

**INCOME TAX APPELLATE TRIBUNAL  
AGRA BENCH "SMC": AGRA  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 448/AGR/2025  
(Assessment Year: 2012-13)**

Blue Lotus Developers, 101, The Empire 33 City Centre, Thalipur, Gwalior	Vs.	DCIT, Circle-1(1), Gwalior
(Appellant)		(Respondent)
<b>PAN: AAIFB4692D</b>		

Assessee by :	Shri Rajendra Sharma, Adv Shri Manuj Sharma, Adv
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	19/01/2026
Date of pronouncement	21/01/2026

**ORDER**

1. The appeal in ITA No. 448/AGR/2025 for AY 2012-13, arises out of the order of the ADD/JCIT(A), Chennai [hereinafter referred to as 'ld. JCIT(A)', in short] dated 29.08.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 30.03.2015 by the Assessing Officer, DCIT, Circle-2, Gwalior (hereinafter referred to as 'ld. AO').

2. The original grounds raised by the Assessee are challenging the ad hoc disallowance of expenses in the total sum of Rs 6,50,000/- without rejecting the books of accounts of the Assessee under section 145(3) of the Act. The Assessee has also raised certain additional grounds which are purely legal in nature and hence the said additional grounds are hereby admitted as the facts relevant for its adjudication are already on record.

3. I find that the additional grounds raised by the Assessee are challenging the validity of framing of assessment under section 143(3) of the Act for the year under consideration instead of framing the assessment under section 153C of the Act. I have heard the rival submissions and perused the materials available on record. A search and seizure operation under section 132 of the Act was carried on in the business premises of Shri Gopal Krishan Agarwal and their family on 08.07.2011. In the course of such search, some loose papers / transactions pertaining to the Assessee were found. Accordingly, after following the due process of law, notice under section 153C of the Act was issued to the Assessee on 26-9-2013 directing the Assessee to file its return of income on or before 07.10.2013. In response to the said notice, the Assessee filed its return of income on 10.02.2015 declaring total income of Rs 7,52,200/-. It is not in dispute before us that the satisfaction note for initiating proceedings under Section 153C of the Act stood initiated on the Assessee during the assessment year 2012-13. Hence the date of search qua the Assessee falls in assessment year 2012-13 for which only assessment under section 143(3) of the Act should be framed which has been correctly framed by the Learned AO. Hence the additional grounds raised by the Assessee are hereby dismissed.

4. With regard to original grounds, I find that the Assessee firm is engaged in the business of purchase and development of land and plotting, colonizing, construction of flats and other type of buildings. The Learned AO observed that Assessee had claimed the earthwork at site expenses for Rs 16,86,875/- and site development expenses for Rs 10,28,401/-. The Assessee was asked to produce the supporting vouchers for verification of the genuineness of these expenses. The details filed by the Assessee were found to be incomplete by the Learned AO and Learned AO concluded that

most of these vouchers are self-made vouchers and accordingly proceeded to make an ad-hoc disallowance of Rs 3,00,000/- out of total site expenses and added the same to the total income of the Assessee.

5. With regard to road expenses, the Assessee has claimed Rs 75,70,276/- and Assessee was asked to produce the supporting vouchers for verification of genuineness of these expenses. The details filed by the Assessee were found to be incomplete by the Learned AO and Learned AO concluded that most of these vouchers are self-made vouchers and accordingly proceeded to make an ad-hoc disallowance of Rs 3,50,000/- out of total road expenses and added the same to the total income of the Assessee. This action of the Learned AO was upheld by the Learned JCIT(A).

6. I find that Assessee during the course of assessment proceedings had produced the complete ledger account comprising the details of site expenses and road expenses along with sample invoices for the same. The Assessee had also furnished the vouchers which are duly signed by the recipients and proved the fact that all the payments were made through regular banking channels and none of the expenditures were incurred by cash. I find that the Learned AO had not rejected the book results of the Assessee and had not found any defects in the evidences submitted except merely stating that Assessee has given self-made vouchers without rejection of books of accounts in terms of section 145(3) of the Act. No addition on estimated basis or on ad-hoc basis could be made by the Learned AO without rejection of book results of the Assessee. The law is very well settled on this account. Hence I have no hesitation to delete the estimated disallowance of expenses made by the Learned AO in the total sum of Rs 6,50,000/- and the same is hereby directed to be

deleted. Accordingly, the original grounds raised by the Assessee are allowed.

7. In the result, the appeal of the Assessee is partly allowed.

Order pronounced in the open court on 21/01/2026.

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 21/01/2026  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi