

**IN THE INCOME TAX APPELLATE TRIBUNAL, 'A' BENCH
MUMBAI**

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

**ITA No.4733/Mum/2025
(Assessment Year :2014-15)**

**ITA No.4732/Mum/2025
(Assessment Year :2015-16)**

&

**ITA No.4719/Mum/2025
(Assessment Year :2016-17)**

| | | | |
|--|-----|--------------------------------|--------|
| Astoria Agro and Allied Industries Pvt. Ltd., Mohambhai Nagar Samsheerpur Raloda Road Mumbai | Vs. | DCIT-Central 4(3) Mumbai | Circle |
| PAN/GIR No.AAICA4511H | | | |
| (Appellant) | .. | (Respondent) | |

| | |
|------------------------------|--------------------------------|
| Assessee by | Ms. Srushti Chawda |
| Revenue by | Shri Surendra Mohan, Sr. DR |
| Date of Hearing | 07/01/2026 |
| Date of Pronouncement | 28/01/2026 |
| | |

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

The aforesaid appeals have been filed by the assessee against the consolidated order dated 26.06.2025 passed by the learned Commissioner of Income Tax (Appeals)-52, Mumbai,

pertaining to the quantum of reassessment framed under section 147 read with section 144 of the Income-tax Act, 1961 for the Assessment Years 2014-15, 2015-16 and 2016-17.

2. Since the issues involved in all the three appeals are common and arise out of identical facts, the appeals were heard together and are being disposed of by this common order for the sake of convenience. For the purpose of adjudication, ITA No. 4733/Mum/2025 for Assessment Year 2014-15 is taken as the lead case, and the decision rendered therein shall apply mutatis mutandis to the remaining assessment years as well, except for variance in figures.

3. In all the years under consideration, the assessee has, at the threshold, assailed the validity of reopening under section 147 of the Act on the ground that in the facts of the present case the assessment, if at all, ought to have been framed under section 153C and not under section 147, since the alleged incriminating material is stated to have emanated from a search conducted under section 132 at the premises of a third party. Apart from the jurisdictional challenge, the assessee has also challenged the additions made on merits under section 69A of the Act on the allegation that the assessee was a beneficiary of funds allegedly received from M/s Renukamata Multi State Cooperative Urban Credit Society Ltd.

4. Briefly stated, the facts relevant for adjudication are that a search and seizure action under section 132 of the Act was

conducted in the case of M/s Renukamata Multi State Cooperative Urban Credit Society Ltd. (PAN: AADAS7782D) and its key persons on 26.05.2017. Upon examination of the bank statements of the said cooperative society and the alleged fund trail emanating therefrom, the Assessing Officer observed that Astoria Agro and Allied Industries Pvt. Ltd., the assessee herein, had allegedly received funds aggregating to Rs. 39,30,300 through its bank accounts. Based on this information, proceedings under section 147 were initiated.

4.1. The Assessing Officer further noted that the assessee had originally filed its return of income for the year under consideration on 27.11.2014 declaring a loss of Rs. 5,87,12,990, and that the assessment was earlier completed under section 143(3) vide order dated 28.12.2016 determining the loss at Rs. 4,83,58,416. Subsequently, based on the information arising from the aforesaid search, notice under section 148 of the Act was issued on 31.03.2021 after obtaining the requisite administrative approval.

5. In response to the notice issued under section 148 of the Act, the assessee filed its return of income on 06.04.2021 declaring the same loss as originally returned. Thereafter, the assessee raised objections to the reopening proceedings by filing preliminary objections, which were responded to by the Assessing Officer. Further objections dated 10.12.2021 were also filed and rebutted by the Assessing Officer vide communication

dated 28.12.2021. The assessee again filed objections on 03.01.2022, which were replied to vide letter dated 25.01.2022.

6. Subsequently, statutory notice under section 143(2) dated 24.06.2021 was issued, followed by notices under section 142(1) along with questionnaires through the ITBA portal on 08.12.2021 and 20.12.2021 calling for various details. It has been recorded by the Assessing Officer that the assessee did not submit the requisite details in response to the said notices, and accordingly proceedings under section 271(1)(b) of the Act were also initiated separately.

