

आयकर अपीलीय अधिकरण, कटक न्यायपीठ, कटक

**IN THE INCOME TAX APPELLATE TRIBUNAL CUTTACK BENCH CUTTACK
(THROUGH VIRTUAL HEARING)**

श्री जार्ज माथन, न्यायिक सदस्य एवं श्री राजेश कुमार, लेखा सदस्य के समक्ष ।

**BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER
AND**

SHRI RAJESH KUMAR, ACCOUNTANT MEMBER

आयकर अपील सं/ITA No.482/CTK/2024

आयकर अपील सं/ITA No.483/CTK/2024

(निर्धारण वर्ष / Assessment Year : (2018-2019)

(निर्धारण वर्ष / Assessment Year : (2019-2020)

ACIT, Central Circle, Sambalpur	Vs	Shree Salasar Castings Private Limited, Balanda, kalunga P S, Bramhani Tarang, Rourkela- 770031
PAN No. : AAFCS 7194 B		
(अपीलार्थी / Appellant)	..	(प्रत्यर्थी / Respondent)
निर्धारिती की ओर से / Assessee by	:	Shri. K.K. Agrawalla, AR
राजस्व की ओर से / Revenue by	:	Shri Ashim Kumar Chakraborty, CIT-DR
सुनवाई की तारीख / Date of Hearing	:	25/09/2025
घोषणा की तारीख/Date of Pronouncement	:	25/09/2025

आदेश / O R D E R

Per Bench :

These are two appeals filed by the revenue against the order of Ld.CIT(A), Bhubaneswar in Appeal number CIT(A), Bhubaneswar-2/11287/2017-18 dated 26/09/2024 for the assessment years 2018-19 and 2019-20.

2. It was submitted by the Ld. CIT. DR that there was a search on the premises of Sunayana Metal Industries Ltd. on 03.12.2020. In the course of search, it came to the attention that the assessee has made undisclosed sales to the tune of Rs.04,10,56,022/- for the assessment year 2018-19 and Rs.07,91,72,315/- for the assessment 2019-20. The AO treated the entire sales as an unexplained income of the assessee. On Appeal the Ld. CIT (A) following the decisions of the Hon'ble Gujarat

High Court in the case of Rameswar Textile Mills Limited in Appeal No. 527 of 2015 and Tax Appeal No. 528 of 2015 held that the entire sales cannot be added as the income of the assessee but the addition can be made only to the extent of the estimated profit embedded in the sales. It was the submission that the order of the Ld. CIT(A) is erroneous and that the entire sales must be treated as the unexplained income of the assessee. It was an alternate prayer by the Ld. CIT DR that the Ld.CIT (A) when estimating the income has adopted the GP for the assessment year 2018-19 at 1.64% which was regular GP disclosed by the assessee for the A.Y. 2018-19 and for the A.Y. 2019-20 the Ld. CIT(A) has adopted 1.47% which was the regular GP disclosed for the assessment Year 2019-20. It was submission that obviously when the undisclosed sales have taken place the profit margin must be higher. It was the submission that at least 2% GP must be applied for both the assessment years.

3. In reply the Ld. AR on behalf of the assessee vehemently supported the order of the Ld. CIT (A). The findings of the Ld. CIT (A) that only 1.64% for the assessment year 2018-19 and 1.47% for the assessment year 2019-20 was liable to be applied.

4. We have considered the rival submissions. The facts in the present case clearly shows that admittedly the revenue has not been able to show any error in the order of the Ld. CIT(A) in applying the principles laid down by the Hon'ble Gujarat High Court in the case of Rameswar Textiles Mills Limited. However, in regard to the application of the GP, I am of the view that the GP applied is on the lower side, insofar as the regular GP cannot

be applied in respect of the undisclosed sales. Obviously, there must be some margin of profit extra, otherwise no assessee would be doing such undisclosed business. This being so, I accept the claim of the Ld. CIT DR and The AO is directed to adopt the GP rate at 2% for both the assessment years in respect of the alleged undisclosed sales.

5. In the result, both appeals of the revenue are partly allowed for statistical purposes.

Order dictated and pronounced in the open court on 25/09/2025.

Sd/-

(राजेश कुमार)
(RAJESH KUMAR)

लेखा सदस्य/ ACCOUNTANT MEMBER

Sd/-

(जार्ज माथन)
(GEORGE MATHAN)

न्यायिक सदस्य / JUDICIAL MEMBER

दिनांक Dated 25/09/2025

Prakash Kumar Mishra, Sr.P.S.

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant-
ACIT , Central Circle ,Sambalpur
2. प्रत्यर्थी / The Respondent- Shree Salasar Castings
Private Limited,
Balanda, kalunga P S,
Bramhani Tarang,
Rourkela- 770031
3. आयकर आयुक्त(अपील) / The CIT(A),
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, कटक / DR, ITAT,
Cuttack
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,

(Assistant Registrar)

आयकर अपीलीय अधिकरण, कटक/ITAT, Cuttack