IN THE INCOME TAX APPELLATE TRIBUNAL, 'F' BENCH MUMBAI

BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI MAKARAND VASANT MAHADEOKAR, ACCOUNTANT MEMBER

ITA No.6051/Mum/2026
(**Assessment Year :2020-21**)

JSW Infrastructure Limited 5th Floor, JSW Centre Bandra Kurla Comples Bandra (E), S.O. Mumbai-400 051	Vs.	Principal Commissioner of Income Tax Officer, Mumbai-5
PAN/GIR No.AABCJ6721D		
(Appellant)	..	**(Respondent)**

Assessee by	Shri Rakesh Joshi
Revenue by	Shri Nishant Samaiya, CIT DR
Date of Hearing	**02/09/2026**
Date of Pronouncement	**23/09/2026**

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The aforesaid appeal has been preferred by the assessee against the revisional order dated 30.03.2026 passed by the learned Principal Commissioner of Income-tax–5, Mumbai, under section 263 of the Income-tax Act, 1961 ("the Act"), whereby the assessment order dated 27.09.2023 passed under section 143(3)

read with section 144B of the Act has been set aside on the issues relating to allowability of expenditure of ₹7,27,74,000 incurred in relation to Employee Stock Option Plan ("ESOP"); applicability of section 2(22)(e) to a loan of ₹494 crore received from JSW Techno Projects Management Limited; allowability of interest paid on the said loan; and adjustment of the disallowance purportedly made under section 14A while computing book profit under section 115JB. The assessee has challenged the assumption of revisionary jurisdiction as well as the conclusions reached by the learned PCIT on all the aforesaid issues.

2. The grounds raised by the assessee are reproduced hereunder:

"I. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in initiating proceedings under section 263 of the Income-tax Act, 1961, vide show-cause notice dated 24.12.2025 and in passing the impugned order without properly considering the facts and circumstances of the case.

II. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in revising the assessment order passed under section 143(3) read with section 144B of the Act, even though the said assessment had been completed by the Assessing Officer after making adequate enquiries and due application of mind.

III. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in holding that the assessment order passed under section 143(3) read with section 144B of the Act was erroneous and prejudicial to the interests of the Revenue, without appreciating the facts and circumstances of the case.

IV. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in directing the Assessing Officer to modify the assessment order by disallowing staff-welfare expenditure of ₹7,27,74,000 incurred on account of ESOP under section 37(1) of the Act.

V. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in directing the Assessing Officer to modify the assessment order by making an addition of ₹494,00,00,000 as deemed dividend under section 2(22)(e) of the Act on account of the loan received from JSW Techno Projects Management Limited, by proceeding upon assumptions and presumptions and by incorrectly interpreting the provisions of section 2(22)(e).

VI. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in directing the Assessing Officer to disallow interest expenditure paid at the rate of 7% on the aforesaid loan received from JSW Techno Projects Management Limited.

VII. On the facts and in the circumstances of the case and in law, the learned Principal Commissioner of Income-tax has erred in directing the Assessing Officer to add an amount of ₹4,53,38,476, purportedly disallowed under section 14A, while computing book profit under section 115JB, without appreciating that no such disallowance had been made in the assessment order and that an adjustment computed under Rule 8D cannot, in any event, be mechanically imported into the computation of book profit.

VIII. The appellant craves leave to add, amend, alter or delete any of the aforesaid grounds of appeal."

3. The relevant facts, in brief, are that the assessee filed its return of income for Assessment Year 2020–21 on 30.03.2021, declaring a total income of ₹55,40,14,300. The return was selected for scrutiny and, after issuance of statutory notices under sections 143(2) and 142(1) and consideration of the

material and explanations furnished by the assessee, the assessment was completed under section 143(3) read with section 144B vide order dated 27.09.2023, determining the total income at ₹55,92,21,720.

4. Thereafter, the learned PCIT issued a show-cause notice dated 24.12.2025 proposing to revise the assessment order on the ground that ESOP expenditure amounting to ₹7,27,74,000 claimed under section 37(1) represented a notional expenditure arising on account of issue of shares at a discount and was, therefore, not allowable. By a further notice dated 06.02.2026, the learned PCIT also raised an issue concerning a loan of ₹494 crore received by the assessee from JSW Techno Projects Management Limited ("JTPML") and proposed to examine its taxability as deemed dividend under section 2(22)(e). The learned PCIT further questioned the allowability of interest paid on the said loan and, in the final order, also directed an adjustment of ₹4,53,38,476 while computing book profit under section 115JB on the premise that the said amount had been disallowed under section 14A.

