

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ "ए", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH "A", CHANDIGARH

HEARING THROUGH: PHYSICAL MODE

श्री राजपाल यादव, उपाध्यक्ष एवं श्री कृणवन्त सहाय, लेखा सदस्य
BEFORE: SHRI. RAJPAL YADAV, VP & SHRI. KRINWANT SAHAY, AM

आयकर अपील सं. / ITA No. 1269 To 1272/Chd/ 2025
निर्धारण वर्ष / Assessment Year : 2020-21 To 2023-24

Chandigarh Royale City Promoters Private Limited, SCO-44, Sector-20C, Chandigarh	बनाम	JAO DCIT/ACIT/JCIT (OSD) Central Circle-1, Chandigarh-160017
स्थायी लेखा सं. / PAN NO: AA ECC3999H		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

आयकर अपील सं. / ITA No. 1273 To 1275/Chd/ 2025
निर्धारण वर्ष / Assessment Year : 2020-21, 2021-22 & 2023-24

Kewal Krishan House No. 3053, Sector 20D, Raj Bhawan S.O. Chandigarh-160019	बनाम	JAO DCIT/ACIT/JCIT (OSD) Central Circle-1, Chandigarh-160017
स्थायी लेखा सं. / PAN NO: ACLPK6454B		
अपीलार्थी/ Appellant		प्रत्यर्थी/ Respondent

निर्धारिती की ओर से/ Assessee by : Shri Sudhir Sehgal, Advocate
राजस्व की ओर से/ Revenue by : Shri Manav Bansal, CIT, DR

सुनवाई की तारीख/ Date of Hearing : 25/02/2026
उदघोषणा की तारीख/ Date of Pronouncement : 10/03/2026

आदेश/Order

PER KRINWANT SAHAY, AM:

Following appeals have been filed by the assessee where all such cases belong to one group having common facts and issues and the order of Assessing Officer and Ld. CIT(A) are on identical facts and circumstances. For the sake of convenience, all the appeals were heard together and they are being disposed off by common order as under:-

Appeal No.	Assessment Year	Name of Assessee
1269/CHD/2025	2020-21	Chandigarh Royale City Promoters Pvt. Ltd.
1270/CHD/2025	2021-22	Chandigarh Royale City Promoters Pvt. Ltd.
1271/CHD/2025	2022-23	Chandigarh Royale City Promoters Pvt. Ltd.
1272/CHD/2025	2023-24	Chandigarh Royale City Promoters Pvt. Ltd.

1273/CHD/2025	2020-21	Shri Kewal Krishan
1274/CHD/2025	2021-22	Shri Kewal Krishan
1275/CHD/2025	2023-24	Shri Kewal Krishan

2. The Ld. Counsel of the assessee stated that he is taking the lead case, in ITA No.1269/Chd/2025 for Asstt. Year 2020-21 of Chandigarh Royale City Promoters Pvt. Ltd. Since the facts are common in all the cases, the Ld. CIT (DR) agreed that as the facts in all the cases are common, the lead case may be taken as ITA No. 1269/Cha/2025 for Asstt. Year 2020-21. The grounds of appeals as taken by the assessee in this case are as under: -

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by -the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. Notwithstanding the above grounds of appeal, the reassessment proceedings initiated under Section 148 of the Income-tax Act, 1961 are bad in law and void ab initio, as the notice under Section 148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the National Faceless Assessment Centre (NFAC), which is in violation of the mandatory procedure prescribed under Section 144B and Section 151A of the Act, **vide notification No, CBDT Notification No 18/2022/F. No 370142/16/2022-TPL Part 1 dated 29.03.2022** and as clarified by the Hon'ble Punjab & Haryana High Court in the case of Jatinder Singh Bhangu Singh vs. Union of India [W.P. No 15745 of 2024 dated 19.07.2024. and the finding of the CIT(A) in this context as recorded by him in his order, is not correct and against the binding judgment of Jurisdictional Punjab & Haryana High Court and of Hon'ble Apex Court in some cases.

6. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

3. At the very outset, the Ld. Counsel of the assessee made a request to withdraw the grounds of appeal number 4 & 5 as taken before us and, thus, the said grounds of appeals are dismissed, being not pressed.

4. The Ld. Counsel of the assessee pointed out that all the above said assesseees are engaged in the business of real estate and they are maintaining proper books of accounts. Their returns have been filed on the basis of such audited books of accounts year after year. There was search and seizure operations on the group as a whole at the business and residential premises on 01.12.2022. The Assessing Officer analysed the seized material in depth, wherein, certain payment of 'on money' both on account of purchase and sale transactions have been found in respect of all the assesseees and also certain unaccounted business expenses had also been found relating to 'Real Estate' business. The Assessing Officer in his order made in depth examination of such unaccounted cash receipts, transactions/expenses in the various group entities as found in ERP data, excel sheets, Rokar data, Progalla sheets and also evidences of such nature in 'digital data' of the assessee as found from the premises covered during search. Certain statements of the key employees of the group were also recorded wherein, they have admitted even double digit suppression of cash receipts and real estate business receipts routed to 0-2 Nursery which have been considered by the Assessing Officer as unaccounted business receipts of the assessee. The AO also considered the notings of, coupon discount, which were code word of the cash transactions of the group at various pages of the assessment order.

5. The Assessing Officer also recorded statements of the customers, where they had agreed for payment of on money in cash for purchases of plots as per page 50 and 51 of the order. Further, the issue of unaccounted cash expense of 'Royal Group' were also analysed as per page 52 of the order and all such evidences were confronted to tie assessee. The assessee's reply have been reproduced at pages 92 to 102 of the assessment order. The assessee also submitted cash flow statement prepared on the basis of seized. ERP

data, digital data, whatsapp chat, excel sheets, Rokar data and progalla sheets. The assessee also considered the receipts of 02 Nursery as business receipts of the assessee group and considered the cash expenses in various seized documents and the said working was thoroughly considered by the Assessing Officer concerned. The Assessing Officer rejected the books of accounts as per finding given, starting from page 114 to page 121 of the assessment order and finally held, that it is a case where the application of net profit rate would be most appropriate method, after analysing all the seized material and working submitted by the assessee of the complete seized material in all the respective assessment years. This has been discussed by the Assessing officer at page 121 onwards of the assessment order where he has held that looking into the seized data and after in depth verification of seized material and working made by the assessee, which was verified extensively, the Assessing Officer held that only profit earned by the assessee from receipts needs to be actually taxed and relied upon various case laws as per page 119 to page 121 of the assessment order.

6. The Assessing officer for the purpose of application of profit rate, analysed the data of various entities of the assessee group in the assessment order and stated that weighed average of net profit declared by the assessee group company for last three years was 0.54%, and held that on the basis of 'Rokar Data sheet' and 'Progalla sheets, which contained cash income and correspondingly cash expenses, of the Royal group entities, net profit comes to 4%. On the basis of Progalla sheets, the profit comes around 5%. Thus the AO held that the same ensures a holistic assessment. The Assessing Officer also considered the profit as per 44AD and Industry standard for which, the average net profit rate for the last three years comes to 2.98% and finally held that since the cash transactions contribute in cost cutting and resulted in higher G/P and possibility of personal and capital nature of expenses cannot be ruled out, therefore, the Assessing Officer held that profit rate of higher than 12% be most appropriate and finally, held that since the possibility of personal nature of expenses cannot be ruled out, the net profit

rate of 20% was applied to the such unaccounted receipts as per seized record.

7. Against the order of the AO the assessee carried the matter to the Ld. CIT (A). The main issue objected before the Ld. CIT(A) was about the excess application of net profit rate of 20% against three years average net profit rate of 0.54% of the assessee group concerned and weighed industry average being 2.98%. It was further, contended that since as per seized record, after extensive working, the net profit rate was 4% to 5%, after considering all the receipts/ expenses, thus, the Assessing Officer without pointing out any nature of expenses or alleged capital expenses in the detailed working made by the assessee, to Assessing Officer has applied an exorbitant net profit rate of 20%.

