

IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'F' BENCH,
NEW DELHI (THROUGH VIDEO CONFERENCING]

BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND
MS. MADHUMITA ROY, JUDICIAL MEMBER

ITA No. 3670/DEL/2017
[A.Y 2012-13]

The Dy. C.I.T
Circle - 2
Muzaffarnagar

Vs. M/s Ravi Organics Ltd
19-A, New Mandi
Muzaffarnagar

PAN : AABCR 4274 M

[Appellant]

[Respondent]

Date of Hearing : 10.08.2021
Date of Pronouncement : 10.08.2021

Assessee by : Shri M.P. Rastogi, Adv

Revenue by : Shri Bharat B. Garg, Sr. DR

ORDER

PER N.K. BILLAIYA, ACCOUNTANT MEMBER,

This appeal by the Revenue is preferred against the order of the
Commissioner of Income Tax [Appeals], Muzaffarnagar dated
06.03.2017 pertaining to Assessment Year 2012-13.

2. The solitary grievance of the Revenue is that the Id. CIT(A) erred in deleting the addition of Rs. 3,85,62,210/- made on account of low gross profit rate after rejecting the books of account.

3. Representative of both the sides were heard at length. Case records carefully perused.

4. Briefly stated, the facts of the case are that during the course of scrutiny assessment proceedings, the Assessing Officer specifically required the assessee to justify the g.p. of the year under consideration alongwith comparative trading results of last two years. The assessee furnished necessary details from which the Assessing Officer noticed that during the year, the g.p. declared by the assessee is 0.23% as against 6.55% declared last year.

5. The Assessing Officer observed that some bills/vouchers were not properly maintained and therefore, in the absence of the same, the expenses debited to the profit and loss account are not fully verifiable. Applying g.p. rate of 6.55%, the Assessing Officer made addition of Rs. 3,85,62,210/-.

6. Before the Id. CIT(A), the assessee explained the nature of its business and vehemently contended that the books of account are audited which were produced and examined by the Assessing Officer. It was also brought to the notice of the Id. CIT(A) that the Assessing Officer has not pointed out any specific defect or error in the books of account and has made general observations for adopting the g.p rate of 6.55%.

5. After considering the facts and submissions and after examining the documentary evidences, the Id. CIT(A) held as under:

"On consideration of facts of the case, it is noted from the assessment order that books of account along with bills/vouchers were produced before the AG which have been test checked. The AO has not pointed out any specific defect in the bills/vouchers. Not even a single instance has been mentioned in the assessment order to my discrepancy. Thus the observations of the AO are general and vague. The appellant has relied upon audited books of account along with other records such as Excise, VAT in its support. The reasons for decline in GP have been explained before AO vide submission dated 20-03-2015. The approach of the AO in rejecting the book of account has been ad hoc. It has been provided u/s 145(3) of the Act that once Lts. ucu that books of account maintained by the appellant are not complete or correct or method of accounting has not been regularly, followed then such

books of account are to be rejected. The AO has not made any such specific finding before or the same u/s 145(3) of the Act. The satisfaction of the AO has been mechanical and general. Under the facts, it is held that the AO has not been justified to reject the books of account u/s 145(3) of the Act and thereby making addition of Rs. 3,85,62,210/-.. The same is hereby deleted. Ground of appeal No.2 is allowed, "

6. Before us, the Id. DR could not point out any factual error or infirmity in the above findings of the Id. CIT(A). We, therefore, do not find any reason to interfere with the findings of the Id. CIT(A). Ground raised by the Revenue stands dismissed.

7. In the result, the appeal filed by the Revenue in ITA No. 3670/DEL/2017 is dismissed.

The order is pronounced in the open court on 10.08.2021 in the presence of both the rival representatives.

Sd/-

**[MADHUMITA ROY]
JUDICIAL MEMBER**

Sd/-

**[N.K. BILLAIYA]
ACCOUNTANT MEMBER**

Dated: 10th August, 2021

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,
ITAT, New Delhi

Date of dictation	
Date on which the typed draft is placed before the dictating Member	
Date on which the typed draft is placed before the Other Member	
Date on which the approved draft comes to the Sr.PS/PS	
Date on which the fair order is placed before the Dictating Member for pronouncement	
Date on which the fair order comes back to the Sr.PS/PS	
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