5. The assessee furnished detailed replies explaining the nature of the ESOP expenditure, the shareholding and ownership structure of JTPML and the assessee company, the commercial nature of the loan transaction, the absence of the statutory conditions necessary for attracting section 2(22)(e), and the incorrect premise concerning the alleged disallowance under section 14A. The learned PCIT, however, did not accept the

explanations and set aside the assessment order with a direction to frame the assessment afresh after conducting the necessary enquiries. We shall deal with each of the issues forming the subject matter of revision separately.

6. Insofar as the ESOP expenditure is concerned, the learned counsel submitted that ESOPs are granted to employees as an integral part of their compensation package with the object of attracting and retaining competent personnel and aligning their interests with the long-term growth and profitability of the enterprise. The options provide the employees an opportunity to acquire an equity interest in recognition of the services rendered by them and their continued employment during the vesting period. The discount inherent in such options is, therefore, not a gratuitous concession or a loss arising on the capital account, but a quantified employee-compensation cost incurred for securing their services over the vesting period.

7. The learned counsel further submitted that Ind AS 102—Share-based Payment requires the fair value of equity instruments granted to employees to be recognised as an employee-benefit expense over the period during which the corresponding services are rendered. Since the fair value of the incremental services received from individual employees cannot ordinarily be measured independently, the employee-compensation cost is determined with reference to the fair value of the options granted and is spread over the vesting period. In conformity with the said accounting standard, the assessee

recognised expenditure of ₹7,27,74,000 in its profit and loss account. Note No. 44 to the audited financial statements, forming part of the assessment record, contains the relevant disclosures concerning the equity share-based payment transactions. It was submitted that the absence of an immediate cash outflow did not render the expenditure notional, since an expenditure may arise upon incurrence of a definite business obligation even though its discharge or final quantification takes place at a later stage.

8. Reliance was principally placed upon the decision of the Special Bench of the Tribunal in Biocon Ltd. v. DCIT [2013] 35 taxmann.com 335 (Bang.–Trib.)(SB), wherein it was held that discount on issue of employee stock options represents employee-remuneration expenditure allowable under section 37(1). The said decision has been affirmed by the Hon'ble Karnataka High Court in CIT v. Biocon Ltd. [2021] 430 ITR 151 (Karnataka). Reliance was also placed upon the decisions of the Hon'ble Delhi High Court in PVR Ltd. v. CIT [2022] 145 taxmann.com 331 (Delhi) and of the Hon'ble Madras High Court in CIT v. Shriram City Union Finance Ltd. [2024] 460 ITR 232 (Madras).

9. The learned CIT–DR, on the other hand, strongly relied upon the impugned order and submitted that the expenditure had been recognised with reference to the vesting period, even though the employee's right to acquire the shares and the corresponding taxability of the perquisite under section 17(2)(vi)

arose only upon exercise of the option. According to him, no actual payment had been made to the employees and, therefore, the amount represented a contingent or notional liability which did not satisfy the requirements of section 37(1). It was further submitted that the Assessing Officer had not adequately examined the allowability of the claim and, consequently, Explanation 2 to section 263 was attracted.

10. We have considered the rival submissions. The expenditure of ₹7,27,74,000 arose from equity-settled share-based payment transactions concerning options granted as part of the employee-remuneration arrangement. The primary object of granting such options is not the raising of share capital at a lower premium, but the securing and retention of employee services during the vesting period by providing the employees with a stake in the growth and profitability of the enterprise. The discount embedded in the options constitutes the mode through which a part of the remuneration for employee services is quantified and discharged. Merely because such remuneration is not immediately paid in cash does not divest it of the character of expenditure. Incurrence of a definite commercial obligation towards employees is capable of constituting expenditure even though its discharge is deferred or takes a non-cash form.

11. This precise issue was considered by the Special Bench in Biocon Ltd. (supra), which held that the primary object of an ESOP scheme is to compensate employees for their services and

to secure their continued efforts during the vesting period. There is no material distinction between an employer paying an incentive in cash and compensating its employees by granting shares at a concessional price. In either situation, the economic substance is that an employee cost has been incurred for the purposes of business. The discount on issue of options cannot, therefore, be regarded merely as a short receipt of share premium or as expenditure on capital account. The aforesaid decision was affirmed by the Hon'ble Karnataka High Court, and the same legal position has been reiterated by the Hon'ble Delhi High Court in PVR Ltd. (supra) and the Hon'ble Madras High Court in Shriram City Union Finance Ltd. (supra).

12. The reliance placed upon section 17(2)(vi) does not alter the aforesaid position. The said provision determines the point of taxation and the measure of the perquisite in the hands of the employee. It neither governs nor conclusively determines the character or allowability of employee-compensation expenditure in the hands of the employer under section 37(1). The timing of taxation of a perquisite in the employee's hands cannot be transposed as the governing test for recognising the employer's expenditure. The two provisions address different subjects and operate within distinct statutory fields.

13. Thus, when the Assessing Officer accepted the claim of ESOP expenditure, the view so taken was supported by the prevailing judicial position and could not be characterised as unsustainable in law. The learned PCIT has not identified any distinguishing feature which could take the assessee's claim

outside the principle laid down in Biocon Ltd. and the subsequent High Court decisions. Once the substantive legal position recognises ESOP discount as employee-compensation expenditure deductible under section 37(1), a direction to undertake a fresh enquiry cannot, by itself, establish lawful prejudice to the Revenue. The revisionary order on this issue, therefore, cannot be sustained and Ground No. IV is allowed.

14. We now proceed to examine the issue relating to the loan of ₹494 crore received by the assessee from JTPML. The learned PCIT proceeded on the premise that JTPML, being the lender, and the assessee, being the borrowing concern, were connected through a common beneficial ownership involving Smt. Sangita Jindal and/or the Sajjan Jindal Family Trust ("SJFT"). According to the learned PCIT, Smt. Sangita Jindal held approximately 99.8% of the shares in JTPML and, by virtue of her association with SJFT as its trustee or beneficiary, could also be regarded as possessing the requisite beneficial voting power or substantial interest in the assessee company. On this basis, the learned PCIT invoked the second limb of section 2(22)(e), which covers a loan or advance made by a closely held company to a concern in which such shareholder is a member or partner and in which such shareholder has a substantial interest.

15. The learned counsel submitted that the assessee was neither a registered nor a beneficial shareholder of JTPML and that the statutory conditions of section 2(22)(e) could not be

satisfied merely by tracing a remote or indirect economic relationship between different entities in the group. It was contended that neither Smt. Sangita Jindal nor SJFT was a member of the assessee company in the legally recognised sense contemplated under section 2(22)(e). SJFT was neither a subscriber to the memorandum of association of the assessee nor had it entered into any agreement in writing to become its member; its name did not appear in the register of members; it did not hold any shares in the assessee company; and its name was not entered as the beneficial owner of any shares in the records maintained by a depository. These facts were stated to be supported by the memorandum of association of the assessee and a certificate issued by its Company Secretary.

16. The learned counsel further submitted that the transaction was, in any event, a genuine commercial borrowing carrying interest at the rate of 7%. The loan was received and utilised for the assessee's own business purposes; the lender duly recognised the corresponding interest income and offered it to tax; and no part of the funds was diverted for the personal benefit of any shareholder or beneficiary. It was also contended that the apparent accumulated profits of approximately ₹909.80 crore appearing in the financial statements of JTPML substantially comprised an Ind AS transitional fair-value adjustment of approximately ₹988.50 crore and did not represent commercial profits available for distribution. After excluding the said accounting adjustment, the retained earnings of JTPML were stated to be negative by approximately

₹184.69 crore as on 31.03.2020. The annual accounts of JTPML for the relevant financial years were relied upon in support of this contention.

17. Reliance was placed upon the decision of the **Special Bench of the Tribunal in ACIT v. Bhaumik Colour (P.) Ltd. [2009] 118 ITD 1 (Mum.)(SB), the decisions of the Hon'ble jurisdictional High Court in CIT v. Universal Medicare (P.) Ltd. [2010] 324 ITR 263 (Bom.), CIT v. Impact Containers (P.) Ltd. [2014] 367 ITR 346 (Bom.) and CIT v. Datta Prasad Kamat [2023] 153 taxmann.com 702 (Bom.),** as well as the decision of the **Hon'ble Delhi High Court in CIT v. Ankitech (P.) Ltd. [2012] 340 ITR 14 (Delhi), which was approved by the Hon'ble Supreme Court in CIT v. Madhur Housing and Development Co. [2018] 401 ITR 152 (SC).** It was submitted that a legal fiction must remain confined to the purpose for which it was created and cannot be extended to create a deemed shareholder, deemed member or deemed ownership relationship where none exists in law.

