

IN THE INCOME TAX APPELLATE TRIBUNAL “F” BENCH, MUMBAI

**BEFORE SHRI VIKRAM SINGH YADAV, AM
AND
MS. KAVITHA RAJAGOPAL, JM**

ITA Nos. 1409 to 1411/Mum/2025
(Assessment Year: 2013-14 to 2015-16)
&

ITA Nos. 1640 & 1448 to 1450/Mum/2025
(Assessment Year: 2016-17 to 2019-20)

Umbrella Hospitality Private Limited 401 & 402, V N Sphere Building, Vithalbhai Patel Road, Bandra (West), Mumbai – 400050.	Vs.	Assistant Commissioner of Income Tax, Central Circle 6(2), Mumbai.
PAN/GIR No. AABCU1057B		
(Appellant)	:	(Respondent)

Assessee by	:	Shri Ajay R. Singh, Adv. & Shri Akshay A. Pawar
Respondent by	:	Shri Vivek Perampurna, (CIT-DR)

Date of Hearing	:	23.07.2025
Date of Pronouncement	:	30.09.2025

ORDER

Per Bench:

These captioned appeals have been filed by the assessee, challenging the order of the learned Commissioner of Income Tax (Appeals) 54, Mumbai ('Id. CIT(A)' for short), passed u/s.250 of the Income Tax Act, 1961 ('the Act'), pertaining to the Assessment Year ('A.Y.' for short) 2013-14 to 2019-20.

2. As the facts are identical, we hereby pass a consolidated order by taking ITA No. 1409/Mum/2025 for A.Y. 2013-14 as a lead case.

ITA No. 1409/Mum/2025 for A.Y. 2013-14



3. The assessee has filed revised grounds of appeal which are as follows:

“Reopening of assessment U/s 148 of the Act is bad in law:

1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act, without appreciating that the scrutiny assessment was completed for the year under consideration U/s 143(3) by passing order dated 27.02.2016 considering the issues relating to the Loans, therefore, the initiation and completion of re-assessment proceedings is bad-in-law as it is based on change of opinion accordingly the proceedings should be quashed.

Addition of Rs. 2,00,00,000/- unsecured loan:

2. On the facts, circumstances of the case and in law, the Ld. L.d. CIT (A) erred in confirming the order of Ld. AO in respect of addition of Rs. 2,00,00,000/-invoking provisions of section 68 of the Act by treating the unsecured loans received during the year under consideration as unexplained cash credit without appreciating that assessee had proved the identity, creditworthiness and genuineness of the transaction beyond reasonable doubt. Therefore, it is prayed to your honour to delete the alleged addition.

3. On the facts, circumstance of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of making addition of Rs 1,36,948/-being interest on unsecured loans invoking the provisions of section 69C of the Act without appreciating the submissions made during the course of assessment proceedings, it is therefore prayed to your honour to delete such erroneous additions.

Adhoc addition of Rs 27.37,500/:

4. On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

5. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.”



4. Brief facts of the case are that the assessee company is engaged in the business of running restaurants and bar under the name and style 'Escobar'. The assessee filed its return of income dated 29.09.2013, declaring total income at Rs. 50,60,435/- under the normal provisions of the Act and the same was processed u/s. 143(1) of the Act. The assessee's case was selected for scrutiny and the assessment order dated 27.02.2016 was passed u/s. 143(3) of the Act, thereby accepting the returned income filed by the assessee. Pursuant to the search and seizure operation carried out in the case of M/s. Hindustan Platinum Pvt. Ltd dated 24.08.2018, u/s. 132(1) of the Act on the residential premises/lockers, the assessee's case was reopened based on the credible information that the assessee was one of the beneficiaries of the bogus transactions of various entities and notice u/s. 148 dated 01.02.2021 was issued and served upon the assessee. The assessee filed its return of income in response to the said notice dated 22.08.2021, declaring total income as same as that of the returned income. Notices u/s. 143(2) and 142(1) of the Act were duly issued and served upon the assessee. It is observed from the balance sheet that the assessee has availed loans and advance aggregating to Rs. 2 crores from the various entities viz. M/s. Arihant Vincom Pvt. Ltd., M/s. Cranium Films Pvt. Ltd., M/s. Preeti Commodities Pvt. Ltd., M/s. Preeti Tradecom Pvt. Ltd. and M/s. Suparshvapati Commodities Pvt. Ltd. during the year under consideration and the ld. AO had sought for details pertaining to the said transaction. The assessee furnished various details such as confirmation of accounts, balance sheets, return of income, bank statement and profit and loss account to establish the nature and source in its books of accounts. Upon considering the same, the ld. AO held that the companies which had



extended loan to the assessee has received funds mainly through share premium received from shareholders and further the shareholders are said to be not traceable at their official address and that the directors of these companies are having only meager income. The Id. AO held that the genuineness of the transaction and the credibility of the creditors are not established by the assessee to the satisfaction of the Id. AO. It was further stated that subsequent to the search proceeding of M/s. Hindustan Platinum Pvt. Ltd, the survey action conducted in the case of the assessee company u/s. 133A reveals that the assessee has entered into transaction with various entities in the nature of unsecured loans, where these companies could not be traced at the given address. The Id. AO also stated that during the course of search action incriminating documents such as unsigned confirmation of M/s. Cranium Films Pvt. Ltd. were found at the premises at Mr. Vardhman Vikram Choksi. In his statement, he has stated that he was unaware of how these documents were found at his house. The Id. AO held that these are merely paper companies for the purpose of providing accommodation entries in the garb of unsecured loans and since the assessee has failed to establish the identity, creditworthiness and genuineness of the said transaction, the Id. AO made an addition of Rs. 2 Crores u/s. 68 of the Act. The Id. AO further made an addition on the interest expenditure u/s. 69C claimed by the assessee amounting to Rs. 1,36,948/- on account of the loan obtained from the above mentioned parties which were already held to be bogus transactions by the Id. AO. The Id. AO during the survey proceeding also observed that the assessee has generated bogus cash sales invoices and estimated bogus cash sales at Rs. 27,37,500/-, thereby making addition of the same u/s. 68 as



unexplained cash credit. The ld. AO then passed the assessment order u/s. 143(3) r.w.s. 147 of the Act thereby determining total income at Rs. 2,79,34,884/- after making the above mentioned additions vide an assessment order dated 24.03.2022.

5. Aggrieved the assessee was in appeal before the first appellate authority, who vide order dated 31.12.2024 upheld the addition made by the ld. AO on the ground that the assessee has failed to substantiate its claim by cogent documentary evidence.
6. The assessee is in appeal before us, challenging the order of the ld. CIT(A).
7. The learned Authorised Representative ('ld. AR' for short) for the assessee commenced his arguments on the legal ground challenging the reopening of the assessment that the same was based on the survey proceeding conducted in the year 2018. The ld. AR further stated that the assessment in assessee's case was completed u/s. 143(3) of the Act vide assessment order dated 27.02.2016, where all these issues including loans were very much before the ld. AO and that the reopening is not justified as the assessee has already been assessed on these issues. The ld. AR further stated that the reasons for reopening was pursuant to the search and survey action carried out in the case of Mr. Vikram Sajani Choksi one of the directors of M/s. Hindustan Platinum Pvt. Ltd. and search proceeding in the case of Mr. Vardhman Vikram Choksi and Rishabh Vikram Choksi who are the sons of Mr. Vikram Sajani Choksi and also the director of M/s. Umbrella Hospitalities Pvt. Ltd. i.e., the assessee company and also survey action u/s. 133A in the case of assessee company, where it was found that the assessee has received loan from various entities which according to the ld. AO could not be found in the given address. The ld. AR contended that reassessment was initiated in the assessee's case



beyond the period of 4 years from the end of relevant assessment year, where the Id. AO should not only have reasonable belief that income has escaped assessment but should also specify the failure on the part of the assessee to disclose fully and truly all material facts necessary for its reassessment.