7. The Assessing Officer thereafter proceeded on the premise that the assessee had received funds amounting to Rs. 39,30,300 from a non-genuine entity, namely, M/s Renukamata Multi State Cooperative Urban Credit Society Ltd. In the assessment order, the Assessing Officer has elaborately set out the alleged modus operandi of the said cooperative society, describing the manner in which large-scale cash deposits were claimed to have been accepted from suspicious entities and individuals, followed by layering of transactions and eventual routing of funds through various banking channels to alleged beneficiary concerns, including the assessee. The Assessing Officer has further alleged deficiencies in KYC compliance and physical verification of account holders, and on that basis has sought to draw an adverse inference against the assessee by treating it as a beneficiary of such alleged accommodation entries. The detailed

narration of the modus operandi, as recorded by the Assessing Officer in the assessment order, is reproduced hereunder.

1. Accepting large scale cash deposits claimed to be made by various suspicious entities/individuals all over India through its branches.

2. After the cash was deposited, either directly or through layering of transactions through multiple channels, M/s Renukamata Multi State Cooperative Urban Credit Society Ltd transferred these amounts to various beneficiary entities through NEFT/RTGS/Clearing/Demand Draft.

3. It was also found that Renukamata Society had allowed huge cash deposits and other credit transactions in the accounts of certain persons/entities whose KYC documentation and physical verification were not properly done.

4. On spot verification of some of these entities it was seen that most of the entities/individuals were not found on their address.

As a result of the action and in view of the various seized/impounded documents and the statements recorded, it was found that the main activity of Renukamata was receiving huge amounts of cash from various persons (who are mostly persons of small means or mere carriers of cash), depositing the same in its Bank accounts and transferring out these funds through RTGS/other banking modes to various nongenuine entities.

5. In the present case, the amount received by the assessee has been date wise summarized as under:

| BANK NAME | Branch Name | Customer Name | Account Number | ifscode | Date | DEBIT BALANCE | Bank Account Number (Transferred To) | Bank Account Name (Transferred To/Received From) |
|---------------|-------------|-------------------|-----------------|-------------|------------|---------------|--------------------------------------|--|
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 22-10-2013 | 445,600 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 22-10-2013 | 445,600 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 23-10-2013 | 445,600 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 29-10-2013 | 556,000 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 29-10-2013 | 444,800 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 30-10-2013 | 222,400 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 30-10-2013 | 278,000 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 21-12-2013 | 280,100 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 09-01-2014 | 276,100 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 29-01-2014 | 265,000 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| Axis Bank Ltd | RAHURI (MH) | SHRI RENUKAMATA N | 910010036648622 | UTIB0000742 | 11-02-2014 | 271,100 | 913020047366425 | ASTORIA AGRO AND ALLIED INDUST |
| | | | | | | 3,930,300 | | |

8. On the basis of the aforesaid allegations and reasoning, the Assessing Officer concluded that the assessee had failed to substantiate the genuineness and source of the impugned receipts and accordingly treated the entire amount of Rs. 39,30,300 as unexplained money under section 69A of the Act.

9. The learned Commissioner of Income Tax (Appeals) affirmed the action of the Assessing Officer and confirmed the addition so made. While doing so, the learned CIT(A) recorded detailed findings and observations holding that the assessee had failed to satisfactorily explain the credits appearing in its bank accounts and that invocation of section 69A of the Act was justified. The relevant findings and observations of the learned CIT(A), confirming the action of the Assessing Officer, are reproduced hereunder.

