

**IN THE INCOME TAX APPELLATE TRIBUNAL “RANCHI BENCH”, RANCHI**

**SHRI SONJOY SARMA, JUDICIAL MEMBER  
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER**

**I.T.A. No. 394/RAN/2024  
Assessment Year : 2019-20**

**I.T.A. No. 395/RAN/2024  
Assessment Year : 2020-2021**

**Shree Shakti Industries,**  
Main Road, Dhansar,  
Dhanbad - 828106  
[PAN: ADBFS0844C]

..... **Appellant**  
**vs.**

**DCIT/ACIT,**  
**Central Circle, Dhanbad,**  
O/o The Assistant Commissioner of  
Income Tax, Mada Building,  
Luby Circular Road,  
Dhanbad - 826001

..... **Respondent**

**Appearances by:**

Assessee represented by : Devesh Poddar, AR  
Department represented by : Sumit Dasgupta, Sr. DR

Date of concluding the hearing : 09.12.2025  
Date of pronouncing the order : 19.12.2025

**ORDER**

**PER SONJOY SARMA, JUDICIAL MEMBER:**

These appeals filed by the assessee are directed against the order of the Learned Commissioner of Income-tax (Appeals), Patna-3 [hereinafter referred to as “CIT(A)”] dated 30.09.2024, arising out of the order passed under section 250 of the Income-tax Act, 1961 (“the Act”) for the assessment years 2019-2020 and 2020-2021. Since common issues are involved in ITA Nos. 394 & 395/Ranchi/2024, both appeals were heard together and are disposed of by this consolidated order.

2. We first take up ITA No. 395/Ranchi/2024 for A.Y. 2020–21, which is the lead case.

3. Facts of the case are that the assessee is engaged in the business of manufacturing bricks. For the relevant assessment year, the assessee filed return declaring total income of ₹ 10,65,090/-. A survey under section 133A of the Act was conducted on 12.12.2019. The case was selected for scrutiny and notices were issued, which were duly complied with. The Assessing Officer (AO) completed assessment under section 143(3) of the Act, determining total income at ₹1,06,60,450/-, making an addition of ₹ 95,95,360/- on account of difference in stock, and unaccounted/bogus purchases, primarily relying on WhatsApp chats and survey statements.

4. Aggrieved by the order of AO assessee preferred an appeal before the Ld. CIT(A) where appeal of the assessee was partly allowed. Where Ld. CIT (A) granted relief respect of unaccounted purchases and applied a gross profit (GP) rate of 25% on the remaining purchase amount of ₹ 89,14,070/-, resulting in an addition of ₹ 22,28,517/- as against AO's addition of ₹ 95,95,360/-.

5. Aggrieved, the assessee is in appeal before this tribunal. At the time of the hearing the learned AR submitted that during assessment proceedings, the AO had already estimated the assessee's profit by enhancing the GP rate from the declared 1.06% to 2.70% on declared sales. Once the AO has estimated profits at 2.7%, no separate or higher GP rate can be applied on "unaccounted purchases." Similarly, the CIT(A) erred in applying a 25% GP rate on the alleged unaccounted purchases while simultaneously accepting the AO's estimated GP rate of 2.7% on the declared sales. Therefore, the ld. AR stated that on the same assessee and the same set of accounts, two different GP rates (25% and 2.7%) cannot be legally applied. The correct addition should

be 2.7% of ₹ 89,14,070/- = ₹ 2,40,680/-, instead of ₹ 22,28,517/- sustained by the CIT(A). He further added that once profits are estimated, section 115BBE does not apply.

6. On the other hand, Ld. DR supported the assessment order in general, but did not strongly dispute the assessee's contention regarding the inconsistency in applying two different GP rates. He submitted that the issue is factual.

7. We have heard the rival contentions and perused the relevant records. It is not in dispute that the AO enhanced the GP rate from 1.06% declared by the assessee to 2.70%. The ld. CIT(A), while giving partial relief, applied a GP rate of 25% on alleged unaccounted purchases. For the same assessee and the same assessment year, two different GP rates cannot be simultaneously applied one for regular books (2.7%) and another at an arbitrarily high rate (25%) for alleged unaccounted purchases. Once the AO has already estimated profits by adopting a higher GP rate of 2.7%, the CIT(A) ought to have applied the same GP rate consistently.

8. Therefore, applying GP @ 2.70% to the alleged unaccounted purchases of ₹89,14,070/- gives  $₹89,14,070/- \times 2.70\% = ₹2,40,680/-$

9. Accordingly, the addition sustained by the CIT(A) at ₹22,28,517/- is excessive and contrary to law. We direct the AO to restrict the addition to ₹2,40,680/- only. Once income is assessed on an estimated basis, section 115BBE of the Act cannot be invoked. This legal position is settled by multiple judicial precedents. Accordingly, section 115BBE of the Act has no application to the present case.

10. The appeal of the assessee is allowed, and the addition is restricted to ₹2,40,680/- only instead of Rs. 22,28,517/- as made by the Ld. CIT(A).

**ITA No. 394/Ranchi/2024 (A.Y. 2019–20)**

11. At the time of hearing, the learned AR submitted that the assessee does not wish to press the appeal, as the issue involved was minor and covered by the above decision.

12. Accordingly, the appeal is dismissed as not pressed.

1. ITA No. 395/Ranchi/2024 is Allowed

2. ITA No. 394/Ranchi/2024 is Dismissed as not pressed

Order pronounced on 19.12.2025

Sd/-

**(Ratnesh Nandan Sahay)**  
**Accountant Member**

Sd/-

**(Sonjoy Sarma)**  
**Judicial Member**

Dated: 19.12.2025

AK, Sr. P.S.

*Copy of the order forwarded to:*

1. Appellant
2. Respondent
3. Pr. CIT
4. CIT(A)
5. CIT(DR)

//True copy//

By order

Assistant Registrar, Kolkata Benches