8. The learned Departmental Representative ('Id. DR' for short) for the revenue on the other hand controverted the said fact and stated that the assessee has failed to discharge the initial onus casted upon it to prove the identity, creditworthiness and genuineness of the transaction. The Id. DR relied on the order of the lower authorities.
9. We have heard the rival submissions and perused the materials available on record. The assessee has raised the legal grounds challenging the reopening of the assessment, where the Id. AR has contended that the details of the unsecured loans was already there before the Id. AO during the scrutiny assessment in which the assessee is said to have taken loan amounting to Rs. 7,04,21,219/- which is mentioned in Note 4 as long term borrowings in the financial statement referred to by the Id. AR at page 26 of the paper book. It is observed that the assessee has mentioned that it had availed loans and advance from the said entities which is also duly reflected in the tax audit report at Annexure D. The contention of the Id. AR is that the assessee's case has been reopened for verifying the unsecured loans which were already scrutinized during the original assessment proceeding where the Id. AO vide notice dated 03.09.2014 u/s. 143(2) of the Act had sought for the assessee's response and the assessee vide submission dated 30.07.2015 had complied with the same, thereby furnishing the complete details sought for by the Id. AO. The Id. AR also brought our attention to the various notice/query



raised by the Id. AO during the assessment proceeding including the loans obtained and repaid during the year under consideration. It is therefore observed that all the material facts were made available by the assessee during the course of the original assessment proceedings and there was no failure on the part of the assessee company to disclose fully and truly all the material facts necessary for the assessment. We also find justification in the Id. AR's argument that there was no satisfaction recorded in the reasons for reopening that there was failure on the part of the assessee company to disclose fully and truly all material facts necessary for its assessment where 4 years from the end of the assessment year expired on 31.03.2018 in which case no assessment can be made u/s. 147 in accordance with proviso to Section 147 of the Act, where there has to be failure on the part of the assessee to fully and truly disclose all material facts.

The extract of the relevant provision is cited herein under for ease of reference:

"Income escaping assessment.

147. If the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may, subject to the provisions of sections 148 to 153, assess or reassess such income and also any other income chargeable to tax which has escaped assessment and which comes to his notice subsequently in the course of the proceedings under this section, or recompute the loss or the depreciation allowance or any other allowance, as the case may be, for the assessment year concerned (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year) :

Provided that where an assessment under sub-section (3) of section 143 or this section has been made for the relevant assessment year, no action shall be taken under this section after the expiry of four years from the end of the relevant assessment year, unless any income chargeable to tax has escaped assessment for such assessment year by reason of the failure on the part of the assessee to make a return under section 139 or in response to a notice issued under sub-section (1) of section 142 or section 148 or to disclose fully and truly all material facts necessary for his assessment, for that assessment year."

10. In order to support the assessee's ground, the Id. AR has relied on a catena of decisions in support of the assessee's contention. We would like to place reliance on the decision



of the Hon'ble jurisdictional High Court in the case of ***PCIT vs. Zee Media Corporation Ltd. [2020] 423 ITR 304***, wherein it was held that in the absence of any new tangible material the Id. AO's action in reopening the assessment would be mere change of opinion. We also draw support from the decision of the Hon'ble jurisdictional High Court in the case of ***Ideal Cellular Ltd. Vs. DCIT [2008] 301 ITR 407***, where the Hon'ble High Court on identical facts has held that when the assessee has placed all the materials before the Id. AO then it cannot be said that there was no application of mind in which case reassessment after 4 years is held to be unjustifiable.

