

**IN THE INCOME-TAX APPELLATE TRIBUNAL, MUMBAI "F" BENCH, MUMBAI  
BEFORE SHRI SANDEEP GOSAIN, JUDICIAL MEMBER AND  
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER  
ITA No. 6147/MUM/2025(AY: 2013-14)**

**&**

**ITA No. 6148/MUM/2025(AY: 2014-15)**

ACIT-4(3)(1), Mumbai. Room No.649, 6 <sup>th</sup> Floor, Aayakar Bhawan, M.K. Road, Mumbai-400020.	<b>vs.</b>	United Fashion Apparels Pvt. Ltd. 14-B, Ground Floor, Ghanshyam Indl. Estate, Off Veera Desai Road, Andheri West, Mumbai-400053.
<b>PAN/GIR No:AAACU8973H</b>		
(Appellant)		(Respondent)

**CO No. 44/MUM/2026 (AY: 2014-15)**

**ARRISING OUT OF**

**(ITA No. 6148/MUM/2025) (AY: 2014-15)**

United Fashion Apparels Pvt. Ltd. 14-B, Ground Floor, Ghanshyam Indl. Estate, Off Veera Desai Road, Andheri West, Mumbai- 400053.	<b>vs.</b>	ACIT-4(3)(1), Mumbai. Room No.649, 6 <sup>th</sup> Floor, Aayakar Bhawan, M.K. Road, Mumbai- 400020.
<b>PAN/GIR No:AAACU8973H</b>		
(Appellant)		(Respondent)

<b>Appellant by</b>	Shri Vishal D. Shah
<b>Respondent by</b>	Ms. Kavitha Kaushik (SR DR)
<b>Date of Hearing</b>	29.01.2026
<b>Date of Pronouncement</b>	.02.2026

**ORDER**

**PER BIJAYANANDA PRUSETH, AM:**

These cross appeals filed by the revenue and the appellant emanate from the order passed under section 250 of the Income-tax Act, 1961 (in short, 'Act') Commissioner of Income-Tax (Appeals), National Faceless Appeal Centre [in short, 'CIT(A)'], Delhi, dated 10.07.2025 for the assessment years (AY) 2013-14 and 2014-15. The revenue has filed appeal against the order of CIT(A) for AY 2013-14

and 2014-15 whereas cross objection has been filed by the assessee for AY 2014-15. Since the facts and grounds of appeal are similar, the appeals were clubbed and a common is passed for the sake of convenience and brevity. The appeal for AY 2013-14 is ITA No.6147/Mum/2025 is taken as the “lead” case.

2. The grounds of appeal raised by the revenue in ITA No.6147/Mum/2025 (AY: 2013-14) are as under:

*“1. The Learned CIT Appeal erred in deleting the addition of Rs.5440990 made under section 68 of the Income Tax Act, 1961, ignoring the fact that the assessee failed to establish the nature 1 and source of such credits, the identity and genuineness of the remitter Everest Metal Nigeria Ltd and the necessity of routing export proceeds through a tainted third party identified as an entry provider.*

*2. The Learned CIT Appeal erred in accepting buyer confirmation and in relying on RBI A.P. DIR Series Circular No. 100 dated 04.02.2014, which is not applicable to AY 2013-14, and in ignoring that the RBI Master Circular dated 01.07.2013 required either a tripartite agreement OR declaration in EDF, which were not furnished.*

*3. The Learned CIT Appeal failed to appreciate that export documentation such as invoices, shipping bills, and BRCs may establish export of goods but do not prove the genuineness of remittances received from a hawala operator.”*

3. The grounds of appeal raised by the revenue in ITA No.6148/Mum/2025 (AY: 2014-15) are as under:

*“1. The Learned CIT Appeal erred in deleting the addition of Rs.5440990 made under section 68 of the Income Tax Act, 1961, ignoring the fact that the assessee failed to establish the nature 1 and source of such credits, the identity and genuineness of the remitter Everest Metal Nigeria Ltd and the necessity of routing export proceeds through a tainted third party identified as an entry provider.*

*2. The Learned CIT Appeal erred in accepting buyer confirmation and in relying on RBI A.P. DIR Series Circular No. 100 dated 04.02.2014, which is not applicable to AY 2013-14, and in ignoring that the RBI Master Circular dated 01.07.2013 required either a tripartite agreement OR declaration in EDF, which were not furnished.*

*3. The Learned CIT Appeal failed to appreciate that export documentation such as invoices, shipping bills, and BRCs may establish export of goods but do not prove the genuineness of remittances received from a hawala operator.”*

4. The grounds of appeal raised by the assessee in CO No. 44/Mum/2026 (AY:2014-15) are as under:

*“1. (a) On the basis of the facts and circumstances of the case, the Ld. CIT erred in affirming to the action of AD of reopening the case u/s 147 which is bad in law.*