9. *In this case, the information suggests that M/s ASTORIA AGRO & ALLIED INDUSTRIES PVT LTD has received funds as beneficiary from M/s Renukamata Multi State Cooperative Urban Credit*

Society Ltd & M/s Dyaneshwari Multi State Urban Co-operative Credit Society through its Bank accounts. During the course of search proceedings, it was found that M/s Renukamata Multi State Cooperative Urban Credit Society & M/s Dyaneshwari Multi State Urban Co-operative Credit Society were involved into accepting large scale of cash deposits claimed to be made by various suspicious entities/individuals all over India through its branches and it was routed through layering of transactions in hands of beneficiary. In the present case the appellant has received funds as beneficiary. The time-to-time opportunity was provided to the appellant but the appellant failed to discharge its onus to substantiate genuineness of transaction.

10. *During the course of appellate proceeding, the appellant has denied to having any business transaction with the said "M/s. Renukamata Multi State Urban Cooperative Credit Society Ltd & M/s Dyaneshwari Multi State Urban Co-operative Credit Society Limited ". The appellant during the course of appellate proceedings submitted that its customers had remitted sale proceeds through Renukamata Multi State Urban Co-operative Credit Society Ltd & M/s Dyaneshwari Multi State Urban Co-operative Credit Society Limited. However, no such details were provided to the AO during the course of assessment proceedings. Therefore, the AO has made addition u/s 69A of the Act. During the course of appellate proceedings, the appellant has provided copies of Bank statements, copies of ledger, copies of sale invoice of customers, delivery challan & gate pass and reiterated that the fund was received on sale of sugar. However, the said details were not provided to AO during the course of assessment proceedings. However, the appellant did not provide Confirmation and PAN, Name & address and other details of customers so that genuineness of transactions can be proved. It is worthwhile to mentioned here that during the course of search in the case of M/s Renukamata Multi State Urban Co-operative Credit Society Ltd & M/s Dyaneshwari Multi State Urban Co-operative Credit Society Limited it was found that huge amount of cash from various person (who were no mean or carrier) deposited in the Bank accounts and transferring out these funds to different entities without following KYC rules. The sale-purchase transactions*

undertaken by credit societies were found bogus & it was also found that the layering of transaction were routed through multiple channels in hands of beneficiary. The appellant was found to be one of the beneficiaries. However, the appellant did not submit requisite details as asked during the course of assessment proceedings and filed various objections. The opinion of Assessing Officer carries evidentiary weight before Ld. CIT(A), Ld. ITAT, Hon'ble HC and even Hon'ble SC as discussed in parasupra. Moreover, the request for admission of such evidence as specified under Rule 46A(1) of the Income Tax Rules, 1962 was not filed by the appellant.

10.1. *In view of the above discussion and the case laws relied, it is held that the AO correctly held that the appellant failed to discharge the onus vested on it. Therefore, the addition of Rs. 39,30,300/- for AY 2014-15, addition of Rs. 72,25,850/- for AY 2015-16 & addition of Rs. 40,34,200/- for AY 2016-17 made by the AO is confirmed u/s 69A of the Act as the source of which remain unexplained and unsubstantiated.*

10. We have heard both the parties at length and have carefully perused the findings recorded in the impugned orders, as well as the entire material placed on record, including the documentary evidences, tabulations and supporting papers filed by the assessee. At the very threshold, it is an admitted and undisputed position that the assessee, Astoria Agro and Allied Industries Pvt. Ltd., is engaged in the business of manufacturing sugar and allied products, and that the receipts under consideration arise in the backdrop of its regular commercial operations. The Revenue has not disputed either the existence of the assessee's manufacturing activity or the fact that it is a functional sugar manufacturing unit carrying on substantial business during the relevant previous year.

11. The assessee has placed on record the complete particulars of its turnover for F.Y. 2013–14 relevant to A.Y. 2014–15, which evidences that during the year under assessment it had effected sales of sugar and by-products aggregating to Rs. 1,09,46,60,550, out of which excise duty of Rs. 4,52,78,163 was deducted, resulting in net sales of Rs. 1,04,93,82,387. The break-up of sales, product-wise, is reproduced hereunder and same has not been controverted by the Revenue.

| Particulars | Amount of Sale |
|--------------------|----------------|
| Sugar (Free) | 95,60,39,054 |
| Sugar Levy | 1,64,37,965 |
| Bagasse | 2,60,67,998 |
| Molasses | 9,23,03,462 |
| Pressmud | 37,65,204 |
| Boiler Ash Sale | 6,867 |
| Compost | 40,000 |
| Total | 1,09,46,60,550 |
| Less :Excise Duty | 4,52,78,163 |
| Total Net Sale Rs. | 1,04,93,82,387 |

12. It is, therefore, beyond any pale of doubt that the assessee was carrying on large-scale manufacturing and trading activity in sugar and allied products during the relevant year.

