

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "E": NEW DELHI
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 5279/Del/2025
(Assessment Year: 2021-22)**

Ahlcon Parenterals (India) Ltd, SP 917-918, Ahlon Parenterals India Ltd, Ajanta Chowk, Bhiwadi	Vs.	ACIT, Central Circle-31, Delhi
(Appellant)		(Respondent)
PAN: AAACA1112C		

Assessee by :	Shri Ketan K Ved, CA
Revenue by:	Ms. Ankush Kalra, Sr. DR
Date of Hearing	17/02/2026
Date of pronouncement	17/02/2026

ORDER

PER M. BALAGANESH, AM

1. The appeal in ITA No.5279/Del/2025 for AY 2021-22, arises out of the order of the Id. Commissioner of Income Tax (Appeals)-30, New Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 25.06.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 29.12.2023 by the Assessing Officer, DCIT, Central Circle-31, Delhi (hereinafter referred to as 'Id. AO').
2. The Ground No.1 raised by the assessee is challenging the action of the Id CIT(A) in passing an ex parte order without granting proper opportunity of being heard to the assessee. The Ground Nos. 2 and 3 raised by the assessee are

challenging the action of the Id CIT(A) in confirming the estimated addition made on account of gross profit, ignoring the factual contentions of the assessee. Ground No. 4 is general in nature and does not require any specific adjudication.

3. We have heard the rival submissions and perused the materials available on record. The assessee company engaged in the business of manufacturing of hospital care products i.e. manufacturing of pharmaceuticals intravenous fluids, ophthalmics and others. The return of income was electronically filed for AY 2021-22 on 15.03.2022 u/s 139(1) of the Act, declaring total loss of ₹28,27,51,973/-. The case of the assessee was referred to Id TPO u/s 92CA(1) and an order stood passed by the Id TPO u/s 92CA(3) of the Act on 30.10.2023 accepting the international transactions carried out by the assessee to be at Arm's Length Price (ALP). The Id AO on perusal of the gross profit and net profit ratio reflected in the tax audit report noticed that during the year, the net loss had increased substantially when compared to immediately preceding previous year and gross profit had reduced substantially as compared to immediately preceding previous year. The Id AO noted that the sales of the assessee ought to have increased exponentially during Covid-19 pandemic and that the year under consideration was the peak of the pandemic. Accordingly, the Id AO show caused the assessee to provide concrete evidence to support its claim of drastic drop in gross profit percentage and also show caused as to why the gross profit for the year should not be estimated at the rate of 18% of turnover as against 3.83% reported by the assessee. The assessee vide letter dated 23.12.2023 replied before the Id AO. The reply is reproduced in the assessment order at page 5 as under :-

"As can be seen, there was a significant drop in sales revenue when compared to cost of raw material, change in inventory, other direct cost like labour, power &

fuel, etc. We, APIN manufactures products that are used in multiple therapeutic area. Since, treatments in many therapeutic area reduced as the medical infrastructure prioritized treatment of Covid 19, the sales showed a declining trend. Further, APIN also manufactures products on behalf of customers. Since, the orders from such customers reduced due to market priority- the sales was affected and showed a declining trend. Additionally, we saw the cost of fuel and multiple input costs increased during the year due to multiple restrictions put domestically and internationally. All this lead to drop in Gross profit ratio from FY 2019-20 (AY 2020-21) to current year (FY 2020-21 i.e. AY 202- 2022) in question. We trust the above explanation will meet with your requirements justifying the decrease in Gross Profit ratio. In case you require any further particulars and/or are not satisfied with any of the particulars provided to you kindly let us know so that the same can be provided to you."

4. The Id AO did not agree to the aforesaid contentions of the assessee and proceeded to reject the books of account of the assessee and adopted gross profit percentage of 4 preceding assessment years and one succeeding assessment year and applied the average thereon @ 15.54 % and made an addition of ₹20,56,10,896/- in the assessment. This action of the Id AO was upheld by the Id CIT(A).

5. Before us, the assessee furnished additional evidences in terms of Rule 18(4) of the ITAT Rules vide letter dated 5.12.2026. The list of evidences furnished by the assessee are as under:-

- a. cost audit report for the period 01.04.2020 and 31.03.2021;
- b. details of top 15 products sold in value terms during AYs 2021-22, 2022-23 and 2023-24;
- c. details of top 15 customers in value terms during the year AYs 2021-22, 2022-23 and 2023-24;

d. details of products manufactured on behalf of customers in value terms during AYs 2021-22, 2022-23 and 2023-24.

6. We find that these additional evidences would be relevant and crucial for adjudication of the issue in dispute before us. Hence, the same are hereby admitted. However, the said additional evidences require factual verification by the Id AO. Hence, in the interest of justice and fairplay, we deem it fit and appropriate to restore the entire appeal to the file of the Id AO for de novo adjudication in accordance with law and in the light of the said additional evidences filed by the assessee. The Id AO is directed to pass a speaking order by giving proper finding with regard to the reason for rejecting the books of account and resorting to estimation of gross profit, if any, and also examine the additional evidences and reframe the assessment in accordance with law. Accordingly, the grounds raised by the assessee are allowed for statistical purposes.

7. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on 17/02/2026.

-Sd/-
(MAHAVIR SINGH)
VICE PRESIDENT

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 25/02/2026
A K Keot

Copy forwarded to

1. Applicant
2. Respondent

3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi