

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "A": HYDERABAD  
(THROUGH VIRTUAL CONFERENCE)**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
AND  
SHRI LAXMI PRASAD SAHU, ACCOUNTANT MEMBER**

ITA No. 983/H/2018 Assessment Year: 2013-14		
Trade Syndicate, Hyderabad.  PAN - AAHFT 5968K  (Appellant)	Vs.	Income-tax Officer, Ward - 10(1), Hyderabad.  (Respondent)
Assessee by:	Shri B. shanti Kumar	
Revenue by:	Shri A. Venkata Rao	
Date of hearing:	16/08/2021	
Date of pronouncement:	27/09/2021	

**ORDER**

**PER L.P. SAHU, A.M.:**

This appeal filed by the assessee is directed against CIT(A) - 6, Hyderabad's order dated 16/02/2018 for AY 2013-14 involving proceedings u/s 144 of the Income Tax Act, 1961 ; in short "the Act, on the following grounds of appeal:

*"1. The CIT(Appeals) erred both in law and on facts in upholding the action of the Assessing Officer in rejecting assessee's book results and estimating gross*

*profit @ 2% which resulted in addition of Rs.80,02,089/-.*

*2. The AO is not justified in confirming the addition of Rs.80,02,089/- without appreciating full facts of assessee's case.*

*3. The CIT (Appeals) erred in not considering on merits the ground of appeal that the AO failed to enforce attendance of the then partners and production of necessary books of accounts etc." in view of the fact that business was done and books of account were maintained by earlier partners in the year relevant to assessment year under consideration.*

*4. Any other ground that may be urged at the time of hearing*

2. Briefly the facts of the case are that the assessee, the appellant-firm, trading in iron & steel, filed its Return of Income for Asst Year 201314 on 30.09.2013 admitting total income of Rs.2,54,500/-. The AO passed assessment order u/s 144 dated 30.03.2016 determining total income at Rs.82,56,590/- after making addition of Rs.80,02,089/- by estimating GP @ 2% on the ground that the firm has not responded to various notices / questionnaire calling for information in support of the claims made in the Return of Income.

3. When the assessee preferred an appeal before the CIT(A), the CIT(A) confirmed the assessment order.

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

5. We have considered the rival submissions and perused the material on record as well as gone through the orders of revenue authorities. We find that this is the first of year of business of the assessee and the turnover is less than Rs. 5 crores during the impugned AY. We are of the view that the assessee has to face many problems to promote its case in the market during the initial years. Keeping in view of the fact that since the assessee has not produced books of account during the course of assessment proceedings as well as before the CIT(A) and considering the totality of the facts of the case, we direct the AO to estimate the gross profit @ 1.5% as against 2% estimated by him. Accordingly, the grounds raised by the assessee on this issue are partly allowed.

5.1 We make it clear that the decision in this order shall not be taken as precedent in the subsequent years or in any other case.

6. In the result, appeal of the assessee is partly allowed in above terms.

Pronounced in the open court on 27<sup>th</sup> September, 2021.

**Sd/-**  
**(S.S. GODARA)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(L. P. SAHU)**  
**ACCOUNTANT MEMBER**

Hyderabad, Dated: 27<sup>th</sup> September, 2021.

*kv*

*Copy to :*

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2	<i>ITO, Ward - 10(1), IT Towers, AC Guards, Hyderabad - 500 004.</i>
3	<i>CIT(A) - 6, Hyderabad</i>
4	<i>Pr. CIT - 6, Hyderabad</i>
5	<i>ITAT, DR, Hyderabad.</i>
6	<i>Guard File.</i>