

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI SONJOY SARMA, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 95/Ran/2025
(Assessment Year-2017-18)
(Virtual Hearing)

Md. Shahbaz Alam, H. No. 2382, Idgah Mohalla, Simdega, Simdega-835223 (Jharkhand) PAN No. AVQPA 7708 N	Vs.	I.T.O., Ward-3(3), Bokaro.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Arpit Jalan, A.R.
Department represented by	Shri Sumit Dasgupta, Sr.DR
Date of hearing	15/12/2025
Date of pronouncement	05/01/2026

ORDER

PER: RATNESH NANDAN SAHAY, A.M.

1. This appeal by the assessee is directed against the order of the learned Commissioner of Income Tax (Appeals) Addl/JCIT(A)-6, Chennai [in short, the Id. CIT(A)] dated 26/12/2024 for the Assessment Year (AY) 2017-18 by raising following grounds of appeal:

"1 *The Ld. A.O. has calculated the profit on presumptive basis of 8% on 1,88,65,256/-which is the differential amount of purchases as per the ledger produced by Mis Venkatarama Poultries Private Limited which has been given under section 133(6) of the Income Tax Act, 1961 and the sales of 4,03,58,629/- shown by the assessee in the relevant Assessment Year without bringing any results on record on comparative basis.*

In this regards, we would like to inform you that the assessee is a whole seller of eggs and the profit margin in the said business is very less. It can be analyzed with the trend of profit percentages shown by the assessee in subsequent years which has been duly accepted by the department.

Relying on the relevant and similar Case law 263 ITR 623 Cal and ITAT Ranchi of Mr. Nagendra Mahto, the Honorable Income Tax Appellate Tribunal has passed the order that profit shall be calculated at the rate of 2%. The

assessee was also an egg trader. This can be verified from point no. 11 of the order passed by the Honorable Income Tax Appellate Tribunal. Copy of the order is attached as per Annexure 1.

Further, In the similar case of the assessee for the AY 2016-17, The CIT(A) has estimated the income at 2% of the Difference. Copy of the CIT(A) effect order is enclosed as per Annexure 2

The assess has declared the following profits in the subsequent year as per the audited accounts which has been duly accepted by the department and no queries have been raised by the department. The details of the profits declared in subsequent years are as follows -

Sl No.	Financial Year	Gross Turnover	Profit	Profit Percentage
1.	2016-17	4,03,58,629/-	4,43,945.00	1.10%
2.	2017-18	6,12,14,681/-	5,57,847.39	0.91%
3.	2018-19	6,57,84,290/-	8,91,718.68	1.36%
4.	2019-20	5,34,79,997.12	5,50,536.63	1.03%
5.	2020-21	5,99,78,000.00	5,93,545.00	0.99%
6.	2021-22	6,58,54,612.00	6,83,348.00	1.04%

2. *The current estimation at 4% is arbitrary and not supported by comparable analysis or consistent precedent. The appellant humbly pleads for reducing the estimated rate of profit to 1%, considering the above facts and judicial consistency."*

2. Facts of the case, in brief, are that the assessee is a wholesale trader of eggs at Simdega, Koderma and Gumla, Jharkhand. The instant case pertains to the A.Y. 2017-18 and the assessee continued with the same business and declared his net taxable income at ₹ 3,31,950/-. During the assessment proceedings, the Assessing Officer noticed that the assessee has shown purchases of eggs at ₹ 4,03,58,629/- from M/s Venkatarama Poultries Private Limited, Guntur, Andhra Pradesh during the assessment year under consideration. Accordingly, notice under Section 133(6) of the Income Tax Act, 1961 (in short, the Act) was issued to the Manager, Finance, M/s Venkatarama Poultries Private Limited, Guntur, Andhra Pradesh with a request to furnish ledger copy of the assessee which was received from the said company through e-mail. However, when

notice under Section 133(6) of the Act was issued to the Branch Manager, ICICI Bank Limited and Axis Bank Limited, it was found by the Assessing Officer that there was a difference in the total deposits and the turnover as claimed in the income tax return. When the assessee was asked to explain the difference of ₹ 1,88,65,255/-, the assessee could not furnish any satisfactory explanation and accepted that no books of account has been maintained by the assessee. The Assessing Officer, therefore, applied a net profit rate of 8% of the gross receipts which comes to ₹ 15,09,220/- and added to the total income of the assessee as undisclosed income.

3. Aggrieved by the order of the Assessing Officer, the assessee preferred appeal before the Id. CIT(A), who vide the impugned order, restricted the addition to 4% of the net profit on the undisclosed income.
4. Further aggrieved by the order of the Id. CIT(A), the present appeal has been filed before this Tribunal.
5. During the appellate proceedings before us, the assessee submitted a chart as under:

<i>Sl No.</i>	<i>Financial Year</i>	<i>Gross Turnover</i>	<i>Profit</i>	<i>Profit Percentage</i>
1.	2016-17	4,03,58,629/-	4,43,945.00	1.10%
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4.	2019-20	5,34,79,997.12	5,50,536.63	1.03%
5.	2020-21	5,99,78,000.00	5,93,545.00	0.99%
6.	2021-22	6,58,54,612.00	6,83,348.00	1.04%

The assessee requested that since there is low margin in the business of sales and purchases of eggs, the net profit rate should be restricted to 1% of the gross receipts on the basis of net profit rate returned by the assessee and assessed by the department.

6. On the other hand, the Id. Sr. DR has supported the order of the Id. CIT(A).
7. We have considered the facts of the case and the submissions made by the assessee. It is seen from the above table that the department has been accepting the net profit rate ranging from 0.91% to 1.36%. Since, it is case of no account, we find it proper to restrict the net profit rate further to 2% of the turnover. The Assessing Officer is directed to apply the same. In the result, grounds of appeal raised by the assessee are partly allowed.
8. In the result, this appeal of assessee is partly allowed.

Order announced in open court on 05th January, 2026.

Sd/-
(SONJOY SARMA)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated: 05/01/2026

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi