

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH, MUMBAI**

**BEFORE SHRI PAWAN SINGH, JM &  
MS PADMAVATHY S, AM**

**I.T.A. No. 3997/Mum/2025  
(Assessment Year: 2015-16)**

<b>DCIT- CC-7(1), Room No. 653, 6<sup>th</sup> Floor, Aayakar Bhavan, M.K. Road, Churchgate, Mumbai-400020.</b>	Vs.	<b>Lloyds Engineering Works Ltd. [Earlier known as Lloyds Steels Industries Ltd.], C-Wing, 16<sup>th</sup> Floor, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013. PAN: AAACE9285C</b>
<b>Revenue)</b>	:	<b>Assessee)</b>

**C. O. No. 164/Mum/2025  
(Assessment Year: 2015-16)**

<b>Lloyds Engineering Works Ltd. [Earlier known as Lloyds Steels Industries Ltd.], A-2, 2<sup>nd</sup> Floor, Madhu Estate, Pandurang Budhkar Marg, Lower Parel, Mumbai-400013. PAN: AAACE9285C</b>	Vs.	<b>DCIT- CC-7(1), Room No. 653, 6<sup>th</sup> Floor, Aayakar Bhavan, M.K. Road, Churchgate, Mumbai-400020.</b>
<b>Assessee)</b>	:	<b>Revenue)</b>

**ITA No. 2857/Mum/2025  
(Assessment Year: 2018-19)**

<b>Lloyds Engineering Works Ltd. [Earlier known as Lloyds Steels Industries Ltd.], C-Wing, 16<sup>th</sup> Floor, Trade World,</b>	Vs.	<b>ACIT- CC-7(1), Room No. 653, 6<sup>th</sup> Floor, Aayakar Bhavan, M.K. Road, Churchgate, Mumbai-400020.</b>
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Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013. <b>PAN: AAACE9285C</b>		
<b>Assessee)</b>	<b>:</b>	<b>Revenue)</b>

**Revenue by** : Shri Rajesh Kumar Yadav – CIT-DR

**Assessee by** : Shri Vijay Mehta & Shri Tarang Mehta, AR

**Date of Hearing** : 13.11.2025

**Date of Pronouncement** : 08.12.2025

### ORDER

#### Per Padmavathy S, AM:

These appeals of the revenue and the C.O. of the assessee for Assessment Years (AY) 2015-16 and the appeal of the assessee for AY 2018-19 are against separate orders of the Commissioner of Income Tax (Appeals)-49, Mumbai [In short 'CIT(A)'] passed under section 250 of the Income Tax Act, 1961 (the Act) both dated 05.03.2025. The issue contended are common and therefore these appeals and the C.O. are heard together and disposed of by this common order. For the purpose of adjudication, the appeal of the revenue and C.O. of the assessee for AY 2015-16 is considered as a lead case. The grounds raised by the revenue and the C.O. of the assessee are as under:

#### “Revenue’s Grounds

*1. On facts and circumstances of the case and in law. The Ld. CIT(A) erred in allowing the depreciation claim without properly considering the fact that the assessee had not carried out any genuine business activity, and as per established legal principles, depreciation can only be allowed on assets used for business activities.*

2. *On facts and circumstances of the case and in law. The Ld. CIT(A) erred in failing to appreciate that the assessee had contravened provisions of the RBI Act, Money Lenders Act, and the Income Tax Act by engaging in illegal activities involving the diversion of LC funds through paper transactions, and as such, any expenses related to these activities should not be allowed as deductions. 11. On facts and circumstances of the case and in law. The Ld. CTT(A) erred in deleting the addition made under Section 68 of the Income Tax Act, 1961. The CIT(A) failed to consider that the assessee did not discharge its onus of proving the genuineness of the loan transactions and the creditworthiness of the lending entities.*

