

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL 'C' BENCH,
CHENNAI**

श्री एम बालगणेश, लेखा सदस्य एवं श्री एस एस विश्वनेत्र रवि, न्यायिक सदस्य के समक्ष
**BEFORE SHRI S.BALAGANESH, ACCOUNTANT MEMBER AND
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER**

आयकर अपील सं./ITA No.: 2135/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2023-24

**The Deputy Commissioner of
Income Tax,**
Central Circle 1(2),
Chennai

Alina Pvt. Ltd.,
Vs. No.12, I & II Floor,
Race Course Road,
Guindy,
Chennai – 600 032.

(अपीलार्थी/Appellant)

PAN: AAFCA 9114P
(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri C.P. Solomon, CIT

प्रत्यर्थी की ओर से/Respondent by

: Shri D. Anand, Advocate

सुनवाई की तारीख/Date of Hearing

: 23.10.2025

घोषणा की तारीख/Date of Pronouncement

: 24.10.2025

आदेश/ ORDER

PER M. BALAGANESH, AM:

The appeal of the Revenue is directed against the order of the Commissioner of Income Tax (Appeal), Chennai-18 [hereinafter referred to as Ld.CIT(A), in short] in Appeal No. ITBA/APL/S/250/2025-26/1076459279 (1) dated 26.05.2025 for the assessment year 2023-24 against the order of assessment

passed u/s. 143(3) of the Income Tax Act,1961 (hereinafter referred to as the Act) dated 01.03.2025 by the Assistant commissioner of Income Tax, Central Circle 1(2), Chennai (hereinafter referred to as Ld. AO).

2. The Revenue has raised the following grounds:-

(i) The Ld.CIT(A) has erred while deleting the protective addition of unaccounted stock of Rs.1,02,50,933/- made by the AO on the grounds that the addition of this amount for AY 2022-23 was confirmed by the CIT(A) order in DIN ITBA/APL/S/250/2025-26/1076458566(1) dated 26.05.2025, without considering the fact that the assessee has not extinguished their right to appeal against the decision of the Ld.CIT(A) on this issue for AY 2022-23 and hence the issue has not reached finality.

(ii) The Ld.CIT(A) has directed the AO to delete the addition of Rs.10,83,96,474/- made by the assessee in their Return of Income for AY 2023-24 towards unaccounted stock on the grounds that the addition of this amount in AY 2022-23 was confirmed by the CIT(A) order in DIN ITBA/APL/S/250/2025- 26/1076458566(1) dated 26.05.2025, without considering the fact that the assessee has not extinguished their right to appeal against the decision of the Ld.CIT(A) on this issue for AY 2022-23 and hence the issue has not reached finality.

3. We have heard rival submissions and perused the material available on record. A search and seizure action was carried out u/s.132 of the Act on 17.01.2023 at the business premises of the assessee company and its related entities / persons. During the course of search, certain excel sheets containing stock statements were found and seized from a computer located in

assessee's business premises. These excel sheets contained stock details as on 31.03.2019, 31.03.2020, 31.03.2021, 31.03.2022 and 31.12.2022. Upon verification, it was observed that the stock figures in these excel sheets did not match with the stock records recorded in the assessee's regular books of account. The assessee company for the assessment year 2023-24 filed its regular return on 30.10.2023 declaring total income of Rs.46,65,65,730/-. The assessee added a sum of Rs.10,83,96,474/- being the provision for obsolescence and slow moving and movement in inventories. The facts relating to this admission are that during the course of search, the suppression of inventory of stock as on 31.03.2022 was found as under:

<i>As on</i>	<i>As per the Excel sheets</i>			<i>Closing stock shown in the ITRs (Rs.)</i>	<i>Suppressed Closing Stock (Rs.)</i>
	<i>Moving Stock (Rs.)</i>	<i>Non-Moving Stock (Rs.)</i>	<i>Total Stock (Rs.)</i>		
<i>31.03.2022</i>	<i>56,77,23,583</i>	<i>2,59,52,585</i>	<i>29,36,76,170</i>	<i>47,50,25,237</i>	<i>11,86,50,933</i>

