

**IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI BENCH "A" MUMBAI**

**BEFORE SHRI OM PRAKASH KANT (ACCOUNTANT MEMBER)  
AND  
SHRI ANIKESH BANERJEE (JUDICIAL MEMBER)**

**ITA No. 8029/MUM/2025  
Assessment Year: 2017-18**

Lords Freight (India) Private Limited  
Arena Space, 10<sup>th</sup> & 11<sup>th</sup> Floor,  
Plot No. 20, JVLR, Nr. Majas  
Bus Depot, Jogeshwari (East),  
Mumbai – 400060.

**Vs.** Assistant Commissioner of  
Income Tax 10(2)(1)  
545, 5<sup>th</sup> Floor, Aaykar Bhavan, M.  
K. Road, Mumbai – 400020.

**PAN NO. AACCL0108M**

**Assessee**

**Respondent**

Assessee by	:	Shri Devendra Jain
Revenue by	:	Mr. Surendra Mohan, (SR. DR)
Date of Hearing	:	01/04/2026
Date of pronouncement	:	07/04/2026

**ORDER**

**PER OM PRAKASH KANT, AM**

This appeal by the assessee is directed against order dated 16.10.2025 passed by the learned Commissioner of Income Tax (Appeal), National Faceless Appeal Centre (NFAC), Delhi [in short 'the ld. CIT(A)'], for assessment year 2017-18, raising following grounds:

*1. In the facts and in the circumstances of the case and in law, the Learned CIT(Appeals) has erred in in upholding the action of the Ld. Assessing Officer in confirming the difference between the opening and balance of unsecured loans from related parties amounting to Rs. 23,00,000/- as unexplained cash credit under section 68 read with section*



*115BBE of the Income-tax Act, 1961, without appreciating that no fresh loan was obtained during the year under consideration and that the said difference merely represented a reclassification of loan from one party to another.*

*2. In the facts and in the circumstances of the case, the Learned Assessing Officer has erred in issuing notice u/s 143(2) of the Income Tax Act, 1961 CBDT dated 31.08.2018 in violation of Instruction F.No.225/157/2017/ITA-II dated 23.06.2017. Therefore, the said notice is invalid, and assessment order passed pursuant thereto is bad in law.”*

2. Briefly stated facts of the case are that the assessee is a company engaged in the business of freight services and clearing and forwarding operations. It filed its return of income for the year under consideration on 31.10.2017 declaring 'Nil' income under the normal provisions of the Income-tax Act, 1961 (hereinafter referred to as "the Act") and book profit of ₹1,47,62,744/- under section 115JB of the Act. The return was selected for scrutiny and statutory notices were duly issued. During the course of assessment proceedings, the Assessing Officer observed that unsecured loans from related parties were reflected at ₹56,50,000/- as against ₹33,50,000/- in the immediately preceding year. The difference of ₹23,00,000/- was treated as fresh borrowing during the year.. . The Assessing Officer asked the assessee to furnish details and confirmation of the said unsecured loans, establishing the genuineness of transaction, identity and creditworthiness of lenders. The Assessing Officer noted that the assessee failed to submit any reply despite issue of notice u/s. 142(1) of the Act. Accordingly, the Assessing Officer vide his order dated 22.12.2019, passed u/s. 143(3) of the Act,



considered the said amount of Rs. 23,00,000/- as unexplained cash credit in terms of Section 68 of the Act.

3. On further appeal, the ld. CIT(A) upheld the finding of the Assessing Officer. Aggrieved, the assessee is in appeal before the Tribunal by way of raising grounds as reproduced above.
4. At the outset, the learned counsel for the assessee submitted that Ground No. 2 relating to validity of notice under section 143(2) was not pressed. The same is, accordingly, dismissed as not pressed.
5. The solitary issue for consideration in Ground No. 1 is whether the addition of ₹23,00,000/- under section 68 of the Act, sustained by the learned CIT(A), is justified on facts and in law.
6. Before us, the learned Counsel for the assessee filed a paper book. The learned Counsel fairly admitted that the loan confirmation from the lender available on paper book page no. 4 was not filed before the lower authorities and therefore, same was in the nature of the additional evidence. The learned Counsel referred to the paper book page no. 1 which is part of the balance sheet of the assessee. According to the note no. 16 forming part of the balance sheet, the assessee shown that borrowing from related parties in the immediately preceding assessment year was at Rs. 33,50,000/-, whereas in the year under consideration, the said amount was reported at Rs. 56,50,00,000/-. Further, the assessee has shown borrowing other than related parties in the immediately preceding assessment year at Rs. 43,00,000/-. The



learned Counsel further referred to the paper book page no. 8 which is further breakup of the loans from related as well as unrelated parties.