3. *On facts and circumstances of the case and in law. The Ld. CIT(A) failed to appreciate the findings of the then AO, who had established that the lending companies were part of a network engaged in bogus circular trading. The CIT(A) did not consider the fact that the lending companies had no actual business activity, and the loans were merely accommodation entries. 13. The assessee craves leave to add to alter, amend, modify and/OR DELETE any OR all of the above said grounds of appeal. The assessee reserves its right to file further submission in the appeal.*

4. *On facts and circumstances of the case and in law, the Ld. CIT(A) erred in allowing the appeal of the assessee by disregarding the rejection of books of accounts under Section 145 of the Income Tax Act, 1961, by the AO, which was justified based on the non-genuineness of the transactions and lack of supporting documents.*

5. *On facts and circumstances of the case and in law. The Ld. CIT(A) failed to appreciate the fact that the AO had sufficient evidence, including statements recorded during the search operation, and corroborative material, which clearly established that the assessee company was involved in providing accommodation entries and the transactions recorded were not genuine.*

6. *On facts and circumstances of the case and in law. The Ld. CIT(A) erred in upholding the assessee's contention that the*

*books of accounts were correct and complete despite the fact that the assessee failed to provide basic documents such as stock registers, purchase invoices, sales invoices, inward and outward movement of goods, and transport documents, which further supports the AO's conclusion regarding the rejection of the books under Section 145(3).*

7. *On facts and circumstances of the case and in law. The Ld. CIT(A) erred in reducing the additional income from 5% to 0.5% of the turnover when the facts and circumstances clearly indicate that the assessee, being involved in high-risk accommodation entry activities, earned additional commission income at a higher rate of 5%, which was rightly estimated by the AO.*

8. *On facts and circumstances of the case and in law. The Ld. CIT(A) failed to consider the high level of risk taken by the assessee in facilitating L/C funding and booking accommodation entries, and thus erred in reducing the estimated commission rate from 5% to 0.5% of turnover, which is inconsistent with the facts and the financial performance of similar entities involved in similar transactions.*

9. *On facts and circumstances of the case and in law. The Ld. CIT(A) failed to acknowledge the legal position that the Assessing Officer is the best judge to estimate the income when the books of accounts are rejected under Section 145(3), as per the judicial precedents in the case of CIT vs. State Trading Corporation of India Ltd. (2010) 328 ITR 257 (Delhi), WHERE it was held that the AO's estimation of income was valid in cases of rejection of books of accounts.*

10. *On facts and circumstances of the case and in law. The Ld. CIT(A) erred in holding that the expenses claimed by the assessee, including indirect expenses and depreciation, should be allowed as deductions, despite the clear evidence that the assessee was involved in bogus transactions and illegal activities.*

11. *On facts and circumstances of the case and in law. The Ld. CIT(A) failed to consider the fact that the assessee's business activities were based on false and fabricated transactions and therefore, any expenses claimed by the assessee in relation to these activities cannot be allowed as a deduction under Section 37 of the Income Tax Act, 1961.”*

### **“Grounds of C.O.**

*The following grounds of cross objections are without prejudice to each other and assessee's arguments in Department's appeal,*

1. *The CIT(A) has erred in upholding the assessment order passed u/s 153C r.w.s 143(3) of the Act which is illegal and bad in law.*

*2. The CIT(A) has erred in not holding that the assessment order passed u/s 153C of the Act is invalid since preconditions for invoking S. 153C of the Act are not satisfied.*

*3. The CIT(A) has erred in not holding that the assessment order passed is invalid and illegal on account of non-mention of DIN on the assessment order as per the CBDT Circular No. 19 of 2019 dated 14.08.2019.*

*4. The CIT(A) has erred in not holding that the order passed by the assessing officer was in violation of principles of natural justice.”*