11. From the aforementioned decisions along with various other judicial precedents cited by the Id. AR, we deem it fit to hold that reopening of the assessment in assessee's case beyond the period of 4 years was without any new tangible material and the Id. AO has also failed to establish how the assessee has not disclosed truly and fully all material fact. In view of the above discussion, we are of the considered view that the reassessment proceeding is not justifiable and is held to be invalid in the eyes of law. We therefore allow ground no. 1 raised by the assessee.

12. As we have already quashed the reassessment proceeding the other grounds of appeal on merits raised by the assessee requires no further adjudication and are hereby rendered academic.

13. In the result, the appeal filed by the assessee is allowed.

ITA No. 1410/Mum/2025, A.Y. 2014-15

14. The assessee has raised the following grounds of appeal:

“Reopening of assessment U/s 148 of the Act is bad in law:



1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

2 On the facts, circumstance of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of making addition of Rs 15.83,740/-being interest on unsecured loans invoking the provisions of section 69C of the Act without appreciating the submissions made during the course of assessment proceedings, it is therefore prayed to your honour to delete such erroneous additions.

Adhoc addition of Rs 27,37,500/-:

3. On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

4. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.

5. Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.”

15. Ground no. 1 pertains to challenging the reopening of the assessment beyond period of 4 years which according to the assessee is invalid for the reason that there was no failure on the part of the assessee to fully and truly disclose all material facts.
16. The ld. AR for the assessee relied on the arguments enhanced by him for A.Y. 2013-14 along with a catena of decisions cited by the ld. AR in favour of the assessee.
17. The ld. DR brought our attention to the fact that this case is distinguishable on the facts of A.Y. 2013-14 for the reason that there was no scrutiny assessment u/s. 143(3) of the Act for the impugned year.
18. We have heard the rival contentions and perused the materials available on record. It is observed that the ld. AO has made an addition of Rs. 15,83,740/- towards interest on



unsecured loan u/s. 69C of the Act towards the loan availed from M/s. Suparshvamati Commodities Pvt. Ltd. M/s. Preeti Commodities Pvt. Ltd., M/s. Preeti Tradecom Pvt. Ltd, Arihant Vincom Pvt. Ltd. The assessee contends that it has furnished copy of confirmation of accounts, bank statement, ITR and balance sheet and profit and loss account of the said entities. The ld. AO also made an addition of Rs. 27,37,500/- on the alleged bogus cash sales u/s. 68 of the Act by placing reliance on the statement recorded by the ld. AO of the employee of the assessee during the course of survey proceeding by extrapolating the sales on the basis of the manager report and message from whatsapp group.

19. Ground no. 1 pertains to challenging the validity of the reassessment where the ld. AR placed reliance on the proviso to Section 147 which states that no action shall be taken after the expiry of 4 years from the end of relevant assessment year unless any income chargeable to tax has escaped assessment by reason of failure on the part of the assessee to disclose fully and truly all material facts necessary for the assessment and the same pertains to case where assessment u/s. 143(3) has already been completed. The case laws relied upon by the ld. AR also pertains to case where 143(3) assessment was completed, whereas in the present case in hand, there was no scrutiny assessment done for the impugned year. Though the ld. AR argued that the same would be applicable even for Section 143(1) proceeding, the same is not convincing for the reason that the Hon'ble Supreme Court in the case of *ACIT vs. Rajesh Jhaveri Stocks Brokers & Ltd. [2007] 291 ITR 500* has held that to Proviso to Section 147 does not apply to intimation passed u/s. 143(1) of the Act and the same would not tantamount to change of opinion.



In the present case in hand, the reopening of the assessment would fall under the main provision to Section 147 and not the proviso as contended by the ld. AR. We therefore find justification in the arguments enhanced by the ld. DR in holding the reassessment to be valid.