*(b) On the basis of the facts and circumstances of the case, the Learned CIT(A) erred affirming to the action of AO of reopening the case u/s 147 without appreciating the fact that credits appearing in the bank account was against sale of goods and the same was duly offered for tax. Hence no income escaped assessment and therefore 148 proceedings does not survive.*

*2. On the basis of the facts and circumstances of the case, notice under 148 is without jurisdiction as conditions of Sec. 147 to Sec. 151A have not been fulfilled.*

*3. On the basis of the facts and circumstances of the case, the authorization memo as granted by CCIT (OSD)-I/c to PCIT-4 for filing of Tribunal appeal against order u/s 250 dated 11.07.2024 is issued without DIN thus violating CBDT Circular No 19/2019. Since, authorization memo is invalid thereby rendering the appeal filing process as infructuous on account of non-compliance with procedural aspects of filing appeal.*

*4. On the basis of the facts and circumstances of the case, the approval granted u/s 151 by Principal Chief Commissioner is without jurisdiction.*

*5. On the basis of the facts and circumstances of the case, the notice u/s 148 and consequent order u/s 147 is bad in law as the same is issued by Jurisdictional assessing officer rather than Faceless assessing officer.”*

5. Fact of the case, in brief, are that the assessee filed its return of income for AY 2013-14 on 25.11.2013 declaring total income at Rs.25,98,410/-. The case was

reopened on the basis of information received from the Investigation Wing, Ranchi that Shri Naresh Kumar Aggarwal, CA was providing accommodation entries of loans, bogus expenses and bogus exports after receiving cash. Details of suspicious foreign transactions carried out by M/s Everest Metal Nigeria Ltd., of which Shri Aggarwal was one of the key persons, revealed that the above company had remitted foreign currency equivalent to Rs.54,40,990/- to the assessee, which had escaped assessment. Hence, notice u/s 148 of the Act was issued on 31.03.2023. In response, the assessee filed return declaring total income at Rs.25,98,410/-. Subsequently, notices u/s 143(2) and 142(1) of the Act and show cause notice were issued to the assessee from time to time. The assessee furnished replies and details which had been extracted in the assessment order. The assessee submitted that it had exported goods and received the export proceeds in US dollars through third party, namely, Everest Metal Nigeria Ltd. through banking channel. The said amount was received through third party due to bad situation prevailing in Nigeria. In reply to the show cause notice to furnish explanation regarding Everest Metal Nigeria Ltd., which was a hawala operator/entry provider, the assessee submitted that it had not entered into any third party agreement with Everest Metal Nigeria Ltd. However, as per RBI guidelines for export under Master Circular No.14/2013-14 dated 01.07.2013, third party payments for exports/import transactions in case of

shipments to country in Group II may be received from an Open Cover country. The appellant also attached payment confirmations received from Oluaya Benchers Nig Ltd. against export transactions for arrangement for third party payments. The AO perused the Master Circular dated 01.07.2013 where it is mentioned that the Circular will stand withdrawn from 01.07.2014. The AO observed that there was no tripartite agreement and no export declaration and name of Nigeria is not in the Circular but Sudan and Somalia are mentioned therein. The AO finally relied on the report of the Investigation Wing and in absence of the fulfillment of the conditions of the RBI Circular, he added Rs.54,49,990/- u/s 68 of the Act.

6. Aggrieved by the order of AO, the assessee filed appeal before the CIT(A). After considering the statement of facts, grounds of appeal, assessment order and the written submissions of the assessee, the CIT(A) allowed the appeal of the assessee. He observed that assessee was engaged in the business of export of textiles to African countries. During the subject year, the export sales was Rs.15,67,05,073/- out of total turnover of Rs.22,20,54,708/-. The export sales include Rs.54,49,85/- to Nigerian party in respect of which the payment was received from third party, namely, M/s Everest Metals Nigeria Ltd. The CIT(A) also considered the details including invoice number and date, party name, invoice value, shipping bill number and date, duty drawback account, bill of lading, airway

bill number, BRC number and date of realization. He also observed that assessee submitted all documentary evidences from Customs and Foreign Trade Department. After considering the details as above, he held that the assessee has undoubtedly exported the goods by air cargo or ship and it was cleared by the customs department. The assessee also received duty drawback, which was approved by the Director General of Foreign Trade (DGFT). All payments were received through RBI and approved by the authorized dealer bank after verification of documents as per RBI Circular. Further, the exports to Nigeria was only 3.4% of the total exports. Since the goods were actually exported and dully verified by two government agencies and the payments were received as per RBI guidelines through authorized dealer banks, the CIT(A) held that the amount received was not unexplained cash credit but was actual receipts against export of goods, which is dully offered for tax by the appellant. Accordingly, he allowed the appeal of the assessee and directed the AO to delete the addition.