2. The assessee is a limited company engaged in the business of manufacturing of engineering goods and trading. There was a search and seizure operation conducted in the case of Jatia Group and other related group at their business premises and residential premises of the Directors on 17.04.2018. Consequent to the search proceedings, the AO of the search party after recording satisfaction on 15.03.2021 handed over the seized material including statements on oath, findings of the search and seizure action, etc. to the AO of the assessee. Accordingly, the AO of the assessee issued a notice u/s. 153C on 24.01.2022 which was duly served on the assessee. The AO completed the assessment u/s. 153C r.w.s. 143(3) after making the following additions / disallowances:

(i) Addition of undisclosed income on estimated basis	-Rs. 13,12,96,152/-
(ii) Disallowance of depreciation	- Rs. 55,66,789/-
(iii) Disallowance of indirect expenses	- Rs. 81,71,906/-

3. Aggrieved assessee filed further appeal before the CIT(A). The CIT(A) deleted the above additions/disallowances made by the AO. The revenue is in appeal against the order of the CIT(A).

### **Addition of undisclosed income on estimated basis**

4. From the search operation and the seized materials it was found by the AO that the search entities were booking bogus sales and bogus purchases without underlying goods. The AO further noticed that there was no evidence of actual movement of goods and the Directors of the search parties admitted to being dummy and acting on instructions. The AO also noticed from the documents retrieved and books of accounts seized during the course of search action it is found that bogus invoices are being booked in order to avail Letter of Credit (LC) from Banks and artificially inflate sales and purchase figures in the financials to satisfy the Bank requirements to continuous availing of LC facility. The AO recorded a finding the Searched entities are engaged in the practice of providing bogus Back-To-Back sales & purchases entries from the various paper companies. The AO further recorded that Mr. Vinod Jatia, Director of the searched entities has made arrangements with the directors and promoters of Top Worth Group of Companies as well as with Uttam Galva and Llyods Group of Companies in connection with availing Letter of Credit facilities from various banks. In this regard various sets of Companies were created and used as tabulated in the AO's order is extracted below–

<i>Sn</i>	<i>Top Worth Group Companies</i>	<i>Llyods Group of Companies</i>	<i>Uttam Galva Group of Companies</i>
1	<i>Navmi Steel Traders Pvt Ltd.</i>	<i>Insko Steels Pvt. Ltd.</i>	<i>Blackstone Multi Trading Ltd.</i>
2	<i>Phoenix Impex Pvt. Ltd.</i>	<i>Duli Trade &amp; Commodities Pvt. Ltd.</i>	<i>Palak Agency Pvt. Ltd.</i>
3	<i>Harsh Steel Trade Pvt. Ltd.</i>	<i>Llyod Steel Industries Ltd.</i>	<i>Uttam Value Steels Ltd.</i>
4	<i>Maruti Strip's Fero Alloys Pvt. Ltd.</i>	<i>Shree Global Tradefins Ltd.</i>	<i>Uttam Galva Steels Ltd.</i>
5	<i>Maheep Marketing Pvt. Ltd.</i>	<i>Elecmec Engineering &amp; Project Pvt. Ltd.</i>	
6	<i>Akshata Mercantile Pvt Ltd</i>	<i>Lloyds Metals and Engineering Ltd.</i>	
7	<i>Brahmcharini Vyapaar</i>		

	<i>Pvt. Ltd</i>		
8	<i>Manojvaya Vintrade Pvt Ltd</i>		
9	<i>Omicron Steel Traders Pvt. Ltd.</i>		
10	<i>Ballaleshwar Pipes &amp; Tubes Pvt. Ltd.</i>		
11	<i>Poscho Steels Pvt. Ltd.</i>		
12	<i>Champalal Motilal Steel Co. Pvt. Ltd.</i>		
13	<i>Maheep Marketing Pvt. Ltd.</i>		

5. The AO rejected the books of accounts of the assessee. The AO noticed that out of the total purchases Rs.2,62,59,23,045/- is bogus and that the assessee has not booked any bogus sales during the year. The AO considered higher of the purchases and sales and estimated the income @ 5% i.e. Rs.13,12,96,152/- being 5% of Rs.2,62,59,23,045/-. On further appeal the CIT(A) held that since the profits are estimated on the sales, the addition should be an estimation of the sales only. In this regard the CIT(A) has elaborated the modus operand of the impugned transactions as under –

“7.2.9. On the first issue, I refer to the modus operandi of the transactions given in the assessment order.

. First of all the company "A" (Uttam Group, Topworth Group & Llyod Group etc) creates a dummy company in the name of say "B"

. Now company B raises sales invoices to the company of Jatia Group (Say Company X

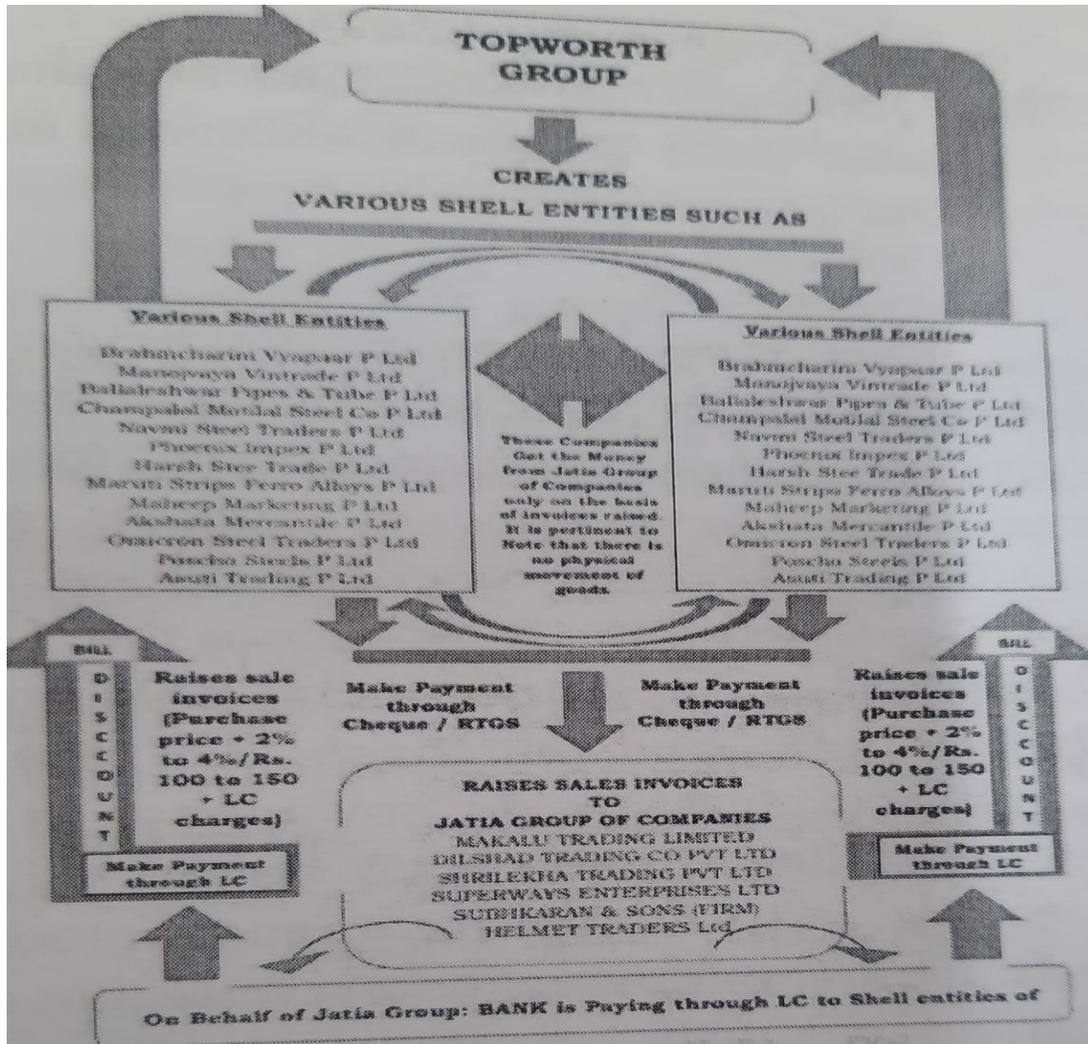
. Company "X" made payment to company "B" through the L/C issued by the Bank

. The company "B" got money without selling any goods but only for generating invoices.