20. Ground no. 1 raised by the assessee is hereby dismissed.

21. Ground no. 2 pertains to addition of Rs. 15,83,740/- towards interest on unsecured loan u/s. 69C of the Act. The ld. AR contends that assessee has duly recorded the said interest in its books of accounts and has also provided copies of confirmation of the parties, balance sheet, return of income, bank statement and profit and loss account and contended that the fund was out of the shareholders funds. The ld. AO observed that the assessee has merely provided the relevant extract of bank statement reflecting the transaction than giving complete bank statement to show the creditworthiness of the creditors. Further, the nature of source of funds of these companies are the share premium received from the shareholders who were not traceable at the official address where even the neighbors were unaware of the existence of the parties. The ld. AO further observed that the directors of these companies are having only meager income which does not substantiate the creditworthiness of these parties. The ld. AO held that mere confirmation and bank statement is not sufficient to prove the genuineness and creditworthiness of the parties. Further, in the case of survey action u/s. 133A in M/s. Suparshvapati Commodities Pvt. Ltd., it was found that no books of accounts were maintained and also in case of M/s Cranium Films Pvt. Ltd., certain incriminating documents such as unsigned confirmation were found at the premise of Mr. Vardhman



Vikram Choksi who has failed to substantiate the same. In the absence of the same, it can be fairly held that the assessee has failed to discharge the initial onus casted upon it by proving the identity and creditworthiness of the parties and genuineness of the transaction. For this, we would place our reliance on the decision of the Hon'ble Apex Court in the case of NRA Iron and Steel Pvt. Ltd. [2019] 412 ITR 161 SC, wherein it was held that the assessee will have to establish the identity and capacity of creditors and the genuineness of transaction to the satisfaction of the Id. AO, whereas in the present case, the identity itself was disputed by the Id. AO for the reason that M/s. Arihant Vincom Pvt. Ltd., M/s. Preeti Commodities Pvt. Ltd., M/s. Preeti Tradecom Pvt. Ltd. could not be found at the address specified in their return of income and further in the case of M/s. Suparshvapati Commodities Pvt. Ltd. no books of accounts were maintained and also the other criteria for proving the genuineness of the transaction was not established by the assessee. We therefore find no infirmity in the order of the Id. CIT(A) on this ground.

22. Ground no. 2 raised by the assessee is hereby dismissed.

23. Ground no. 3 and 4 pertains to Adhoc addition of Rs. 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. The facts pertaining to this ground is that it is observed that during survey action in the business premises of the assessee, statement of the assessee's employee Mr. Fazal Abdullah Shaikh was recorded who had admitted in his statement recorded on oath that bogus cash sales of Rs. 5,000/- to Rs. 10,000/- is recorded per day for which the Id. AO sought explanation from the assessee after duly considering the submission of the assessee, the Id. AO estimated bogus cash sales



amounting to Rs. 27,37,500/- which was Rs. 7,500/- per day for 365 days. The assessee contended that no incriminating data or loose sheets were found during the year and that the Id. AO's conclusion was baseless for the reason that during the dry days no alcohol can be served on the restricted holidays/festivals and only 347 days in a year was operative. Further, the assessee contended that there was no incriminating documents found during the search or survey proceeding and the assessee has merely recorded the Pilot/Trial Sale on daily basis for the purpose of innovative ideas through small groups and invitee-volunteers try products and events at menu price and promotional price for the purpose of getting honest feedback for which actual cash is not collected by the assessee. The statement of the Manager also states that the assessee has customized billing software viz. 'Dyne' which generate bill having specification of cash receipt as well as credit card receipts where all the sales are recorded. The Id. AO after duly considering the assessee's submission held that the assessee was generating bogus cash sales invoice through 'POS software Dyne' which is corroborated by unexplained credits in its books of accounts. The Id. AO estimated bogus cash sales at Rs. 27,37,500/- by extrapolating the same for the whole year.

