

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

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

ITA No. 131/Ran/2025
(Assessment Year-2017-18)
(Virtual Hearing)

Jai Laxmi Traders, Office No. 423, 2nd Floor city Centre, Luby Circular Road, Dhanbad-826001 PAN No. AALFJ 7433 R	Vs.	DCIT/ACIT, Circle-1, Dhanbad.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Nitin Pasari, A.R.
Department represented by	Shri Sumit Dasgupta, Sr.DR
Date of hearing	15/01/2026
Date of pronouncement	16/02/2026

ORDER

PER: RATNESH NANDAN SAHAY, A.M.

1. This appeal by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi/learned Commissioner of Income Tax (Appeals), [in short, the Id. CIT(A)] dated 20/06/2024 for the Assessment Year (AY) 2017-18. The assessee has raised following grounds of appeal:

- "A. *FOR THAT, the Ld. AO has grossly erred in making an arbitrary addition of ₹ 50,00,000/- towards estimated business profits, based solely on transactions amounting to ₹4,34,99,077/- through the appellant's bank account, without any direct evidence of income suppression. The estimation of inflated purchases at ₹ 5,26,47,087/-, contrary to the actual audited figure of ₹2,10,52,253.69, is factually incorrect. It is a settled principle that without rejection or objecting the books of accounts, no addition can be made. In the absence of specific defects in the books, additions based solely on estimated profits ignoring the unique commercial and market conditions of each business are unjustified and liable to be deleted.*
- B. *FOR THAT, the Learned Assessing Officer erred in disallowing ₹ 31,20,000/- as remuneration and ₹ 31,12,458/- as interest on partners' capital, despite both being within statutory limits and clearly stipulated in the partnership deed. It is a*

settled legal position that such terms cannot be disregarded without cogent justification, rendering the disallowance arbitrary and untenable.

- C. *FOR THAT, the Ld. Authority erred in passing the impugned order ex-parte, without considering the bona fide and exceptional circumstances that prevented compliance with statutory notices. One partner was bedridden due to severe illness, while the managing partner was in judicial custody, thereby justifying a fair opportunity of hearing on merits.*
- D. *FOR THAT, without prejudice to other grounds, the appellant prays that the appeal be adjudicated based on the material on record, including all documentary evidence and submissions supporting the merits of the case.*
- E. *FOR THAT, the Appellant craves leave to add, alter, amend or withdraw any ground or grounds of this Appeal before or at the time of hearing."*

2. Facts of the case, in brief, are that the assessee is a partnership firm, engaged in the business of Indian Made Foreign Liquor (IMFL) and Country Liquor , sourced from M/s Jharkhand State Beverages Corporation Limited, a Government of Jharkhand Undertaking. A survey under Section 133A of the Income Tax Act, 1961 (in short, the Act) was conducted in the business premises of the assessee on 03/03/2017 and various documents were impounded. Subsequently, statutory notices under Section 143(2) and 142(1) of the Act were issued from time to time, however, the assessee made no compliance. The Assessing Officer, therefore, framed the assessment under Section 144 of the Act and assessed the total income of ₹ 1,32,91,468/- by estimating the profit at ₹ 50.00 lacs on the total purchase of ₹ 5,68,52,400/-.
3. Aggrieved by the order of the Assessing Officer, the assessee preferred appeal before the Id. CIT(A), who vide the impugned order, dismissed the appeal of the assessee on the ground that despite given several opportunities of being heard, the assessee neither appeared before the Id. CIT(A) nor submitted any details relevant for the purpose of assessment of total income.

4. 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 Id. AR of the assessee submitted that the assessee could not appear either before the Assessing Officer or before the Id. CIT(A) and submit details as one of the partners was bed ridden due to severe illness and the managing partner was in judicial custody. The assessee, therefore, submitted that one more opportunity may kindly be given to the assessee so that he can appear before the appellate authority to explain its case. The assessee has also submitted an affidavit to the Bench to this effect.
6. On the other hand, the Id. Sr.DR relied on the orders of the lower authorities.
7. We have considered the rival submissions and it is found that the reason given by the assessee before us seems to be a genuine one and therefore, the issue is remanded back to the file of Assessing Officer for fresh adjudication after giving reasonable opportunity of being heard to the assessee. The assessee is also directed to cooperate with the Assessing Officer and supply all necessary details/documents before him so that correct income can be worked out.
8. In the result, this appeal of the assessee is allowed for statistical purposes only.

Order Pronounced in open court on 16th February, 2026

Sd/-
(SONJOY SARMA)
JUDICIAL MEMBER

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

Ranchi, Dated: 16/02/2026
**Ranjan*

Copy to:

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

By order

Sr. Private Secretary, ITAT, Ranchi