

**IN THE INCOME TAX APPELLATE TRIBUNAL
RAJKOT BENCH, RAJKOT
(Conducted through E-Court at Ahmedabad)**

**BEFORE Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER AND
SHRI WASEEM AHMED, ACCOUNTANT MEMBER**

**ITA No.266/RJT/2017
Assessment Year: 2012-13**

Income Tax Officer,
Ward-1, Gandhidham.

(Appellant)

vs. M/s. Kandla Steel Pvt. Ltd.,
14/A, Plot No.274, 2nd Floor,
Sec-12-B,
Gandhidham.
[PAN – AADCK 1337 N]
(Respondent)

Appellant by : Shri Karun Ojha, CIT (DR)
Respondent by : None

Date of hearing : 04.08.2022
Date of pronouncement : 14.09.2022

ORDER

PER SUCHITRA KAMBLE, JUDICIAL MEMBER :

This appeal is filed by the Revenue against the order dated 03.05.2017 passed by the CIT(A)-3, Rajkot for the Assessment Year 2012-13.

2. The Revenue has raised the following grounds of appeal:

- “1. *The Ld. CIT(A) erred in law and facts in restricting the addition made by AO by estimating Net Profit at Rs.1,87,42,378/- @ 0.22% of sales and receipts of Rs.54,66,95,400/- instead of 7% as computed in the assessment order.*
2. *The Ld. CIT(A) erred in law and facts by estimating the NP @ 0.22% instead of 7% as estimated by the AO, without comparing the NP of other concerns engaged in the same nature of business.*
3. *The Ld. CIT(A) relied upon his decision of AY 2010-11 which involve the same issue. While deciding the appeal for A.Y. 2010-11, the NP ratio of 0.22% declared by the assessee in the return was revised to 0.5% by Ld. CIT(A). For A.Y. 2012-13, without differentiating any facts and circumstances as compared to A.Y. 2010-11, Ld. CIT(A) just applied the NP ratio of 0.22% which was returned by the appellant for A.Y. 2010-11.*

4. *It is therefore prayed that the adoption of profit ratio @ 7% as held in the assessment order be restored."*

3. The assessee company is engaged in the business of trading corrugated sheets, trading in iron and steel of various kind and hiring and providing manpower on contractual basis. The assessee filed original return of income on 26.09.2012 declaring therein total loss of Rs.4,75,66,269/-. At the time of assessment proceedings the assessee furnished written reply, explanation and details as well as produced books of accounts like computerised cash book, ledger, bank book, journal and files of expenses for verification and scrutiny. The Assessing Officer observed that the provisions of Sub-section (3) of Section 145 are invoked and the books of account of the assessee were rejected, thus, computed the total income from business or profession of the assessee as per Section 144 of the Act. Thus, the Assessing Officer computed the net profit of the assessee from trading sales at Rs.49,32,33,930/- at 7% of the total sales of Rs.7,04,61,98,991/-. The income from depot-direct sales was computed at Rs.3,68,78,471/- after allowing expenses and purchases of Rs.1,40,13,19,074/- from depot-direct sales of Rs.1,43,81,97,545/-. The income from manpower supply services and job work is computed at Rs.1,65,78,035/- after allowing expenses of Rs.1,82,88,603/- from income and from manpower supply and job work of Rs.3,48,66,638/-. Thus, the total income of the assessee chargeable to tax under the head 'income from business or profession' was computed at Rs.54,66,90,436/- by the Assessing Officer. The total income of the assessee chargeable to tax under the head 'income from other sources' was computed at Rs.4,963/-.

4. Being aggrieved by the assessment order, the assessee filed appeal before the CIT(A). The CIT(A) partly allowed the appeal of the assessee.

5. At the time of hearing, none appeared on behalf of the assessee, but the Ld. DR submitted that the issue is squarely covered by the earlier Assessment Year i.e. 2010-11 passed by the Tribunal.

6. We have heard Ld. DR and perused all the relevant material available on record. It is pertinent to note that the issue related to estimating net profit at Rs.1,87,42,378/- at 0.22% sales and receipt of Rs.54,66,95,400/- was similar to the

earlier Assessment Year i.e. 2010-11 as quoted by the CIT(A) in his order at para 5.14. The Tribunal in Assessment Year 2010-11 has confirmed the order of the CIT(A) and hence no distinguishing facts were pointed out by the Ld. DR in the present Assessment Year. Therefore, the appeal filed by the Revenue does not survive.

7. In the result, appeal of the Revenue is dismissed.

Order pronounced in the open Court on this 14th day of September, 2022.

Sd/-
(WASEEM AHMED)
Accountant Member

Sd/-
(SUCHITRA KAMBLE)
Judicial Member

Ahmedabad, the 14th day of September, 2022

PBN/*

Copies to: (1) *The appellant*
(2) *The respondent*
(3) *CIT*
(4) *CIT(A)*
(5) *Departmental Representative*
(6) *Guard File*

By order

Assistant Registrar
Income Tax Appellate Tribunal
Rajkot Bench, Rajkot