13. It is in this factual matrix that the Assessing Officer has made the impugned addition of Rs. 39,30,300 by treating the assessee as the “ultimate beneficiary” of funds allegedly received from M/s Renukamata Multi State Urban Cooperative Credit Society Ltd. The consistent and categorical case of the assessee has been that it had no business transaction with the said credit society in the sense of having received any funds from it as a borrower, beneficiary, or recipient of any accommodation entry. The assessee’s specific stand is that it never received any amount from Renukamata as such, and that the impugned receipts represent sale proceeds received from its own customers against actual sales of sugar and allied products.

14. What the assessee has explained, with reference to contemporaneous business records, is that during the relevant previous year it effected sales to ten identified customers, and against such sales it received advance payments by RTGS in its bank account. It has further been explained that those customers routed their RTGS remittances through, or from accounts maintained with, M/s Renukamata Multi State Urban Cooperative Credit Society Ltd. The assessee’s case has consistently been that merely because a particular cooperative

credit society or banking intermediary is involved in the remittance chain, it cannot be inferred that the credit society itself has paid the assessee or that the assessee is the beneficiary of any unexplained funds from that society.

15. To substantiate this explanation, the assessee has placed on record following detailed customer-wise correlation in tabular form, linking the date of RTGS, the amount of RTGS, and the corresponding sale bill number and date, along with the amount of each bill. The said tabulation, is reproduced hereunder:-

| S. No. | Name & Address of the Purchasing Dealers (Customer) | Date of RTGS | Amount of RTGS | Sale Bill No & Date | Amount of Bill |
|--------|---|--------------------------|----------------------|---|----------------------|
| 1 | Mukesh Trading Company, Sendhawa | 22/10/2013 23/10/2013 | 4,45,600 4,45,600 | <u>1900 Dt.</u> <u>24/10/2013</u> | 8,91,200 |
| 2 | Mukesh Trading Company, Sendhawa | 21/12/2013 | 2,80,100 | <u>2268 Dt</u> 21/12/2013 | 2,80,100' |
| | Mukesh Trading Company, Sendhawa | 09/01/2014 | 2,76,100 | <u>2527 Dt.</u> <u>11/01/2014</u> <u>2555 Dt.</u> 14/01/2014 | 1,10,440 1,65,660 |
| 4 | Mukesh Trading Company, Sendhawa | 29/01/2014 | 2,65,000 | <u>2823 Dt.</u> 30/01/2014 | 2,65,000 |
| 5 | Mukesh Trading Company, Sendhawa | 11/02/2014 | 2,71,100 | <u>3139 Dt.</u> <u>13/02/2014</u> | 2,71,100 |
| 6 | Saurabh Traders, Sendhawa | 22/10/2013 | 4,45,600 | IM2 Dt. 22/10/2013 | 4,45,600 |
| 7 | Saurabh Traders, Sendhawa | 29/10/2013 | 5,56,000 | <u>2044 Dt.</u> 29/10/2013 | 5,56,000 |
| 6 | Manish Trading Company, Sendhawa | 29/10/2013 | 4,44,800 | <u>2043 Dt.</u> <u>29/10/2013</u> | 4,44,800 |
| 9 | Manish Trading Company, Sendhawa | 30/10/2013 | 2,78,000 | 2082 Dt. 31/10/2013 | 2,78,000 |
| 10 | BalmukundMohanlal Garg, Sendhawa | 30/10/2013 | 2,22,400 | <u>2061 Dt.</u> <u>30/10/2013</u> | 2,22,400 |

| | | | | | |
|--|-------|--|-----------|--|-----------|
| | Total | | 39,30,300 | | 39,30,300 |
|--|-------|--|-----------|--|-----------|

16. Thus it can be seen that the aggregate sum of Rs. 39,30,300 comprises receipts from 10 identified parties against specific sale bills, and that there is a one-to-one correlation between the RTGS receipts and the corresponding sale bills.