24. We have heard the rival submissions and perused the materials available on record. The Id. AR had relied on various decisions in support of the assessee's ground that backward extrapolation of turnover not supported by any incriminating material is unsustainable. The Id. AR also furnished details of dates of dry days where the assessee is restrained from serving alcohol. It is a settled preposition of law that the estimation or extrapolation can only be on the basis of reasonable nexus with seized material and the



same cannot be made mechanically without any corroborating evidence. Further, there has to be a reasonable and logical extrapolation and the Id. AO can merely not estimate the same in an arbitrary manner. Here in the present case, we do not find any seized material to show the pattern of concealment or suppression and any extrapolation has to be fair and reasonable. The Id. AO has failed to establish that the estimation was on a scientific basis and has also failed to establish the nexus of the seized material, thereby relying only on the statement of the employee of the assessee and has made a roving extrapolation without any cogent evidences on record.

25. On the above observation, we are of the considered opinion that the impugned addition made by the Id. AO is liable to be deleted as being unjustifiable.

26. Ground nos. 3 and 4 raised by the assessee are hereby allowed.

27. In the result, the appeal filed by the assessee is hereby partly allowed.

ITA No. 1411/Mum/2025 (Assessment Year: 2015-16)

28. The assessee has raised the following grounds of appeal:

“Reopening of assessment U/s 148 of the Act is bad in law:

1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

2. On the facts, circumstance of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of making addition of Rs 76,488/- being interest on unsecured loans invoking the provisions of section 69C of the Act without appreciating the submissions made during the course of assessment proceedings, it is therefore prayed to your honour to delete such erroneous additions.

Adhoc addition of Rs 27.37,500/-:



3. *On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.*

4. *The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.*

5. *Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.”*

29. Ground no. 1 pertains to challenging the reopening of assessment U/s 148 of the Act.

As the facts of this ground is identical to that of ground no. 1 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

30. In the result, the ground no. 1 raised by the assessee is hereby dismissed.

31. Ground no. 2 pertains to addition of Rs 76,488/- towards interest on unsecured loan u/s. 69C of the Act. As the facts of this ground is identical to that of ground no. 2 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

32. In the result, the ground no. 2 raised by the assessee is hereby dismissed.

33. Ground no. 3 and 4 pertains to Adhoc addition of Rs 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. As the facts of this ground is identical to that of ground nos. 3 and 4 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

34. In the result, the ground no. 3 and 4 raised by the assessee is hereby allowed.



35. In the result, the appeal filed by the assessee is hereby partly allowed.

ITA No. 1640/Mum/2025 (Assessment Year: 2016-17)

36. The assessee has raised the following grounds of appeal:

“Reopening of assessment U/s 148 of the Act is bad in law:

1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

Adhoc addition of Rs 27,37,500/-:

2. On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

3. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.

4 Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.”

37. Ground no. 1 pertains to challenging the reopening of assessment U/s 148 of the Act.

As the facts of this ground is identical to that of ground no. 1 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

38. In the result, the ground no. 1 raised by the assessee is hereby dismissed.

39. Ground no. 2 and 3 pertains to Adhoc addition of Rs 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. As the facts of this ground is identical to



that of ground nos. 3 and 4 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

40. In the result, the ground no. 2 and 3 raised by the assessee are hereby allowed.

41. In the result, the appeal filed by the assessee is hereby partly allowed.

ITA No. 1448/Mum/2025 (Assessment Year: 2017-18)

42. The assessee has raised the following grounds of appeal:

Reopening of assessment U/s 148 of the Act is bad in law:

1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

Adhoc addition of Rs 27,37,500/-:

2. On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

3. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.

4. Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.