8. The Ld. CIT(A) has given his finding and stated that Assessing Officer himself has calculated the profit margin of 4% to 5% from the seized data and then, he discards his own results and applied a margin rate of 4% to 5% higher, without pointing any specific nature of expense of capital nature and the finally held that the profit rate of 20% wholly lacks the evidentiary support. He finally held after discussing the various net profit rates as per Industry norms/ profit declared by the assessee in last three years, considered it appropriate to apply a profit rate of 10% against the 20% applied by the Assessing Officer.

9. Against the order of the Ld. CIT(A) the assessee preferred in appeal before the Tribunal.

10. During the course of hearing the Ld. Counsel of the assessee did not press the ground No. 4 & 5 of the appeals and argued that the Ld. Assessing Officer has himself analysed and agreed to the facts that as per seized data after considering all the receipts and expenses/outgoings from different premises including excel sheet, ERP data, digital evidences, the net profit

have been arrived at 4% to 5%. The Ld. Counsel argued that, the Assessing Officer himself stated that the assessee group is earning profit of 5%.

11. It was further argued that the Assessing Officer has ignored the average net profit rate of 2.98% as per Industry norms for the past three years and average of assessee's profit rate declared by the assessee group as 0.5%. Merely on estimation and suspicion about the possibility of some personal and capital nature of expenses, the AO has applied a profit rate of 20% which have been reduced to 10% by the Ld. CIT(A). It was further argued that the finding of the Ld. CIT(A) is contradictory in the sense that though, he has mentioned in para 9.4 about 4% to 5% of net profit rate as per seized record and then in para ,9.5 of the order, the Ld. CIT(A) has held that the Assessing Officer, discarded his own result and applied a margin of four to five times higher without pointing out any defects and ignored the seized record. He further stated that the profit rate of 20% is wholly out of proportion. It was stated by the Ld. CIT (A) that the rate of 20% net profit as applied by the Assessing Officer is purely on suspicion and which cannot be justified on the basis of documentary evidences as per seized record where, the net profit rate has been verified by the Assessing Officer at 4% to 5% and, thus, the adoption of 10% net profit rate by the Ld. CIT(A) was not justified .

12. The Ld. Counsel by way of written submissions relied upon the further following arguments:-

"The finding of the CIT(A) is contradictory in the sense that the seized data had to be considered in totality and there is judgment of Gujarat High in the case of 'Panna Corporation' reported in 74 DTR 89 (Guj.) and in the case of Navjeevan Oil Mills, reported in 252 ITR 417, wherein, The Hon'ble Court has held that seized material cannot be dissected selectively, but must be considered in its entirety. The same view has been taken by the Hon'ble Supreme Court in the case of 'Bilhari Investment Pvt. Ltd.' 299 ITR 1, wherein, it has been held that, where the receipts and corresponding outings are matching, then the income should be determined on that basis only. The Assessing Officer merely, applied the rate of 20%, and stated that on possibility, of some personal nature of expenses/non allowability of such expenses and without specifying, any such naturi of expenses and ignoring the seized data in view of the above said binding judgements was not justifiable. The finding of the CIT(A) is also contradictory in the sense that in para 9,6, he has stated that the approach of the Assessing Officer in enhancing the profit rate of 20% is merely on the basis of some possibility without identifying any actual non-business expenditure, which is

contrary to law and, thus, the application of 10% rate by the CIT(A) is not justified and it is prayed that 'net profit rate' should be computed as per seized data, because the books of accounts have been rejected u/s 145(3) and once the books of accounts have been rejected, then, the reliance on the seized material has to be made in its entirety."

13. Per contra, the Ld. CIT (DR) agreed that the facts are common in all the group cases, but then he relied upon the findings of the Assessing Officer, that the possibility of some personal and capital in nature expenses cannot be ruled out. Further, there is possibility of non-allowability of such expenses as per seized data and stated that if allowable expenses are considered, the profit rate might increase and justified the application of 20% of rate by the Assessing Officer.