17. The assessee has further filed copies of all the aforesaid sale bills, gate passes and delivery notes, together with the ledger accounts of these customers and the relevant extracts of the bank statements reflecting the RTGS credits. It has also been specifically stated, and supported by the bank statements, that the above customers had sent their advance payments against their orders of purchase by RTGS through M/s Renukamata Multi State Urban Cooperative Credit Society Ltd., and the same were received in the assessee's bank account. Thus, on facts, the immediate payers and the commercial counterparties remain the identified customers, and the receipts stand embedded in the assessee's sale transactions which are duly recorded in its regular and audited books of account.

18. On a careful and holistic appreciation of this material, we find substantial force in the assessee's explanation. Once the assessee demonstrates, through contemporaneous business records, that the impugned sum represents sale proceeds received from identified customers against specific sale bills, the

mere circumstance that such customers routed their remittances through a particular cooperative credit society or banking channel cannot, by itself, lead to the conclusion that the credit society itself paid the assessee or that the assessee is the “ultimate beneficiary” of any unexplained funds. A banking channel, by its very nature, is a conduit; it explains the route through which money travels, but it cannot displace the identity of the true commercial source when the source is otherwise evidenced by sale bills, customer ledgers, delivery documents and bank credits matching those bills.

19. The entire edifice of the impugned addition rests on an incorrect appreciation of facts and a misreading of the evidences brought on record. The Assessing Officer has proceeded on the erroneous premise that because the RTGS remittances originated from, or were routed through, M/s Renukamata Multi State Urban Cooperative Credit Society Ltd., the assessee must be treated as the ultimate beneficiary of funds from that society. This inference is factually untenable and legally unsustainable. It conflates the route of remittance with the substantive source of receipt, and in doing so, overlooks the basic and undisputed fact that the receipts emanated from customers against actual sales.

20. If the customers of the assessee company had sent their advance payments against their purchase orders by RTGS through M/s Renukamata Multi State Urban Cooperative Credit Society Ltd., and such payments were received in the assessee's

bank account and stand duly recorded as sales in the audited books, then, in such circumstances, the very foundation for invoking section 69A collapses. Section 69A is attracted where the assessee is found to be the owner of money which is not recorded in the books of account and for which no satisfactory explanation about the nature and source is offered. In the present case, the money in question is not only recorded in the books, but its nature and source have also been fully explained as sale realisations from identified customers, corroborated by the tabulated correlation and supporting primary documents.

21. Viewed thus, the impugned addition of Rs. 39,30,300 is founded on conjectures and surmises, divorced from the commercial realities of the assessee's business and the documentary trail placed on record. The Assessing Officer has misdirected himself in treating a banking intermediary as the source of funds, ignoring the substantive commercial transactions evidenced by the assessee. Once it is demonstrated that the receipts are embedded in recorded sales and supported by contemporaneous evidences, the superstructure erected on the premise of unexplained money cannot be permitted to remain standing. The addition, therefore, cannot be sustained either on facts or in law.

22. Similar finding has been given with regard to sales which have been made by the assessee to various parties which are fully supported by sales bills, ledgers of these customers

highlighting the transactions of details and these customers have given payments through its entity by RTGS. Accordingly, our finding given above will apply mutatis mutandis and the additions made by the AO in A.Y.2015-16 and 2016-17 is also deleted.

23. In the result, all the appeals of the assessee are allowed.

Order pronounced on 28th January, 2026.

Sd/-
(MAKARAND VASANT
MAHADEOKAR)
ACCOUNTANT MEMBER
Mumbai; Dated 28/01/2026
KARUNA, *sr.ps*

Sd/-
(AMIT SHUKLA)
JUDICIAL MEMBER

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