- 6.1 The learned counsel for the assessee, thus, submitted that no fresh loan was received during the year under consideration. It was contended that the alleged increase merely represents a reclassification of an existing loan and sum of ₹23,00,000/- standing in the name of Mr. V. Krishnan in the preceding year under “other parties” was, in the year under consideration, reclassified under “related parties”. Thus, according to the assessee, there was no inflow of fresh funds.
- 6.2 It was, however, fairly admitted that the loan confirmation and certain supporting documents were not placed before the lower authorities and have been filed for the first time before the Tribunal, thereby constituting additional evidence.
7. We have given our thoughtful consideration to the rival submissions and perused the material available on record. The primary basis of the addition made by the Assessing Officer is the perceived increase in unsecured loans from related parties. However, the explanation furnished by the assessee indicates that the said increase may be attributable to a reclassification of an existing loan rather than receipt of fresh funds during the year.



7.1 On perusal of the details on record, we find that in the immediately preceding assessment year, the loan of Rs. 43,00,000/- which was termed as received from two parties viz. Mr. V. Krishnan Rs.23,00,000/- and Mr. A. Mohan Rs.20,00,000/-. The learned Counsel further referred to the loan related from related parties in the year under consideration which comprises of the two persons, one Mr. Shamsudeen Ahmed Rs.33,50,000/- which was also appearing in the immediately preceding assessment year. The second loan from the related party in the year under consideration is from Mr. V. Krishnan Rs.23,00,000. In view of the above submission, it is evident that in the year under consideration, the loan of Mr. V. Krishnan has been shifted from 'other party' to the 'related party' and no new loan has been received in the year under consideration. Thus, apparently, the loan which was reflected against Mr. V. Krishnan in the immediately preceding assessment year as from 'other parties' has been classified in the year under consideration from the 'related party' but at the same time, it is equally evident that said detail of related parties filed by the assessee is not part of the financial statement filed by the assessee. Further, the confirmation filed from Mr. V. Krishnan has also been filed for the first time before us , which falls in the nature of the additional evidence. The documents now relied upon by the assessee have been produced for the first time before this Tribunal and, therefore, require proper verification at the level of the Assessing Officer. In these circumstances, and in the interest of justice, we



are of the considered view that the matter requires fresh examination. The determinative issue is whether the sum of ₹23,00,000/- represents a fresh credit in the year under consideration or merely a reclassification of an existing liability carried forward from earlier years.

7.2 Accordingly, we set aside the impugned order of the learned CIT(A) on this issue and restore the matter to the file of the Assessing Officer for the limited purpose of verification. If, upon such verification, it is found that the impugned sum was not received during the relevant previous year, no addition under section 68 of the Act shall be warranted. The Assessing Officer shall adjudicate the issue afresh in accordance with law after affording adequate opportunity of being heard to the assessee.

8. The ground no. 1 of the appeal of the assessee is accordingly allowed for statistical purpose.

9. In the result, the appeal of the assessee is allowed for statistical purpose.

10. In the result, the appeal of the assessee is allowed for statistical purposes.

**Order pronounced in the open Court on 07/04/2026.**

**Sd/-**  
**(ANIKESH BANERJEE)**  
**JUDICIAL MEMBER**

**Sd/-**  
**(OM PRAKASH KANT)**  
**ACCOUNTANT MEMBER**



ITA No. 8029/Mum/2025  
Lord Freight (India) Private Limited

Mumbai;  
Dated: 07/04/2026  
Karishma J. Pawar, Sr. P.S.

**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,

(Assistant Registrar)  
**ITAT, Mumbai**