. On the same day company "X" raises sale invoices (Purchase price + 2% to 4%/Rs 100 to 150 LC charges) to company "A" (i.e. main company Uttam Group or Topworth Group).

. Against this invoices company "A" make payment to company "X" through cheque/RTGS.

AO has graphically explained the transactions as under



It is further observed by the AO that,

"the searched entities has done the purchase and sales transactions within the same group of companies. For example, once the searched entities incorporate bogus purchases from paper / shell companies of Topworth Group, immediately corresponding bogus sales were also booked to paper/shell companies of Topworth

Group only. The Same trends have been followed for paper/shell companies of Uttam Galva and Lloyds group of companies. One thing is pertinent to note here that, the Searched entities has not performed any intergroup purchase and sale transactions".”

6. The CIT(A) further held that since, the fund used for circular trading has been received in the hands of appellant through inflated sales, the value of such inflated sales should be adopted for purpose of estimation of income earned on the funds so received. The CIT(A) also held that the percentage of estimated income is to be at 0.5% of bogus sales based on his own decision in the case of Lloyd group. The assessee did not have any bogus sales during the year under consideration and therefore the CIT(A) deleted the addition made by the AO. The CIT(A) while doing so also held that the AO is not correct in rejecting the books of accounts u/s.145 of the Act. The revenue is in appeal against the order of the CIT(A).

7. The Id. DR presented a detailed written submission which is taken of record. The summary of Id. DR's arguments are as under:

*(i) That the CIT(A) has erroneously accepted the assessee's claim at face value without verification and that the claim of the assessee that the impugned transactions are recorded in the books are not substantiated*

*(ii) That the CIT(A) has not considered the fact the searched entities are engaged in circular transactions and thus the books / other documents are unreliable / incorrect*

*(iii) That the CIT(A) failed to appreciate that the impugned transactions are non-genuine and that the assessee failed to discharge the onus of proving the genuineness of the transaction*

*(iv) That the CIT(A) erred in not taking into account the findings of the AO based on the statement recorded and documentary evidences during the course of search*

*(v) That the CIT(A) is not correct in adopting 0.5% of turnover as the profit margin disregarding the nature, scale and the risk profile and that the AO's estimation of 5% is intended to cover multiple layers of undisclosed income earned by the assessee*

(vi) *That the estimation of the profit percentage reduced by the CIT(A) is without any comparative basis.*

8. The Id. AR on the other hand submitted that the impugned addition is deleted by the Co-ordinate Bench of the Tribunal in the case of other entities who are part of the same search as tabulated in the AO's order (refer table extracted hereinabove). The Id. AR submitted that the Co-ordinate Bench in the case of M/s Indrajit Properties Pvt. Ltd. (in which M/s Duli Trade & Commodities Pvt. Ltd. and M/s InSCO Steel Pvt. Ltd. are merged) vs. DCIT (ITA No. 2139 & Ors/Mum/2025 dated 22.08.2025) has considered an identical issue where it is held that the addition cannot be sustained.

9. We heard the parties and perused the material on record. We notice that the Co-ordinate Bench in the above case has considered a similar addition and held that

*“17. Now considering the above facts in detail, we proceed to decide the merits of the additions. In this regard, it was submitted that the assessee had not entered into any bogus/circular transactions as held by the AO. As per Ld. AR the assessee is engaged in the business of wholesale trading of metals and metal ores having a turnover of more than Rs. 2,000 crores. Considering the nature of the goods traded, which are heavy and bulky in size, there is typically no physical movement of such goods at the time of sale. Instead, the goods are stored at designated warehouses, and symbolic delivery is effected by way of transfer of title documents or delivery orders, which is an accepted and recognized commercial practice in the line of business. Such operational model is standard across the industry and does not, in any manner, indicate the presence of sham transactions. Thus the transactions are genuine.*

*18. Alternatively, it was also submitted that even if it is to be assumed that the assessee has entered into circular transaction, there is no evidence nor any findings arising out from the search proceedings to suggest that the assessee has earned extra cash which is in excess of amounts/profits already reflected in the books of accounts. On the contrary, the statements recorded of various individuals at the time of search indicate that the assessee has earned commission as its profits for*

*providing the service of generating alleged non-genuine invoices. In this regard out attention was drawn to the statement of **Shri Narsingh Vijay Dhawale**, accountant of Mr. Vinod Jatia which is at paper book page No. 56 & 57, (Q. No. 13 and 14). Further, statement of **Shri Riyaz Shaikh, CFO** of Lloyds Metal and Energy Limited (group company of the assessee) which is at paper book page No. 71, (Q. no. 32). Thus, in this way we have noticed that the statements itself indicate that the transactions were executed in an auto mode with a pre-determined commission structured as profits. Most importantly, there is no mention of any cash consideration or compensation being paid for availing the alleged bogus invoices in any of the search statements including confessional statements.*

*19. We noticed from the record that not only there are **no seized documents** supporting the findings of the AO, absolutely there is **no deposition** made by anybody indicating any cash receipts by the assessee. It is important to mention here that in a case where there would have been such statements during the course of search alleging such cash receipts, the assessee would have an **opportunity to cross examine** the deponent. However, as per the facts of the present case, the assessee is in a worst situation in as much as the AO and Ld. CIT(A) has merely **presumed and inferred** cash consideration and thus the assessee had no such opportunity.*

*20. We further noticed that the additions made by the AO for all the six years is of approximately Rs. 250 crores. However, it is impossible and against the prudence that such substantial amounts have been paid to the assessee without leaving behind any documentary evidence such as notings, diaries or any cash trail. The **complete absence** of such evidence, in spite of extreme action of search and seizure, strongly suggest that no cash income was actually received by the assessee. **Thus the absence of any evidence in itself is a positive evidence to suggest absence of cash transactions.** On this proposition reliance is being placed upon the decision of the Coordinate Bench of the Mumbai of the Hon'ble Tribunal in the case of **DCIT v. Supreme Holdings and Hospitality (India)** wherein, with respect to the **same search** proceedings of Mr. Vinod Jatia and his companies, the Coordinate Bench of the Tribunal held that **there is no involvement of any cash transaction nor there is any cash trail found in the search proceedings.***

*21. Furthermore, neither the AO nor the Ld. CIT(A) has referred to or relied upon any specific finding or tangible evidence to demonstrate that the assessee had actually received any cash. In our view, at the time of making the addition, the AO has merely proceeded on a **presumptive basis** by stating that the assessee **might have received cash**, without bringing any concrete, corroborative or even*

*circumstantial evidence on record to substantiate such an assumption. Such reasoning of the revenue authorities is based purely on conjectures was also accepted by the Ld.CIT(A). In our considered view, such conjectural reasoning cannot form the basis for a sustainable addition under the Act. On this proposition, reliance is being placed up on the decision of the Hon'ble Supreme Court in the case of **Dhakeshwari Cotton Mills Ltd. v. CIT (26 ITR 775) (PBP 144)**, wherein, it was held that although, the AO is not restricted by the strict and technical rules of the evidence and pleadings, he cannot proceed to make an addition purely on a guess work without any reference to material or tangible evidence.*

