2. ACIT, Circle-2, Burdwan  
Kachari Road  
Burdwan – 713 101**

3. CIT(A)-

4. CIT- ,

5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By order

Senior Private Secretary  
Head of Office/ D.D.O. ITAT, Kolkata Benches