

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH: CHENNAI**

श्री मनु कुमार गिरि, न्यायिक सदस्य एवं श्री जगदीश, लेखा सदस्य के समक्ष

**BEFORE SHRI MANU KUMAR GIRI, JUDICIAL MEMBER AND  
SHRI JAGADISH, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No. 2115/Chny/2025

निर्धारण वर्ष/**Assessment Year: 2014-15**

M/s Aryan Share & Stock Brokers Limited., No. 07, 07 <sup>th</sup> Cross Street, 2 <sup>nd</sup> Floor, Shreeji Metropolis, Aminjikai, Chennai-600030 Tamil Nadu	<b>v.</b>	ITO Corp Ward-1, ITD, M G Road, Nungambakkam, Chennai-600034 Tamil Nadu
[ <b>PAN:AADCA 1233 H</b> ]		
<b>(अपीलार्थी/ Appellant)</b>		<b>(प्रत्यर्थी/ Respondent)</b>
अपीलार्थी की ओर से/ Assessee by	:	Mr. Y Sridhar, CA
प्रत्यर्थी की ओर से /Respondent by	:	Ms. Anitha, Addl.CIT
सुनवाई की तारीख/Date of Hearing	:	10.11.2025
घोषणा की तारीख /Date of Pronouncement	:	13.01.2026

आदेश / **ORDER**

**PER MANU KUMAR GIRI, JM:**

This Appeal filed by the Assessee is directed against the order of the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi, [CIT(A)] dated 03.07.2025 for Assessment Year 2014-15.



2. The Assessee has raised the following grounds of appeal as mentioned below: -

1. *On the facts & circumstances of the case, the order passed by Id CIT (A) is bad both in law and facts.*
2. *On the facts and circumstances of the case, the Id CIT (A) has erred both in law and facts, confirming the action of Id AO despite the fact that reopening by the Id AO and consequent reassessment was without complying with the statutory conditions prescribed u/s 147 rws 148 is bad in law.*
3. *On the facts and circumstances of the case, the Id CIT (A) has erred in confirming the action of Id AO ignoring the facts that the Id AO has erred both in law and on facts in making reassessment u/s 147 of the Act as the reasons recorded for reopening of the assessment does not meet the requirement of section 147 of the Income Tax Act.*
4. *The Id CIT (A) ought to have appreciated the fact that mere information received from investigation wing cannot constitute valid reasons for initiating reassessment proceedings in the absence of anything to show that the AO had independently applied his mind to arrive at a belief that income had escaped assessment.*
5. *The Id AO erred in invoking the provisions u/s 69A, which only applies when the transaction is not recorded in the books of accounts as held by the apex court whereas CIT (A) ignored the fact that the appellant had properly recorded each and every transaction in the books of accounts.*
6. *In the facts and circumstances of the case and in law, the Id CIT (A) dismissed the grounds of appeal, which is non speaking, non reasoned and cryptic order, without rebutting the case law relied by the appellant and is not sustainable in law. Additions based on conjectures and surmises not valid in law*
7. *. Hence the addition made by the Id AO and sustained by the Id CIT (A) are being totally contrary to the provisions of law and facts on record and the same may kindly be deleted to meet justice.*
8. *The appellant craves leave to amend, alter, add or delete any of the above grounds of appeal.*



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3. Brief Facts of the case: The assessee company has filed its return of income for the AY 2014-15 on 30/9/2014 admitting a total income of Rs. 10,81,390/-.The case was reopened u/s 147 based on the information received from the Investigation Wing, Mumbai, that the appellant has incurred fictitious loss in Equity/Derivative trading in the shares of M/s Looks Health Services Ltd and the assessment was completed u/s 147 r.w.s 144B of the Income Tax Act, 1961 ('Act' in short) on 24/3/2022, wherein the loss incurred to the extent of Rs.40,48,000/- in the shares of M/s.Looks Health Services Ltd. was treated as unexplained deposit u/s 69A of the Act and added to the total income.

4. Aggrieved Assessee filed an appeal before the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi, [CIT(A)]. The Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi, [CIT(A)] vide its order dated 03.07.2025 dismissed the appeal of the Assessee.

5. Now, the aggrieved Assessee is in appeal before this Tribunal.



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6. The Learned Counsel for the Assessee has filed a paper book containing 01 to 96 pages with particulars as mentioned below: -

SI No	Particulars	Pages	
		From	To
1	Grounds of Appeal	01	03
2	Additional Grounds of Appeal	04	06
3	Written Submissions	07	40
4	Request for recorded reasons	41	41
5	Reasons for reopening	42	42
6	Objection Raised	43	43
7	Disposal of objections	44	47
8	Computation of Income	48	50
9	Financials	51	86
10	Summary of trading in all scrips	87	87
11	DP Transaction statements	88	88
12	Exchange Transaction Register for Looks	89	90
13	STT statement and Form 10DB	91	93
14	Historical data for BSE Looks Healthcare	94	95
15	Looks ledger	96	96

7. The Learned Authorised Representative (AR) has prayed for quashing the consequent order passed u/s 147 r.w.s 144B on the following grounds as mentioned below: -

(a) Reason to believe absence: From a mere perusal of the reasons recorded for reopening (Page 42 of Paper Book Index), it is clear that the Assessing Officer has simply stated that the assessee company has incurred fictitious losses in equity/derivatives to the tune of Rs.40,48,000/-. He has not



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stated what is the reason to believe that the said Rs.40,48,000/- is fictitious losses.

(b) No tangible material: Ld.AR submitted that assessment cannot be reopened in the absence of any tangible material that came before the Assessing Officer. He submitted that the assessee had disclosed its transactions with M/s.Looks Health Services Limited in filing its return of income. Hence, all the material was present with the Assessing Officer since the filing of return of income. It is pertinent to note that the Assessing Officer has used the very same material to reopen the assessment.

(c) Reopening cannot be made only on the basis of information from Investigation Wing.

(d) Order passed u/s.147 r.w.s.144B is bad in law: Ld.AR drawn our attention to page 6 of the reassessment order u/s.147 r.w.s.144B dated 24.03.2022, more particularly to the digital signature affixed on the order. He submitted that the digital signature affixed on the said order is expired and was not valid and active at the time of signing the order. He further submitted that the digital signature affixed on the order had



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been issued for the period 10.02.2020 to 09.02.2022 and became invalid from 10.02.2022. However, the Assessing Officer has utilised the said invalid digital signature to sign the reassessment order dated 24.03.2022. He also referred that the maxim which goes, *Sublato fundamento cadit opus* once the foundation is gone, the superstructure must fall"

(d) Addition of Rs.40,48,000/- u/s.69A is unwarranted in the facts and circumstances of the case: With regard to the amount of Rs.40,48,000/-, he submitted that losses to the tune of the said amount were incurred by the assessee while trading in the shares of M/s. Looks Health Services Limited. He pleaded that the said losses were genuine having been incurred in the course of trading in the shares of Mis Looks Health Services Limited following the due procedure as laid down by SEBI. The transactions took place in an open market regulated by SEBI with considerable volume traded (details in the paper book) and hence cannot be treated as fictitious losses.

(e) Provisions of section 69A not invocable in the instant case: Ld.AR submitted that loss incurred cannot be said to be money



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of which the assessee is owner. Hence, there is no question of making an addition u/s.69A in respect of losses incurred by the assessee in trading in the shares of M/s. Looks Health Services Limited. Losses can never be unexplained money by any stretch of imagination and hence submitted that no addition u/s 69A can be made in the instant case.

(f) The transaction has been recorded in the books of account of the appellant.

(g) Further, he stated that when books of account are duly audited and the said loss is part of the books of account, question of invoking 69A will not trigger.

8. Per contra, the Id.DR for the revenue relied upon the impugned order and pleaded for the dismissal of the appeal. She submitted that information received from the investigation wing. She further stated that the stock and loss are bogus.