18. The learned counsel also distinguished the decision in **National Travel Services v. CIT [2018] 401 ITR 154 (SC**). It was submitted that the matter therein concerned a partnership firm whose partners held shares in the lender company for and on behalf of the firm, and the legal relationship between a firm and its partners was materially different from the relationship between separately incorporated companies and beneficiaries or trustees of a family trust. It was further submitted that the

Bench in National Travel Services merely expressed doubt about the earlier interpretation and referred the matter for consideration by a larger Bench. Such a reference, without a final adjudication overruling the earlier binding decisions, did not obliterate the law declared in Ankitech (P.) Ltd. and approved in Madhur Housing and Development Co. Reliance in this regard was placed upon the principle explained by the **Constitution Bench in Central Board of Dawoodi Bohra Community v. State of Maharashtra [2005] 2 SCC 673.**

19. The learned CIT–DR submitted that no enquiry whatsoever had been made by the Assessing Officer regarding the loan of ₹494 crore or the applicability of section 2(22)(e). According to him, the statutory audit report disclosed the substantial borrowing from a related group company and the ownership structure was discernible from the material available on record. The Assessing Officer was, therefore, required to examine whether Smt. Sangita Jindal or SJFT possessed the requisite beneficial interest in both entities; whether JTPML had accumulated profits; whether the advance had been made in the ordinary course of a money-lending business; whether it constituted a trade or commercial advance covered by CBDT Circular No. 19 of 2017; and whether the lender was a company in which the public were substantially interested.

20. The learned CIT–DR further submitted that the expression “shareholder” should not be confined to the person whose name was formally entered in the register of members and that

beneficial ownership was equally relevant. According to him, the principles emerging from Bhaumik Colour and Ankitech (P.) Ltd. could not be treated as finally conclusive in view of the observations in National Travel Services. It was also contended that the requirement that the payment should be for the individual benefit of the shareholder pertained to the third limb of section 2(22)(e) and was not an additional condition governing the second limb concerning payment to a concern in which the shareholder had a substantial interest. The question whether the accumulated profits contained Ind AS fair-value adjustments was, according to him, a matter requiring factual verification which the Assessing Officer had failed to undertake.

21. We have considered the rival submissions and examined the statutory scheme. The second limb of section 2(22)(e) does not apply merely because the lender company and the recipient concern can, through a chain of corporate, trust or familial relationships, be traced to some common economic interest. The provision specifically contemplates a loan or advance made to a concern in which "such shareholder" is a member or partner and in which such shareholder has a substantial interest. The expression "member or partner" is neither incidental nor redundant; it embodies an independent statutory condition which must be satisfied before a payment to a concern can fall within the second limb of the provision.

22. The expression "member" has not been separately defined for the purposes of section 2(22)(e). Where the recipient concern is a company, the legal status of its member must necessarily

be understood with reference to the statutory framework governing membership of a company. Section 2(55) of the Companies Act, 2013 recognises, inter alia, a subscriber to the memorandum; a person who agrees in writing to become a member and whose name is entered in the register of members; and a person whose name is entered as a beneficial owner in the records of a depository. Membership is thus a legally cognisable status and cannot be equated in the abstract with influence, ultimate economic interest, association with a trust, or a remote chain of beneficial ownership.

23. In the present case, the documents forming part of the record establish that SJFT was not a subscriber to the memorandum of association of the assessee; had never entered into an agreement in writing to become its member; was not entered in its register of members; did not hold shares in the assessee; and was not recorded as the beneficial owner of its shares in the records of any depository. Likewise, no material has been brought on record to establish that Smt. Sangita Jindal was, in her individual capacity, a member of the assessee company possessing the requisite substantial interest contemplated under section 2(22)(e). The mere fact that she may be a trustee or beneficiary of SJFT does not, without anything further, confer upon her the statutory status of a member of every company in which some entity forming part of a wider ownership chain may hold an interest.

24. The distinction is significant because the legislature has employed the expressions “shareholder”, “member or partner” and “substantial interest” at different stages of the provision. Each expression must be assigned its proper legal content. Even if a person may, through a succession of legal relationships, be regarded as having an ultimate economic interest in a corporate group, such an interest cannot be substituted for the express statutory requirement that the relevant shareholder should be a member or partner of the recipient concern. Any other interpretation would enlarge the deeming fiction by creating a deemed membership relationship which does not otherwise exist in law.

25. The principle that the legal fiction under section 2(22)(e) cannot be expanded beyond its prescribed field was recognised by the **Special Bench in Bhaumik Colour (P.) Ltd. and thereafter by the Hon’ble Delhi High Court in Ankitech (P.) Ltd. The Hon’ble jurisdictional High Court in Universal Medicare (P.) Ltd. and Impact Containers (P.) Ltd**. has similarly emphasised the statutory status of the shareholder and has held that a loan cannot be assessed as deemed dividend in the hands of a recipient concern which is not itself the shareholder in the lender company. The judgment in Ankitech (P.) Ltd. was expressly approved by the Hon’ble Supreme Court in Madhur Housing and Development Co., where the Court agreed with the detailed interpretation placed upon section 2(22)(e).

26. The reliance placed upon National Travel Services does not displace this binding position. The Bench deciding that matter expressed a prima facie doubt and directed that the matter be placed before the Hon'ble Chief Justice for constitution of a larger Bench. A reference to a larger Bench does not, by itself, overrule or suspend an existing binding precedent. Until the earlier view is authoritatively reconsidered and overruled by a Bench of competent strength, it continues to govern the field. This principle was explained by the Constitution Bench in Central Board of Dawoodi Bohra Community (supra). Besides, the factual setting in National Travel Services, involving shares held by partners for and on behalf of a partnership firm, is materially different from the present corporate and trust structure comprising separately recognised legal persons.

27. Even otherwise, the direction of the learned PCIT suffers from a more fundamental infirmity. The assessee is admittedly not a shareholder of JTPML. Consequently, even if the advance were assumed to possess the attributes of deemed dividend, it could not be assessed as such in the hands of the assessee contrary to the law declared by the **Hon'ble jurisdictional High Court in Universal Medicare (P.) Ltd.** The revisionary jurisdiction over the assessment of the present assessee cannot be sustained merely to undertake enquiries into a possible liability of some other person or entity. The assessment order of the assessee cannot be regarded as prejudicial to the Revenue on account of a proposed addition which is legally incapable of being made in its hands.

28. The undisputed commercial attributes of the transaction also cannot be disregarded. The loan carried interest at the rate of 7%; the assessee utilised the funds for its business purposes; JTPML recognised the corresponding interest income and offered it to tax; and there is no material suggesting that the funds were diverted for the personal benefit of any shareholder. Although the learned CIT–DR is correct in contending that the requirement of "individual benefit" belongs textually to a separate limb of section 2(22)(e), the commercial nature of the transaction further demonstrates that the learned PCIT's conclusion was founded principally upon an assumed ownership relationship rather than upon a complete application of the statutory ingredients.

29. Once the foundational requirements of section 2(22)(e) are absent and the proposed addition cannot legally be made in the hands of the assessee, directing the Assessing Officer to undertake a fresh enquiry would serve no lawful purpose. The jurisdiction under section 263 cannot be exercised merely to order an enquiry in the abstract; the Commissioner must also establish that the assessment order is erroneous in law and that such error has caused prejudice to the Revenue in the assessment sought to be revised. Both conditions are absent on this issue. We, accordingly, hold that the learned PCIT was not justified in invoking section 263 in relation to the loan of ₹494 crore, and Ground No. V is allowed.

30. In view of our conclusion that the loan does not attract section 2(22)(e) in the hands of the assessee, the alternative contentions relating to the precise quantum of accumulated profits after exclusion of the Ind AS fair-value adjustment and the exemption then available under section 10(34) need not be adjudicated and are left open. No adverse inference should, however, be drawn from our not adjudicating these alternative contentions.

31. Ground No. VI concerns the direction to disallow interest paid at the rate of 7% on the loan received from JTPML. The direction is consequential to the learned PCIT's conclusion that the loan represented deemed dividend. Once that foundational conclusion has been found to be legally unsustainable, the consequential direction regarding interest cannot survive. Moreover, the mere application of a deeming provision to the receipt of a loan would not, without examination of the independent conditions governing deductibility of interest expenditure, automatically efface the commercial character of the borrowing or warrant disallowance of the interest paid thereon. There being no separate finding that the funds were not utilised for business purposes or that the interest failed to satisfy the applicable statutory conditions, Ground No. VI is also allowed.

32. Ground No. VII relates to the direction for adding ₹4,53,38,476 to the book profit under section 115JB on the premise that the said amount had been disallowed by the

Assessing Officer under section 14A read with Rule 8D. The learned counsel pointed out that no such disallowance had, in fact, been made in the assessment order dated 27.09.2023. It was further submitted that this issue was not raised in any of the show-cause notices issued under section 263 and the assessee was never called upon to explain it before the revisionary order was passed. The learned CIT–DR fairly accepted this factual position.

33. The direction on this issue is unsustainable on both counts. First, it proceeds upon a factually incorrect premise that the assessment order contained a disallowance of ₹4,53,38,476 under section 14A. Secondly, the issue did not form part of the show-cause notices and the assessee was afforded no opportunity to meet it. The learned PCIT could not introduce an altogether new basis of revision in the final order without putting the assessee to notice, as that would be contrary to the requirements of natural justice. The principle stands supported by the decision of the Hon'ble jurisdictional High Court in PCIT v. Universal Music India (P.) Ltd. [2023] 155 taxmann.com 230 (Bom.). Consequently, the revisionary order on this issue is also quashed and Ground No. VII is allowed.

34. This brings us to the broader challenge raised in Grounds Nos. I to III. The jurisdiction under section 263 can be validly exercised only where the assessment order is found to be both erroneous and prejudicial to the interests of the Revenue. These two conditions are conjunctive, and the absence of either is

fatal to the assumption of revisionary jurisdiction. An order cannot be branded as erroneous merely because the Commissioner would have approached the issue differently or because the assessment order does not contain an elaborate discussion on every aspect examined during assessment. Equally, where the Assessing Officer has adopted a view which is permissible in law, the Commissioner cannot substitute his opinion merely because another view appears to him to be more appropriate. This principle stands authoritatively settled by the **Hon'ble Supreme Court in Malabar Industrial Co. Ltd. v. CIT [2000] 243 ITR 83 (SC**).

35. Explanation 2 to section 263 does not dilute these foundational requirements. Undoubtedly, a complete absence of enquiry on an issue which the circumstances reasonably demand may render an assessment order amenable to revision. However, inadequacy of enquiry, by itself, does not confer jurisdiction upon the Commissioner to substitute his perception of the enquiry for that of the Assessing Officer. The Commissioner must examine the assessment record, identify the enquiry which was indispensable, demonstrate how the view adopted by the Assessing Officer is legally or factually untenable and establish the prejudice caused to the Revenue. Explanation 2 does not confer an unbridled authority to reopen an issue merely because a more elaborate enquiry could conceivably have been made.

36. In the present case, the ESOP claim was supported by the decisions of the Special Bench and several High Courts; the proposed addition under section 2(22)(e) was contrary to the statutory conditions and the law declared by the Hon'ble jurisdictional High Court; the disallowance of interest was merely consequential to that legally untenable premise; and the adjustment under section 115JB was founded upon an incorrect factual assumption and introduced without any show-cause notice. The learned PCIT has, therefore, failed to demonstrate that the assessment order was erroneous and prejudicial to the interests of the Revenue on any of the issues forming the subject matter of revision.

37. Viewed in the aforesaid perspective, the assumption of jurisdiction under section 263 cannot be sustained. We accordingly quash the impugned revisionary order dated 30.03.2026 and restore the assessment order dated 27.09.2023. Grounds Nos. I to VII raised by the assessee are allowed.

38. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 23rd September, 2026.

Sd/-	**Sd/-**
(MAKARAND VASANT MAHADEOKAR)	**(AMIT SHUKLA)**
ACCOUNTANT MEMBER	**JUDICIAL MEMBER**

Mumbai; Dated 23/09/2026
KARUNA, *sr.ps*

Copy of the Order forwarded to :

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

//True Copy//

BY ORDER,

(Asstt. Registrar)
ITAT, Mumbai