14. The Ld. Counsel of the assessee stated that when the extensive working given by assessee has been analyzed in depth by the Assessing Officer, which is apparent from the finding given in the order of the Assessing Officer as reproduced above. So, without pointing out any such capital nature expenses or personal expenses in the entire seized data, the estimation of net profit @20% is not justified by the Assessing Officer. It was further argued that, though, the Ld. CIT (A) has applied a profit rate of 10%, disregarding his finding in para 9.8.2 that this drastic uplift over seized data and industry comparables, is without any evidentiary foundation, the Ld. Counsel stressed that only profit rate of 4% to 5% as per seized data be applied, which has thoroughly been examined by the Assessing Officer..

15. We have considered the detailed order of the Assessing officer and of the Ld. CIT(A), Brief Synopsis filed by the assessee's counsel, alongwith judgment set and arguments of the Ld. Counsel and Ld. CIT (DR). The facts are not disputed, which has been discussed by the Assessing Officer in detail that in as much as, the Assessing Officer has rejected the books of accounts u/s 145(3) and verified in depth, the detailed working of the entire seized record, concerning of ERP Data, unaccounted cash receipts, expenses found in the seized evidences, notings in the excels sheet, digital record,

Rokar data/ Progalla sheets to work out the net profit as earned by the assessee on the basis of seized record. The Assessee is not in appeal against the rejection of books of accounts and relied on the net profit rate as per the seized data which were verified by the Assessing Officer. Even the real estate business receipts routed to 02 Nursery, which were claimed exempt u/s 10 (1) of the Income Tax Act has been considered as 'unaccounted business receipts' of the assessee and, thus, the entire suppression of cash receipts in respect of sale of plot/SCO in real estate business and correspondingly, there were unaccounted expenses relating to such business of real estate, the net profit has undisputedly been worked out by the Assessing Officer as per his finding in the assessment order as under:

"2.2 Combined profit rate as per seized evidences:

As discussed above there are many companies under Royale Estate group of companies. All these companies are engaged in same kind of business. These companies are being run and managed by same promoters and employees. Similar business model is used in all these companies. Even the data regarding cash transactions were found to be maintained in excel sheets & server data jointly. It would be highly rational to examine the gross profit based on the cash transactions recorded in the seized evidence collectively.

There are two main digital evidences that has transactions recorded in a consistent running format i.e. 'Rokar Data sheet' and 'Pro-Galla Sheet'. These sheets contain cash income and corresponding cash expenses details of royal group of entities. If Rokar Data sheet is analyzed, profit comes out at 4%. Similarly, if Progalla sheet is analyzed than combined profit arrives at around 5%. This strongly indicates that the assessee group is earning profit of at least 5%. This consolidated approach avoids discrepancies arising from isolated data sets and ensures a holistic assessment."

16. We also find that the past history of the case of the assessee for the last three years, wherein weighed average profit rate has been declared by the assessee at 0.54 and as per Industries norms at 2.98%. We have also gone through the order of the Assessing Officer and Ld. CIT(A) and find that the Assessing Officer has rejected the books of accounts u/s 145(3), against which the assessee is not in appeal and, thus, the seized record has to be considered in totality as per the judgment of Gujrat High Court in the case of Navjivan Oil Mills, reported in 258 ITR 417 (Guj.), in which, it has been held as under:-

"In the present case as was pointed out to us the ITO has after processing the seized material made further estimates therefrom and hence the addition made and sustained on the basis of such estimate cannot be justified."

17. Similar reliance has been made by the assessee on the judgment of Panna Corporation, reported in 74 DTR 89 (Guj) and Bilahari Investment (P) Ltd., wherein, it has been held that seized material cannot be discharged, but it must be considered in its entirety and where the receipts and corresponding outgoings are there, then income should be determined on that basis only. We also find that though the Ld. CIT (A) had found fault for adoption of 20% rate by the Assessing Officer and have stated, that in the absence of any corroborated evidence, the adoption of four to five times higher rate of net profit as per seized record cannot be held to be justified, merely on doubt and suspicion. With this background, the estimation of 10% of net profit rate as applied by the Ld. CIT(A) also cannot be held to be justified. Once the seized record has been analyzed at length by the Assessing Officer as discussed above, there is no justification by the Ld. CIT(A) to adopt the rate of 10% merely on estimate, ignoring the vital seized record and, accordingly, we hold that since as per seized record the maximum net profit as per Assessing Officer working is 5%, we have no hesitation in holding that in the interest of justice and equity, the profit rate of 5% on unaccounted receipts is quite justified and hence the appeal of the assessee is partly allowed.

18. In the other three appeals of Chandigarh Royale City Promoters Ltd. and in three appeals of Sh. Kewal Krishan Kansal, there are identical facts and identical grounds of appeals raised by the assessee since the common issues involved in all the entities belong to the same group, such cases are being decided alongwith the lead case in ITA No. 1269/Chd/2025 for Asstt. Year 2020-21.

19. The assessee in ITA No. 1270/CHD/2025. for A.Y 2021-22 in case of Chandigarh Royale City Promoters Pvt. Ltd has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and s applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. Notwithstanding the above grounds of appeal, the reassessment proceedings initiated under Section 148 of the Income-tax Act, 1961 are bad in law and void ab initio, as the notice under Section 148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the National Faceless Assessment Centre (NFAC), which is in violation of the mandatory procedure prescribed under Section 144B and Section 151A of the Act, **vide notification No, CBDT Notification No 18/2022/F. No 370142/16/2022-TPL Parti dated 29.03.2022** and as clarified by the Hon'ble Punjab & Haryana High Court in the case of Jatinder Singh Bhangu Singh vs. Union of India [W.P. No 15745 of 2024 dated 19.07.2024. and the finding of the CIT(A) in this context as recorded by him in his order, is not correct and against the binding judgment of Jurisdictional Punjab & Haryana High Court and of Hon'ble Apex Court in some cases.

6. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off.

20. The assessee has withdrawn the ground No. 4 & 5 and, as such they are treated as withdrawn and dismissed accordingly.

21. The assessee in ITA No. 1271/CHD/2025. for A.Y 2022-23 in case of Chandigarh Royale City Promoters Pvt. Ltd has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. Notwithstanding the above grounds of appeal, the reassessment proceedings initiated under Section 148 of the Income-tax Act, 1961 are bad in law and void ab initio, as the notice under Section 148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the National Faceless Assessment Centre (NFAC), which is in violation of the mandatory procedure prescribed under Section 144B and Section 151A of the Act, **vide notification No. CBDT Notification No 18/2022/F. No 370142/16/2022-TPL Parti dated 29.03.2022** and as clarified by the Hon'ble Punjab & Haryana High Court in the case of Jatinder Singh Bhangu Singh vs. Union of India [W.P. No 15745 of 2024 dated 19.07.2024. and the finding of the CIT(A) in this context as recorded by him in his order, is not correct and against the binding judgment of Jurisdictional Punjab & Haryana High Court and of Hon'ble Apex Court in some cases.

6. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

22. The assessee has withdrawn the ground No. 4 & 5 and, as such they are treated as withdrawn and dismissed accordingly.

23. The assessee in ITA No. 1272/CHD/2025. for A.Y. 2023-24 in case of Chandigarh Royale City Promoters Pvt. Ltd has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

24. The assessee has withdrawn the ground No. 4 and, as such, the same is treated as withdrawn and dismissed accordingly.