9. The reasons recorded for reopening the assessment are as below:

*“During the year under consideration, Assessee had undertaking following financial transactions:*



SI No.	Type of Transaction	Amount
1	<i>During the Financial Year 2013-14, the assessee company incurred fictitious losses in Equity/Derivatives trading to the tune of Rs. 40,48,000/-</i>	<i>Rs. 40,48,000/-</i>
	<i>Total Income escaping assessment</i>	<i>Rs. 40,48,000/-</i>

*Thus, on perusal of the details available on record, it is noticed that during the previous year relevant to the assessment year under consideration, the assessee has undertaken financial transactions much beyond the taxable limit. I have verified all the details available on record and I am conclusively satisfied that the assessee has not disclosed truly and correctly all the relevant particulars of the above transactions and therefore, the income to the above extent has escaped assessment.*

10. We have carefully considered the rival submissions, perused the orders of the lower authorities, the reasons recorded for reopening, and the documentary evidence placed on record. We find merit in the contentions raised by the assessee and are of the considered view that the reassessment proceedings as well as the addition made therein are unsustainable in law and on facts, for the following reasons.

11. At the outset, we note that the reopening of assessment has been initiated solely on the basis of information received from the Investigation Wing alleging that the assessee had incurred "fictitious



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losses" in equity/derivative trading. A bare perusal of the reasons recorded reveals that the Assessing Officer has merely reproduced the alleged information without bringing on record any tangible material or independent analysis to demonstrate how and why the losses claimed by the assessee were fictitious. There is no reference to any enquiry conducted by the Assessing Officer, nor any nexus established between the material allegedly received and the formation of a belief that income had escaped assessment. Such mechanical recording of reasons clearly shows absence of independent application of mind, which is a sine qua non for valid assumption of jurisdiction under section 147 of the Act.

12. It is well settled that mere information from the Investigation Wing, without further verification or corroboration by the Assessing Officer, cannot by itself constitute "reason to believe" within the meaning of section 147. In the present case, the reasons recorded are vague, general and conclusory in nature and do not disclose any live link between the material and the belief of escapement of income. Therefore, the initiation of reassessment proceedings fails to satisfy the statutory conditions prescribed under sections 147 and



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148 of the Act. On this ground alone, the reassessment deserves to be quashed.

13. Even otherwise, on merits, we find that the addition of Rs.40,48,000/- made under section 69A of the Act is wholly misconceived. Section 69A can be invoked only where the assessee is found to be the owner of money, bullion, jewellery or other valuable articles which are not recorded in the books of account and for which no satisfactory explanation is offered. In the instant case, what has been brought to tax is not any unexplained money but a trading loss incurred by the assessee in the course of equity/derivative transactions carried out through a recognised stock exchange. The assessee has placed on record contract notes, DP statements, exchange transaction registers, STT statements and ledger accounts evidencing that the transactions were executed on a recognised exchange, duly regulated by SEBI, and were properly recorded in the books of account, which were audited. Losses arising from such transactions cannot, by any stretch of imagination, be treated as "unexplained money" under section 69A.



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The authorities below have not pointed out any specific defect in the books of account nor have they rejected the books under section 145 of the Act. In the absence of rejection of books and in view of the fact that the transactions are duly recorded therein, invocation of section 69A is legally impermissible. The addition has been made purely on suspicion and conjectures, without bringing any cogent evidence on record to establish that the transactions were sham or bogus.

14. We however refrain from giving finding on the contention of the assessee that the order passed under section 147 read with section 144B suffers from a fundamental legal infirmity on account of being digitally signed with an expired digital signature.

15. In view of the above cumulative facts and circumstances, we hold that (i) the reassessment proceedings initiated under section 147 are invalid in law for want of valid "reason to believe", and (ii) the addition of Rs.40,48,000/- made under section 69A of the Act is unjustified and contrary to the provisions of law. Accordingly, the reassessment order passed under section 147 read with section



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144B is quashed and the impugned addition is directed to be deleted.

16. In the result, Appeal filed by the assessee is allowed.

Order pronounced on the 13<sup>th</sup> day of January, 2026, in Chennai.

*Sd/-*  
(जगदीश)  
(JAGADISH)

लेखा सदस्य/**ACCOUNTANT MEMBER**

*Sd/-*  
(मनु कुमार गिरि)  
(MANU KUMAR GIRI)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 13<sup>th</sup> January, 2026.

*RSR, Sr.PS*

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF