

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH**

**BEFORE SHRI INTURI RAMA RAO, AM**

**ITA Nos. 610 & 612/Coch/2025  
Assessment Year: 2018-19**

Chatta Kunkatty Sreehari ..... Appellant  
Sreesadan Traders, S.M. Road, Kannur 670001  
[PAN: AKDPS7956C]

vs.

ACIT, Central Circle-2, Kozhikode ..... Respondent

**ITA Nos. 612/Coch/2025  
Assessment Year: 2018-19**

Sreesadan Ayurveda Aushadha Sala ..... Appellant  
Sreesadan Traders, S.M. Road, Kannur 670001  
[PAN: AARFS7537B]

vs.

ACIT, Central Circle-2, Kozhikode ..... Respondent

Assessee by: ----- None -----  
Revenue by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 27.10.2025  
Date of Pronouncement: 29.10.2025

**ORDER**

These appeals filed by the assesseees are directed against the order of the Commissioner of Income Tax (Appeals)-3, Kochi [CIT(A)] dated 30.06.2025 for Assessment Year (AY) 2018-19.

2. Since identical issues and facts are involved in these appeals, they are heard together and disposed of by this common order. For

the sake of convenience and clarity the facts relevant to the appeal bearing ITA No. 610/Coch/2025 for AY 2018-19 are stated herein.

3. The appellant is an individual engaged in the business of dealing with Ayurvedic products. The return of income for AY 2018-19 was filed on 25.03.2019 disclosing income of Rs. 4,97,860/-. Against the said return of income, the assessment was completed by the ACIT, Central Circle-2, Kozhikode (hereinafter called "the AO") vide order dated 29.09.2021 passed u/s. 143(3) of the Income Tax Act, 1961 (the Act) at a total income of Rs. 39,37,620/-. While doing so, the AO estimated the gross profit at 30% of the turnover by rejecting the books of account.

4. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order directed the AO to estimate the profit at 17% of the turnover. Thus the appeal filed by the assessee stands partly allowed.

5. Being aggrieved, the appellant is in appeal before this Tribunal in the present appeal.

6. When the appeal was called on nobody appeared on behalf of the assessee despite due service of notice of hearing. The appellant filed written submission stating that the CIT(A) ought not have arbitrarily estimated the profit at 17% and he ought to have estimated the net profit at 8% taking guidance from the provisions of section 44AD of the Act.

7. On the other hand, the learned Sr. DR submits that the order passed by the CIT(A) is reasonable and no interference is called for.

8. I heard the learned Sr. DR and perused the material on record. The only issue that arises for my consideration is whether the CIT(A) was justified in estimating the profit at 17% of the turnover. It is trite law that when the AO was estimating the business profit, the rate of GP to be estimated should be based on the past history and should not be excessive or arbitrary. I do not find any basis for the CIT(A) to estimate the profit at 17% of the turnover. In the circumstances I remit the matter back to the file of the AO to adopt the average of GP of preceding three years as GP rate. Accordingly, the matter is set aside on the above lines for de novo assessment. The appeal filed by the assessee stands partly allowed for statistical purposes.

9. Since identical issues and facts are involved in appeal ITA No. 612/Coch/2025, our findings in ITA No. 610/Coch/2025 shall apply mutatis mutandis to this appeal also.

10. In the result, the appeals filed by the assessees stand partly allowed for statistical purposes.

Order pronounced in the open court on 29<sup>th</sup> October, 2025.

Sd/-  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

Cochin, Dated: 29<sup>th</sup> October, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin