

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'SMC' Bench, Hyderabad

Before Shri Manjunatha, G. Accountant Member

आ.अपी.सं / **ITA No.656/Hyd/2024**
(निर्धारण वर्ष / Assessment Year: 2013-14)

Shri Mamillapalli Bhajannarayana Murthy KHAMMAM PAN:ATGPM1396L	Vs.	Income Tax Officer Ward-1 Khammam
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:	Assessee	
राजस्व द्वारा / Revenue by:	Shri K.N. Suresh Babu, DR	
सुनवाई की तारीख / Date of hearing:	28/08/2024	
घोषणा की तारीख / Pronouncement:	02/09/2024	

आदेश/ORDER

This appeal filed by the assessee is directed against the order dated 22/05/2024 of the learned CIT (A)-NFAC Delhi, relating to A.Y.2013-14.

2. The brief facts of the case are that as per information made through AIMS, the assessee made cash deposits aggregating to Rs.3,01,96,435/- in saving bank account during the A.Y 2013-14 and has not filed return of income. Therefore, the assessment has been reopened u/s 147 of the I.T. Act, 1961 and notice u/s

148 of the Act dated 30.03.2021 was issued and duly served on the assessee. In response, the assessee has filed its return of income on 23.12.2021 for the impugned A.Y declaring total income at Rs.1,90,270/-. During the course of assessment proceedings, the Assessing Officer called upon the assessee to explain the source for cash deposits and in response, the assessee submitted that he is running a milk dairy business in the name and style of Sri Sai Jyothi Milk Distributors of Khammam and cash deposits into bank account is out of sales of milk. The assessee further stated that he has purchased milk from Heritage Foods Ltd for which the assessee has filed a copy of Form 26AS where purchase of milk was reported. The Assessing Officer after considering relevant evidences observed that although the assessee is into the business of sale of milk, the profit declared from his business is very low. Therefore, taking into account the overall facts and circumstances of the case has estimated 4% net profit on total cash deposits of Rs.4,02,96,435/- and made addition of Rs.12,07,857/-.

3. Being aggrieved by the assessment order, the assessee preferred an appeal before the learned CIT (A). Before the learned CIT (A) the assessee neither appeared nor filed any bills which is evident from para 5 of learned CIT (A)'s order where the learned CIT (A) observed that although sufficient opportunities were provided to the assessee, but the assessee neither appeared nor filed any details. Therefore, the learned CIT (A) disposed off

the appeal filed by the assessee ex-parte and sustained the additions made by the Assessing Officer towards estimation of 4% profit on cash deposits.

4. Aggrieved by the order of the learned CIT (A), the assessee is in appeal before the Tribunal.

5. I have heard both the parties, perused the material available on record and gone through the orders of the authorities below. There is no dispute with regard to the fact that the assessee could not file relevant evidences to fully justify the profits declared from his business of trading in milk. At the same time, the Assessing Officer/learned CIT (A) was also not justified in adopting 4% profit on total cash deposits. The assessee claimed that the profit margin is very low and he sells with a minimum margin of less than 1%. Therefore, keeping in view the fact and circumstances of the case and also the reasons given by the Assessing Officer to estimate 4% profit of total cash deposits, I am of the considered view that 2% profit on total cash deposits appears to be reasonable and will meet the ends of justice. Therefore, I direct the Assessing Officer to estimate 2% profit on total cash deposits. Further, the Assessing Officer should reduce income declared by the assessee out of estimated profit from business.

6. In the result, appeal filed by the assessee is partly allowed for statistical purposes.

Order pronounced in the Open Court on 2nd September, 2024.

Sd/-

**(MANJUNATHA, G.)
ACCOUNTANT MEMBER**

Hyderabad, dated 2nd September, 2024.

Vinodan/sps

Copy to:

S.No	Addresses
1	Mamillapalli Bhajannarayana Murthy, 4-2-202 Srinivas Nagar, Khammam 507001
2	Income Tax Officer Ward-1 Khammam
3	Pr. CIT -
4	DR, ITAT Hyderabad Benches
5	Guard File

By Order