

**IN THE INCOME TAX APPELLATE TRIBUNAL,
AGRA BENCH, AGRA**

**BEFORE : SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

ITA No. 57/Agr/2023
Assessment Year: 2016-17

M/s. Belon Wale Dinesh Jewellers Pvt. Ltd., 17-18-19, Indra Market, Railway Road, Aligarh.	Vs.	DCIT, Central Circle, Aligarh.
PAN : AAFCB4333H		
(Appellant)		(Respondent)

Assessee by	Sh. Pankaj Gargh, Advocate
Department by	Sh. Shailendra Shrivastava, Sr. DR

Date of hearing	11.02.2025
Date of pronouncement	11.02.2025

ORDER

Per Satbeer Singh Godara, Judicial Member:

This assessee's appeal for assessment year 2016-17, arises against the Commissioner of Income Tax (Appeals)-4, Kanpur's order dated 15.02.2023, involving proceedings under section 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

2. Heard both the parties. Case file perused.
3. This assessee's appeal raises the following substantive grounds :

"Because Ld. CIT(A) has erred both on facts and in law in confirming the addition of Rs 91,00,735/-out of total addition of Rs 1.91,00,000/-

made by the Assessing Officer for which separate grounds are being taken as under-

1. i). Because the Ld. CIT(A) has erred both on facts and in law in confirming the addition of Rs 65,74,539/- being the value of silver jewellery/utensils wrongly included and considered by the Authorities below in the total valuation of stock of the appellant company i.e. Belonwalle Dinesh Jewellery (P) Ltd.

ii). Because considering the undisputed facts of the case the stock of silver jewellery/ utensils amounting to Rs 65,74,539/- belongs to M/s Dinesh Silver House in the same premises (proprietor Dinesh Kumar Gupta HUF) which is separately and regularly assessed to Income Tax.

iii) Because for A.Y. 2016-17, the audited Balance Sheet and Profit and Loss Account of M/s Dinesh Silver House was filed along with the return of income of Dinesh Kumar Gupta (HUF)

iv). Because without prejudice to above grounds, if the stock of Silver jewellery/ utensils is considered in the hands of appellant Company. though not admitted, then the relief of value of stock of Dinesh Silver House as on the date of search should have been allowed by Ld. CIT (A).

v). Because under the facts and circumstances of the case the Ld. CIT (A) has erred in not allowing relief of Rs 65,74,539/-

2.i). Because the Ld. CIT (A) has erred in confirming the addition of Rs 2,56,208/- being the amount of one purchase bill not entered in Books of Accounts up to the date of Search.

ii). Because considering the facts of the case the Ld. CIT (A) should have allowed relief of Rs 2,56,208/-.

3.i). Because the Ld. CIT (A) has wrongly and arbitrarily rejected the specific ground that while valuing the stock on the date of Search the Registered valuer has wrongly and arbitrarily taken the rates of the metal i.e. Gold, Silver and of the diamond.

ii). Because the appellant being jeweler correctly worked out the valuation of the stock found during Search. The Ld. CIT (A) instead of accepting the same has arbitrarily rejected the calculation and the working filed to establish the correct valuation.

4. Because upon due consideration of the matter and in the overall circumstances of the case the Ld. CIT(A) has fallen in error both on facts and in law in not allowing the full relief, as claimed in the appeal filed.

4. Coming to the first and foremost issue of addition of Rs.65,74,539/- representing value of silver jewellery/utensils added in the assessee's hands as unexplained, learned counsel's solitary submission is that the same has not been considered for the consequential benefit of its closing stock by the lower authorities. This clinching fact has gone un-rebutted from the Revenue side. Faced with this situation, we hold in light of CIT v/s Mahavir Aluminium Ltd. (2008) 297 ITR-77(Del), the assessee could not be denied inclusion of the impugned amount in the consequential closing stock computation. Learned Assessing Officer is accordingly directed to finalize his consequential computation accordingly. This first ground is partly allowed for statistical purpose.

5. Learned counsel next submits that assessee does not wish to press its second ground keeping in view smallness of amount involved . Rejected accordingly.

6. Lastly comes the third issue of valuation of stock wherein assessee's case is that the learned lower authorities have gone by registered valuer's report treating the jewellery articles as of 24 carats. And that the same is not possible in the regular business of jewellery items. This assessee's plea has gone un-rebutted from the Revenue side. We are of the considered view that some shortcomings could not be ruled out in the valuation of stock being a suspect issue. Faced with

this situation, we restrict the impugned addition to a lump sum amount of Rs.5,00,000/- only. The assessee gets relief of Rs.20,72,908/- in other words. Necessary computation shall follow as per law.

7. No other ground is pressed during the course of hearing.
8. This assessee's appeal is partly allowed.

Order pronounced in the open court on 11TH February, 2025.

**Sd/-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER**

**Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER**

Dated: 11TH February, 2025.

*aks/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, Agra