

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

**BEFORE: SHRI AMIT SHUKLA, JUDICIAL MEMBER
&
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER**

**ITA No.2465/Mum/2024
(Assessment Year :2016-17)**

N Satish Exports Pvt. Ltd. A-W 401, 4 th Floor Bharat Diamond Bourse Bandra Kurla Complex Bandra East Mumbai – 400 051	Vs.	PCIT-5, Aayakar Bhavan Mumbai-400 020
PAN/GIR No.AADCN6035C		
(Appellant)	..	(Respondent)

Assessee by	Shri Rajesh Agarwal & Shri Shubham Goyal
Revenue by	Shri Satyaprakash B Singh, CIT DR
Date of Hearing	30/07/2025
Date of Pronouncement	29/09/2025

आदेश / O R D E R

PER AMIT SHUKLA (J.M):

This appeal, filed by the assessee, arises from the order dated 11/03/2024 passed by the Learned Principal Commissioner of Income Tax-5, Mumbai ("ld. PCIT") in exercise of his revisional jurisdiction under section 263 of the Income Tax Act, 1961, for Assessment Year 2016-17. By the impugned order, the ld. PCIT has set aside the reassessment

order passed under section 147 read with section 144 of the Act.

2. The assessee has raised multiple grounds before us, essentially assailing the jurisdiction assumed by the ld. PCIT. The core submission of the ld. Counsel is that the ld. PCIT traversed beyond the permissible scope of section 263 by raising an altogether new issue that had no nexus with the reasons recorded for reopening under section 147. According to the ld. Counsel, the reassessment was initiated only on the question of valuation of stock, and the matter of unsecured loans was never part of the “reasons to believe.” Hence, the ld. PCIT could not, under the revisional jurisdiction, enlarge the controversy to encompass an issue wholly unconnected with the reopening.

3. When queried by the Bench as to the fate of the set-aside proceedings, the ld. Counsel candidly admitted that in the fresh proceedings undertaken by the Assessing Officer (“AO”) pursuant to the 263 order, the AO carried out a detailed enquiry into the unsecured loans and, after a thorough examination of the material placed, accepted the same as genuine.

4. The ld. Departmental Representative, on the other hand, submitted that once the AO has verified the issue in pursuance of the directions of the ld. PCIT and has accepted the genuineness and creditworthiness of the loan parties, no prejudice now remains. The grievance of the assessee,

according to him, stands obliterated, and therefore the appeal deserves to be dismissed as infructuous.

5. We have carefully considered the rival submissions and perused the material available on record. The factual canvas is that, initially, an assessment order under section 143(3) was passed on 24/12/2018. Thereafter, the case was reopened, and a reassessment under section 147 read with section 144B was completed on 27/03/2022, determining the total income at ₹3,52,20,300/–, which was the same as assessed originally under section 143(3). In the revisional proceedings, the ld. PCIT, through his show-cause notice, adverted to unsecured loans of ₹275.16 lakhs appearing in the balance sheet. It is an undisputed position that this issue did not emanate from the reasons recorded for reopening nor from the subject matter of the reassessment order.

6. However, in view of the subsequent developments, it becomes unnecessary for us to embark upon an adjudication on the merits or the jurisdictional contours of section 263. The reason is manifest: in the consequential proceedings under section 144 read with section 263 and section 144B dated 25/07/2024, the AO examined the unsecured loans in depth. After a comprehensive scrutiny of the documents and evidences furnished, the AO held that the loans were genuine, the creditors were creditworthy, and no adverse inference was warranted. The income originally assessed was reiterated.

7. Once the AO, in faithful compliance with the revisional directions, has verified the issue and accepted the assessee's

explanation, the very foundation of the 263 order stands extinguished. The assessee has already obtained full relief in the set-aside proceedings, and no live controversy remains before us.

8. In the result, the appeal of the assessee is dismissed.

Order pronounced on 29th September, 2025.

Sd/-
(GIRISH AGRAWAL)
ACCOUNTANT MEMBER

Mumbai; Dated 29/09/2025
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