*22. After evaluating the entire records, we also found that the payer of the alleged amount has not been identified throughout the assessment proceedings. It is strange that the AO has alleged that the receipt of excess consideration to the extent of 5% of the turnover, which aggregates to approximately Rs. 250 crores for all the years under consideration but at the same time had not identified the person who had paid such a huge amount to the assessee. The revenue has also not made any addition in the hands of any counter party in respect of such huge amount allegedly paid to the assessee. Thus in our view, if the assessee had received the cash consideration outside the books of accounts, then in that eventuality, there has to be some entity who has paid such amount and such entity ought to have been identified and taxed by the Income-tax Department.*

*23. Even otherwise, the additions sustained by the Ld. CIT(A) is excessive. As in this regard, it was submitted that as per prevailing industry practice, the profit margin earned in case of a genuine wholesale trading is between 0.17% and 0.63%. **(This fact has been accepted by the Ld. CIT(A) on Pg. 86)**. Therefore, in our view, even assuming that the transaction entered by the assessee are circular in nature and non-genuine, then in that eventuality the findings of the Ld. CIT(A) that the assessee must have earned 0.5% commission is contrary to commercial logic. No prudent businessman would pay such a high commission to a mere entry provider, especially when the commission exceeds or equals the profit margins earned in legitimate trading activity. Hence, the commission earned by the assessee has to be much lower than the industry's average net profit margin.*

*24. Even otherwise, the profit margin disclosed by the assessee on alleged circular transactions comes to 0.27% for the year under consideration **(chart showing profit margin for the all the years is enclosed in the file)**. Therefore, in our view, considering the thin margin in this line of business, it is held that the profits disclosed by the assessee in its audited books of account includes commission income earned, therefore, in our considered opinion, no further addition is*

*warranted on this account. Reliance is being placed on the decision of the Rajkot Bench of the Hon'ble Tribunal in the case of **Kamlesh Deoraj Jain v. ITO (PBP 154)**, Chandigarh Bench of the Hon'ble Tribunal in the case of **Seo Lehenga House v. DCIT (PBP 173)** and Nagpur Bench of the Hon'ble Tribunal in the case of **ACIT v. Solaries Holdings Pvt Ltd. (PBP 197)**, wherein it has been held that **in case of a circular transaction, the profit declared in the books of accounts covers the commission portion and that no further addition is warranted especially in absence of any evidence of cash payments.***

*25. Therefore, considering the totality of the facts and circumstances of the present case and also considering the decisions of the Coordinate Benches of the Tribunal as discussed by us above, we allow the grounds of appeal raised by the assessee and direct the AO to delete the additions.”*

10. We further notice that a similar view has been held by the Co-ordinate Bench in the case of one another entity which is part of the same search ACIT vs. M/s Elecmech Engineering & Project Pvt. Ltd. (ITA Nos. 3055 to 3057/Mum/2025 dated 08.10.2025). Since the facts in assessee's case being identical, we see merit in the contentions of the assessee that the impugned addition is covered by the decision of the Co-ordinate Bench. Further from the perusal of the submissions of the Id. DR no new facts have been brought on record in the present assessee's case for us to take a different view. Accordingly, respectfully following the above decision of the Co-ordinate Bench, we see no reason to interfere with the decision of the CIT(A).

### **Disallowance of depreciation & Disallowance of indirect expenses**

11. The AO during the course of assessment disallowed 55% of the depreciation claimed by the assessee on the ground that the assessee has booked bogus transactions to the extent of 55% in the books of accounts. The AO applied a similar percentage on the amount of indirect expenses claimed by the assessee to make the disallowance of Rs. 81,71,906/-. The CIT(A) deleted the disallowance

stating that once the income generated from the circular transactions are disclosed by the assessee then no separate disallowance can be made. The CIT(A) further held that depreciation claimed has no nexus to the bogus entries booked by the assessee and accordingly deleted the disallowance made by the AO. The CIT(A) with regard to the disallowance of indirect expenses held that