25. The Assessee in ITA No. 1273/CHD/2025 for A.Y 2020-21 in case of Shri Kewal Krishan has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. Notwithstanding the above grounds of appeal, the reassessment proceedings initiated under Section 148 of the Income-tax Act, 1961 are bad in law and void ab initio, as the notice under Section 148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the National Faceless Assessment Centre (NFAC), which is in violation of the mandatory procedure prescribed under Section 144B and # Section 151A of the Act, **vide notification No, CBDT Notification No 18/2022/F. No 370142/16/2022-TPL Parti dated**

29.03.2022 and as clarified by the Hon'ble Punjab & Haryana High Court in the case of Jatinder Singh Bhangu Singh vs. Union of India [W.P. No 15745 of 2024 dated 19.07.2024. and the finding of the CIT(A) in this context as recorded by him in his order, is not correct and against the binding judgment of Jurisdictional Punjab & Haryana High Court and of Hon'ble Apex Court in some cases.

6. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

26. The assessee has withdrawn the ground No. 4 & 5 and, as such they are treated as withdrawn and dismissed accordingly.

27. The assessee in ITA No. 1274/CHD/2025 for A.Y. 2021-22 in case of Shri Kewal Krishan has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. Notwithstanding the above grounds of appeal, the reassessment proceedings initiated under Section 148 of the Income-tax Act, 1961 are bad in law and void ab initio, as the notice under Section 148 was issued by the Jurisdictional Assessing Officer (JAO) instead of the National Faceless Assessment Centre (NFAC), which is in violation of the mandatory procedure prescribed under Section 144B and Section 151A of the Act, **vide notification No, CBDT Notification No 18/2022/F, No 370142/16/2022-TPL Parti dated 29.03.2022** and as clarified by the Hon'ble # Punjab & Haryana High Court in the case of Jatinder Singh Bhangu Singh vs. Union of India [W.P. No 15745 of 2024 dated 19.07.2024. and the finding of the CIT(A) in this context as recorded by him in his order, is not correct and against the binding judgment of Jurisdictional Punjab & Haryana High Court and of Hon'ble Apex Court in some cases.

6. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

28. The assessee has withdrawn the ground No. 4 & 5 and, as such they are treated as withdrawn and dismissed accordingly.

29. The assessee in ITA No. 1275/CHD/2025 for A.Y 2023-24 in case of Shri Kewal Krishan has raised the following grounds:

"1. That the Ld. CIT (A) has erred in applying the net profit @ 10% on unaccounted receipts relating to Real Estate business instead of 20% as applied by the Assessing Officer.

2. That the finding of the CIT(A) is contrary to the finding of fact recorded by him that the profit percentage have been derived/verified by the Assessing Officer on the basis of seized material at 4% to 5% and even the Industry norms average is 2.98% and, as such, ignoring the seized records and 'Industry norms' by the CIT(A) and applying the net profit rate of 10% is uncalled for and highly excessive.

3. That the Ld. CIT(A) has failed to appreciate that the seized record has to be considered in totality and, thus, the application of 10% of the net profit rate as applied by the CIT(A) is, thus, not proper.

4. That the assessment as framed by the Assessing Officer vide order, dated 26.03.2025 deserves to be quashed as the approval granted by the Addl. CIT, Central Range, Chandigarh have been granted in a mechanical manner without any application of mind and in the Judgements of Hon'ble Supreme Court, various High Courts and different Benches of the ITAT across the country have quashed the assessment as framed by the AO and, thus, the finding of CIT(A) in this context in para 11 of the order is against the facts and circumstances of the case.

5. That the appellant craves leave to add or amend the grounds of appeal before the appeal is finally heard or disposed off."

30. The assessee has withdrawn the ground No. 4 and, as such, the same is treated as withdrawn and dismissed accordingly.

31. The assessee has withdrawn the grounds of appeal with regard to mechanical approval and the issue of notice u/s 148 in the above appeals as stated above and both the Ld. Counsel and Ld. CIT (DR) agreed that all the above companies belong to same group and the Assessing Officer and Ld. CIT(A) has discussed at length about the adoption of net profit rate, which has been adopted by the Assessing Officer in all the years @ 20% and which has been reduced to 10% by the Ld. CIT(A).