7. Further aggrieved by the order of the CIT(A), the revenue has filed the present appeal. The Ld. Sr. AR of revenue supported the order of the AO and submitted that the addition was rightly made by the AO based on the information received from the Investigation Wing, Ranchi and after confronting the assessee on the impugned issue. The assessee was not able to satisfactorily explain the

receipt of Rs.54,49,990/- received in foreign currency from M/s Everest Metal Nigeria Ltd.

8. On the other hand, the Ld. AR of the assessee supported the order of the CIT(A). He has filed a paper-book and enclosed copies of the invoices, shipping bills, bank realization certificates, payment conformation from buyer, copy of bank statement, list of the parties to whom exports were made and receipt of payment from Everest Metal Nigeria Ltd., copy of declaration by the appellant and RBI Circulars for third party payments for export/import transactions dated 01.07.2013, 08.11.2013 and 04.02.2014. The Ld. AR submitted that the assessee has exported goods to Qluaya Ventures Nig Ltd., for which payment was received of Rs.54,49,986/- from M/s Everest Metal Pvt. Ltd. The detail of export is at page 62 of the paper book. He submitted that all details to prove export of the goods were submitted to the lower authorities and the CIT(A) has duly appreciated the genuineness of the exports and allowed the realization of the export proceeds. Since the nature and source of the payment has been dully explained, the CIT(A) has rightly deleted the addition u/s 68 of the Act. He requested to upheld the order of CIT(A) and dismissed the appeal of revenue.

9. We have heard both the parties and perused the materials on record. We have also carefully gone through the Circulars issued by the RBI. The appellant has filed various documents such as invoice numbers and dates, party name (M/s

Oluaya Ventures Nig Ltd.), invoice value, shipping bill number and date, duty drawback account, bill of lading, airway bill number, BRC number and date of realization of the export proceeds in support of the impugned amount received by it. The said amount was received through banking channel. The Customs Authorities and the Director General of Foreign Trade have verified the details and cleared the export of the goods to M/s Oluaya Ventures Nig Ltd. The duty drawback was also approved by the DGFT. All the amounts were routed through the RBI and was approved by the authorized dealer banks. The RBI Circular (supra) also allows third party payment for export/import transactions. These facts had not been controverted by the AO by bringing any contrary evidence on record. They were duly considered by the CIT(A) while deciding the appeal filed by the assessee. The appellant has duly satisfied the conditions regarding identity of the party, genuineness of the transaction and creditworthiness of the party to escape the mischief of the provisions of Section 68 of the Act. We do not find any infirmity in the order of CIT(A), which we confirm. Accordingly, the appeal of the revenue is dismissed.

**ITA No.6148/Mum/2025 (AY: 2014-15)**

10. The facts of the case and grounds of appeal are similar. Both the parties agreed that the decision in AY 2013-14 would cover the issue raised in the grounds

of appeal for AY 2014-15. Hence, following the reasons given in ITA No.6147/Mum/2025, the appeal of the revenue is dismissed.

**CO No.44/Mum/2026 (AY: 2014-15)**

11. During the hearing the Ld. AR did not press the CO. Accordingly, the same is dismissed as not pressed.

12. In the result, appeals of the revenue as well as the cross objection are dismissed.

Order is pronounced on .02.2026.

**(SANDEEP GOSAIN)  
JUDICIAL MEMBER**

**(BIJYANANDA PRUSETH)  
ACCOUNTANT MEMBER**

\*Aniket Chand; Sr. PS  
MUMBAI

Date: .02.2026

**Copy of the Order forwarded to:**

1. The Assessee
2. The Respondent
3. The CIT(A)
4. CIT
5. DR/AR, ITAT, MUMBAI
6. Guard File

By Order

Assistant Registrar  
ITAT, MUMBAI

**ITA Nos.6147 & 6148/Mum/2025**  
**CO No. 44/Mum/2026 (AY:2014-15)**  
**Arising out of ITA No.6148/Mum/2025 (AY:2014-15)**  
**United Fashion Apparels Pvt. Ltd.**

		Date	Initial	
1.	Draft dictated on (dictation sheet is enclosed with main file.)		}	PS
2.	Draft placed before author			PS
3.	Draft proposed & placed before the second member			
4.	Draft discussed/approved by Second Member.			
5.	Approved Draft comes to the Sr.PS/PS			
6.	Kept for pronouncement on			
7.	File sent to the Bench Clerk			
8.	Date on which file goes to the AR			
9.	Date on which file goes to the Head Clerk.			
10.	Date of dispatch of Order.			
11.	Draft dictation sheets are attached			PS