*“7.4.3 I have gone through the assessment order and the submissions of the appellant. In this context, I refer to the discussion & decision on ground no 2-6 in the above paras, wherein it is held that the appellant has disclosed the income generated from the circular transaction in its books of account. The finance cost of comprises of Bill discounting charges borne by the appellant. These Bill discounting charges are paid to the bank and are linked with the transactions of sale and purchase, both circular or otherwise, entered into by the appellant. Similarly, Salary and PF & Other Salary expenses of Rs. 58,96,903 are related to sale and purchase, both circular or otherwise, entered into by the appellant. Since the income from circular trading is disclosed by the assessee, the expenditure incurred for earning the income is to be allowed as deduction. The finance charges, salaries and other administrative expenses are therefore allowable as expenditure. I do not find merit in the conclusion drawn by the AO that the expenses are unreal and fabricated. The AO is directed to delete the addition of Rs 81,71,906/-.”*

12. We heard the parties and perused the material on record. The AO disallowed the expenses in the same proportion of the bogus purchase/sales stating that the expenses to the extent of bogus purchase/sales would also be non-genuine. From the perusal of the above findings of the CIT(A) we notice that the CIT(A) has analysed the nature of expenses and held that the expenses are incurred in regular course of business to be allowed as deduction. The AO while making the disallowance has merely estimated the disallowance in the same proportion of bogus transaction, without examining the issue on merits. We further notice that the AO did not call for any details and did not examine any documentary evidences. Accordingly in our view, the AO is not correct in disallowing the expenses on proportionate basis without verifying the expenses based on

documents. It is an admitted fact that the assessee is engaged in both genuine business as well as inflating the sales and purchases by accounting non-genuine entries. Therefore in our view it has to be factually examined whether the entire expenses booked by the assessee are genuine expenses incurred towards genuine business activity and do not include any inflated non-genuine expenses. Accordingly we are remitting the issue of expenses disallowed u/s.37 back to the AO with a direction to call for necessary documentary evidences to allow the claim of the assessee in accordance with law. The disallowance of depreciation is also remitted back with similar directions. It is ordered accordingly.

13. In view of our decision with regard to revenue's appeal the C.O. of the assessee challenging the validity of notice u/s.153C has become infructuous and dismissed accordingly.

14. For AY 2018-19 the assessee has raised several grounds contending the additions sustained by the CIT(A) both on merits and on legal grounds. During the course of hearing the ld. AR submitted that ground no.3 contending the addition sustained at 0.5% on alleged bogus sales by the CIT(A) is the only ground pressed and the rest of the grounds may be treated as not pressed. Accordingly, we dismiss ground no.1 to 6 except ground no.3 as not pressed.

15. From the perusal of the facts pertaining to the addition made on estimated basis on the bogus sales by the assessee, we notice that the facts are identical to the facts of the similar issue for AY 2015-16. We have for AY 2015-16 held that no addition can be estimated only alleged bogus sales by placing reliance on the decisions of the Co-ordinate Bench. In our considered view the said decision is mutatis mutandis applicable to the impugned addition sustained by the CIT(A) for

AY 2018-19 also. Accordingly, we direct the AO to delete the addition for AY 2018-19.

16. In result, the appeal of the revenue for AY 2015-16 is partly allowed and the C.O. of the assessee for AY 2015-16 is dismissed. The appeal of the assessee for AY 2018-19 is allowed.

*Order pronounced in the open court on 08-12-2025.*

*Sd/-*  
**(PAWAN SINGH)**  
**Judicial Member**

*\*SK, Sr. PS*

*Sd/-*  
**(PADMAVATHY S)**  
**Accountant Member**

**Copy of the Order forwarded to :**

1. The Appellant
2. The Respondent
3. DR, ITAT, Mumbai
4. Guard File
5. CIT

BY ORDER,

(Dy./Asstt. Registrar)  
**ITAT, Mumbai**