43. Ground no. 1 pertains to challenging the reopening of assessment U/s 148 of the Act.

As the facts of this ground is identical to that of ground no. 1 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

44. In the result, the ground no. 1 raised by the assessee is hereby dismissed.



45. Ground no. 2 and 3 pertains to Adhoc addition of Rs 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. As the facts of this ground is identical to that of ground nos. 3 and 4 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

46. In the result, the ground no. 2 and 3 raised by the assessee are hereby allowed.

47. In the result, the appeal filed by the assessee is hereby partly allowed.

ITA No. 1449/Mum/2025 (Assessment Year: 2018-19)

48. The assessee has raised the following grounds of appeal:

Reopening of assessment U/s 148 of the Act is bad in law:

1. On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

Adhoc addition of Rs 27,37,500/-:

2 On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

3. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.

4. Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.

49. Ground no. 1 pertains to challenging the reopening of assessment U/s 148 of the Act.

As the facts of this ground is identical to that of ground no. 1 in ITA No.



1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

50. In the result, the ground no. 1 raised by the assessee is hereby dismissed.

51. Ground no. 2 and 3 pertains to Adhoc addition of Rs 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. As the facts of this ground is identical to that of ground nos. 3 and 4 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

52. In the result, the ground no. 2 and 3 raised by the assessee are hereby allowed.

53. In the result, the appeal filed by the assessee is hereby partly allowed.

ITA No. 1450/Mum/2025 (Assessment Year: 2019-20)

54. The assessee has raised the following grounds of appeal:

Reopening of assessment U/s 148 of the Act is bad in law:

On the facts, circumstances of the case and in law, the Ld. CIT(A) erred in confirming the order of Ld. AO in respect of reopening the assessment U/s 148 of the Act. The condition of Section 147 for reopening the assessment was not fulfilled and therefore, the initiation and completion of re-assessment proceedings is incorrect, illegal and bad-in-law accordingly the proceedings should be quashed.

Adhoc addition of Rs 27,37,500/-:

2. On the facts, circumstances of the case and in law, the Ld. CIT (A) erred in confirming the order of Ld. AO in respect of arbitrary, adhoc addition of Rs 27,37,500/- estimating alleged bogus cash sales invoking section 68 of the Act, relying upon the statement recorded of an employee of appellant during the course of survey proceedings, without appreciating the submission made during the course of assessment proceeding, therefore, it is prayed before your honour to delete such arbitrary addition.

3. The Ld. CIT(A) erred in making the Ad hoc addition of Rs 27,37,500/- on alleged ground of alleged sale without appreciating that the same amounted to double addition as the cash sales was already part of the Total Turnover. Therefore, prayed to your honour to delete the adhoc addition which is based on presumption and surmises.

4. Your appellant craves leave to amend or alter any ground or add a new ground which may be necessary.”



55. Ground no. 1 pertains to challenging the reopening of assessment U/s 148 of the Act.

As the facts of this ground is identical to that of ground no. 1 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

56. In the result, the ground no. 1 raised by the assessee is hereby dismissed.

57. Ground no. 2 and 3 pertains to Adhoc addition of Rs 27,37,500/- on the estimation of alleged bogus cash sales u/s. 68 of the Act. As the facts of this ground is identical to that of ground nos. 3 and 4 in ITA No. 1410/Mum/2025 for A.Y. 2014-15, the finding given in the said appeal shall apply mutatis mutandis to this ground also.

58. In the result, the ground no. 2 and 3 raised by the assessee are hereby allowed.

59. In the result, the appeal filed by the assessee is hereby partly allowed.

60. In the result, all the above mentioned appeals filed by the assessee are hereby partly allowed.

Order pronounced in the open court on 30.09.2025

**Sd/-
(VIKRAM SINGH YADAV)
ACCOUNTANT MEMBER**

**Sd/-
(KAVITHA RAJAGOPAL)
JUDICIAL MEMBER**

Mumbai; Dated: 30.09.2025
Karishma J. Pawar (Stenographer)

Copy of the Order forwarded to:

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



ITA Nos. 1409/Mum/2025 & Ors. (A.Y. 2013-14 to 2019-20)
Umbrella Hospitality Pvt. Ltd.

BY ORDER,

(Dy./Asstt.Registrar)
ITAT, Mumbai