While admitting the suppressed stock of Rs.11.86 Crores as such, the assessee admitted additional income of Rs.10,83,96,474/- for the subject assessment year and claimed that the balance non-moving stock of Rs.1,02,54,459/- was consumed by them after the date of search. However, observing that the assessee the suppression of stock of Rs.11,86,50,933/- was found as on

31.03.2022, the Ld.AO added entire suppressed stock value in the assessment for the Asst. Year 2022-23. The appeal filed in this regard was also dismissed vide DIN & Order No: ITBA/APL/S/250/2025-26/1076458566(1) dated 26/05/2025 confirming the addition made by the Ld.AO in this regard. For the subject assessment year Ld.AO made a further addition of Rs.1,02,50,933/- towards suppressed closing stock on protective basis.

4. The Ld.CIT(A) adjudicated the entire dispute by observing as under:-

5.3. Ground no.2 is against the addition of Rs.1,02,50,933/-, not considering that this quantum of amount of non-moving stock was consumed by them in to production after the date of search to end of the financial year on protective basis.

5.3.1 During the course of search on 17.01.2023, suppression of stock, inter-alia, for the period 31.03.2022 was found at Rs.11,86,50,933/-. While agreeing with the said findings in principle, the appellant offered Rs.10.84 Crores for the subject assessment year as additional income in the computation of total income and claimed that balance of non-moving stock of Rs.1.02 Crores was consumed into production after the date of search. However, going by the search findings, the total suppression of Rs.11.86 Crores was considered for addition by the Assessing Officer in the assessment for the Asst. Year 2022-23 and the appeal filed by the appellant was decided upholding the treatment given by the Assessing Officer vide DIN & Order No: ITBA/APL/S/250/2025-26/1076458566(1) dated 26/05/2025. Since the total quantum of suppression of stock amounting to Rs.11.86 Crores was taxed and confirmed for the Asst. Year 2022-23, the protective addition of Rs.1.02 Crores made by the Assessing Officer for the

subject assessment year is directed to be deleted. Accordingly, the ground no.2 is allowed.

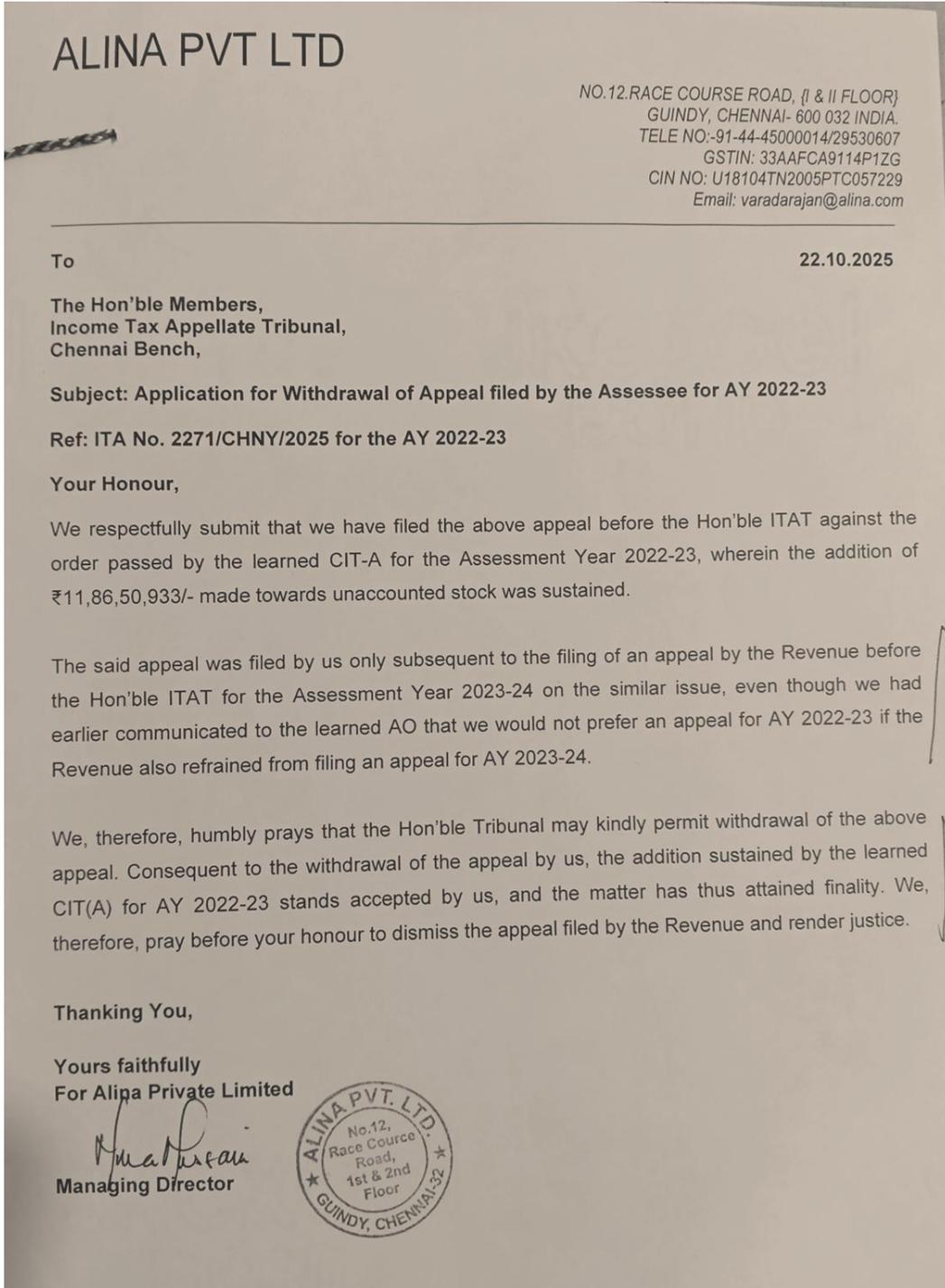
5.4. In all the additional / alternate grounds, it is the claim of the appellant that since suppression of closing stock was found to the extent of Rs.11,86,50,933/- the addition be restricted to such amount in any of the years, i.e., Asst. 2022-23 or 2023- 24, and if the addition was confirmed as on 31.03.2022, then the admission made by them in the subject assessment year be reduced by the confirmed amount of closing stock.

5.4.1 As was brought out earlier, the appellant has admitted Rs.10,83,96,474/- towards provision for obsolescence and slow moving and movement in inventories. As the total suppression of stock as on 31.03.2022 made out during the course of search was added and confirmed for the assessment year 2022-23, the admission made by the appellant to this effect has to be reduced. Therefore, the AO is directed to reduce the income admitted for the subject assessment year by Rs.10,83,96,474/-. Accordingly, the additional / alternate grounds raised by the appellant are allowed.

6. In the result, the appeal is allowed.

Aggrieved, Revenue is in appeal before us for assessment year 2023-24.

5. The Ld.AR before us placed on record, a letter from the assessee dated 22.10.2025 which reads as under:-



6. In view of the above letter, we hold that the Revenue's appeal for assessment year 2023-24 need to be dismissed as infructuous in view of the assessee's undertaking withdrawing its appeal for assessment year 2022-23. Either way, we find the income has been added and considered in assessment year

2022-23 itself by the Revenue, which had been accepted by the assessee now. Since the addition has been already made in assessment year 2022-23, there is no scope for making any addition in assessment year 2023-24 for the very same sum. Hence, the income offered by the assessee in assessment year 2023-24 on the impugned issue need to be restored. The assessee is also directed to duly bring to the notice of this Tribunal as and when its appeal for assessment year 2022-23 in ITA No.2271/CHNY/2025 is listed for hearing stating that the same need to be withdrawn.

7. In the result, the appeal of the Revenue is dismissed.

Order pronounced in the open court on 24th October, 2025 at Chennai.

Sd/-

(एस एस विश्वनेत्र रवि)

(S.S. VISWANETHRA RAVI)

न्यायिक सदस्य/JUDICIAL MEMBER

Sd/-

(श्री एम बालगणेश)

(M. BALAGANESH)

लेखा सदस्य/ACCOUNTANTMEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 24th October, 2025

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.