32. Both the Ld. Counsel and Ld. CIT (DR) stated that they rely upon their arguments as given in ITA No. 1269/Chd/2025 for Asstt. Year 2020-21 in the

case of Chandigarh Royale City Promoters Ltd. and for the sake of convenience, the assessee submitted a chart in respect of all the cases to demonstrate that the facts are common, with the relevant page of the order of Assessment Officer for each year and the order of Ld. CIT(A), about the net profit rate as per seized record as applied by the Assessing Officer and for sake of clarification, the same is being reproduced as under:-

Chart Showing the Net Profit Rate as applied by AO / CIT(A) and with Relevant Page Numbers of the AO/CIT(A) Orders
IN THE CASE OF: CHANDIGARH ROYALE CITY PROMOTERS PRIVATE LIMITED
 ITA NO. 1269/CHD/2025 (A) AY 2020-21
 ITA NO. 1270/CHD/2025 (A) AY 2021-22
 ITA NO. 1271/CHD/2025 (A) AY 2022-23
 ITA NO. 1272/CHD/2025 (A) AY 2023-24
AND IN THE CASE OF: KEWAL KRISHAN KANSAL
 ITA NO. 1273/CHD/2025 (A) AY 2020-21
 ITA NO. 1274/CHD/2025 (A) AY 2021-22
 ITA NO. 1275/CHD/2025 (A) AY 2023-24

S.No.	Assessee Name	Assessment Year	Net Profit as per Books of Accounts	Relevant Number in AO Order	Page	Net Profit Rate as per Seized Data sheet	Net Profit Rate as per Seized Pro Galla Sheet	Relevant Page Number in AO Order	Net Profit Rate Applied by AO	Relevant Page of AO Order	Net Profit Rate as Per CIT(A) Order	Relevant Page Number in CIT(A) Order	Para Number in CIT Order	Net Profit Rate as per Industry Standard as Per AO Order	Relevant Page Number in AO Order
1	Chandigarh Royale City Promoters Private Limited	2020-21	0.15%			4%	5%	124	20%	128	10%	32	9.9	2.98	127
2	Chandigarh Royale City Promoters Private Limited	2021-22	0.42%	163		4%	5%	165	20%	169	10%	34	9.9	2.98	168
3	Chandigarh Royale City Promoters Private Limited	2022-23	0.30%	190		4%	5%	192	20%	196	10%	34	9.9	2.98	195
4	Chandigarh Royale City Promoters Private Limited	2023-24	0.18%	153		4%	5%	155	20%	159	10%	31	7.9	2.98	158
5	Kewal Krishan	2020-21	1.06%			4%	5%	137	20%	141	10%	33	9.9	2.98	140
6	Kewal Krishan	2021-22	12.12%	152		4%	5%	153	20%	158	10%	30	9.9	2.98	156
7	Kewal Krishan	2023-24	3.80%	138		4%	5%	139	20%	144	10%	32	7.9	2.98	143

For Chandigarh Royale City Promoters Pvt. Ltd.
Daljeet Singh
 Director

M/s Royale Estate Affordable Housing
Kewal Krishan
 Auth. Signatory

33. We have considered the above said chart and arguments and hold that the facts in all the years are common and all the concerns belong to same group and, as such, we have no hesitation in holding that our finding as given in ITA No. 1269/Chd/2025 in the case of Chandigarh Royal City Promoters Ltd. would squarely apply in all the cases listed above and direct for application of 5% net profit rate on the unaccounted receipts as per

seized records as having been held by us in ITA No. 1269/Chd/2025 and, as such, all the appeals are partly allowed.

34. In the result, all the above appeals are partly allowed.

Order pronounced in the open Court on 10/03/2026

Sd/-

राजपाल यादव
(RAJPAL YADAV)
उपाध्यक्ष/VICE PRESIDENT

Sd/-

कृणवन्त सहाय
(KRINWANT SAHAY)
लेखा सदस्य/ ACCOUNTANT MEMBER

AG

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar