

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

श्री एबी टी वकी, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER AND
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.:659/Chny/2025

निर्धारण वर्ष / Assessment Year: 2015-16

DCIT, Central Circle -2(2), Chennai.	vs.	Aadhitya Fincorp Pvt. Ltd., Shop No.2, TNHB Complex, No.110, 4 th Avenue, Ashok Nagar, Chennai – 600 083.
(अपीलार्थी/Appellant)		[PAN:AAMCA-5662-M] (प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Ms. E. Pavuna Sundari, C.I.T.

प्रत्यर्थी की ओर से/Respondent by : Ms. N. V. Lakshmi, Advocate

सुनवाई की तारीख/Date of Hearing : 08.10.2025

घोषणा की तारीख/Date of Pronouncement : 09.12.2025

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM :

The present appeal is filed by the Revenue against the order of the learned Commissioner of Income Tax (Appeals), Chennai – 19, [in short 'Ld.CIT(A)'] dated 19.12.2024 for the Assessment Year ['A.Y.'] 2015-16 arising out of the order passed by the assessing officer u/s.153C r.w.s.144 of the Income Tax Act, 1961 (in short 'the Act') dated 26.12.2017.

2. The grounds of appeal raised by the revenue are reproduced below:

1. *The order of the learned Commissioner of Income Tax (Appeals) is erroneous on facts of the case and in law.*

2. *The Ld.CIT(A) erred in deleting the addition of Rs.1,56,20,708/- being the difference amount offered during the search and return of income, on the ground that the accounts were reconciled & recomputed by the assessee at the appellate without giving opportunity to the AO Under Rule 46A of Income Tax Rules?*
 - 2.1 *The Ld. CIT(a) erred in allowing the assessee's reconciling of sundry parties as new claim during the appellate proceedings that an amount of Rs.3,75,00,000/- was collected and returned by assessee as collection agent for M/s.Sree Gokulam Chits & Finance without opportunity of verification as per Rule 46A.*
 - 2.2 *The Ld.CIT(A) erred in not observing that the statement disclosing income made under section 132(4) has evidentiary value and any declaration contrary to the same cannot be admitted without any valid grounds.*
 - 2.3 *The Ld.CIT(A) erred in not appreciating the fact that the working of unreconciled sundry parties is only an afterthought and the fact was not presented before AO during the assessment proceedings.*
 - 2.4 *The Ld.CIT(A) erred in observing that the books of account were not rejected u/s.145(3) while making the disallowance of 10% of total expenditure being Rs.3,05,972/- despite the fact that the assessee has not produced any evidences before the AO during the assessment and such rejection of books would also affect any genuine entries in the books.*
 - 2.5 *The Ld. CIT(A) erred in holding that the provisions of section 40A(3) does not apply in the context of purchase of shares in cash amounting Rs.1,51,70,790/- despite that the assessee could not furnish any explanations as to why cash was utilized in the purchase of shares and the sources of such cash payments.*
 - 2.6 *The Ld. CIT(A) has not observed that the assessee had not adduced any evidence other than the share application ledger which ought to be an afterthought.*
 - 2.7 *The Ld. CIT(a) erred not observing that incorrect citing of section does not automatically negate the addition itself, as long as the underlying facts and evidence support the addition based on the correct legal provisions which would be unexplained investment u/s 69A of the Act.*
 - 3 *For these grounds and any other ground including amendment of grounds that may be raised during the course of the appeal proceedings, the Order of Ld CIT(Appeals) may be set aside and that of Assessing Officer may be restored.*
3. The brief facts emanating from the records are that the assessee, M/s.Aadithiya Fincorp (P) Ltd, is a private limited company registered under the Companies Act of 2013, that engaged in distribution, buying and selling of movie rights in the south Indian film industry and have been operating for

the past 10+ years. The assessee company also engaged in allied activities in the film industry that include playing the role of a collection agent on such movies exploited in the theaters; and engages in other film industry aligned activities such as line production management, etc.

4. A search was conducted in the assessee's premises on 30.09.2015 u/s.132 of the Act. Thereafter, on lifting of prohibitory order, Shri P.Ramesh, the Managing Director of the company was confronted and made an admission of additional income of Rs.4,23,65,485/-. A notice u/s.153C of the Act was issued. In response, the assessee declared the total income of Rs.2,67,44,777/- for the assessment year under consideration.

5. Subsequently, while completing the assessment proceedings, the following additions were made by the Assessing Officer in the order passed u/s.144 r.w.s 153C of the Income Tax Act and assessed the total Income at Rs.4,72,22,697/-.

1	Difference in Income Returned and agreed to be offered during search	Rs. 1,56,20,708
2	10% disallowance of the expenditures claimed	Rs. 3,05,972
3	30% disallowance u/s. 40A(3) of the IT.Act	Rs. 45,51,237
4	Returned Income	Rs. 2,67,44,780
	Total Assessed Income	Rs. 4,72,22,697

6. Aggrieved by the order of the assessing officer, the assessee preferred an appeal before the Ld.CIT(A). The assessee filed a detailed submissions before the Id.CIT(A) in respect of all the above said three issues and on perusal of the submissions the Id.CIT(A) allowed the appeal by holding as under :

6.4.7 The undersigned has carefully examined the issue under consideration in light of the materials and submissions placed on record. A detailed examination of the assessment order reveals that the AO and the assessee relied upon certain incriminating materials to justify the disclosure made by the appellant. However, it is observed that neither the AO nor the assessee has specifically relied upon or referred to any particular incriminating document unearthed during the course of the search that could directly substantiate the determination of undisclosed income.

6.4.8 The Authorised Officer has failed to provide any clear description or detailed analysis of the loose sheets or other materials that allegedly led to the disclosure of unaccounted income. The absence of such specifics raises significant doubts regarding the evidentiary value of the material in establishing a direct nexus between the documents and the alleged undisclosed income.

6.4.9 In the context of search and seizure proceedings, it is well established that the undisclosed income must be supported by tangible evidence or corroborative material discovered during the search. Without any clear linkage between the alleged incriminating documents and the undisclosed income attributed to the appellant, the determination appears to lack a credible foundation

6.4.10 Thus, in the absence of any specific evidence to substantiate the addition and a dear nexus to the undisclosed income, any identification of such income cannot stand the test of legality and would remain speculative or illusory at best. The appellant has claimed that he has admitted an undisclosed income of Rs. 2,67,44,777/- on the basis of audited financials. However the AO is of the view that the appellant having admitted undisclosed to the tune of Rs. 4.23 crore did not on the admit the same in the return of income filed for the year under consideration, and considered the difference amount of Rs. 1,56,20,708/- for addition. The undersigned is of the view that the addition is not based upon any corroborative evidence collected during the course of search. At the outset the addition is purely based upon the statement recorded during the course of search without any relying upon any incriminating material.

6.4.11 In this regard the Hon'ble Chennai Tribunal in the case of **ACIT v. Saveeta Institute of Medical and Technical Sciences [2012] 25 taxmann.com 138 (Chennai -Trib)** has held that addition made on the basis of the sworn statement recorded u/s 132(4) of the Act cannot be sustainable and further held that the admission made u/s 132(4) by the Special Officer of the College could not even be treated as a valid piece of evidence.

6.4.12 In the case of **Shri. Ganesh Trading Company v. CIT [2013] 30taxmann.com 170/214 Taxmann 262 (Jharkhand)**, the Court has held that a statement made u/s 132(4) of the Act is a piece of evidence but the same is not conclusive particularly because it is self-incriminating. Accordingly it was concluded that no liability could be fastened solely on the basis of sworn statement. In arriving at this decision, the Court followed the judgement in the case of **Kailashben Manharlal Choski v. CIT [2010] 174 Taxmann 466(Guj)**. Further the Apex Court in the case of **Pullangode Rubber Produce Co Ltd v State of Kerala [1973] ITR 18 (SC)** has held that an admission is an extremely important piece of evidence but it cannot be said that it is conclusive and further observed that it is open to the person who makes the admission to show that it is incorrect.

6.4.13 Applying this test in the case of the Appellant, it can be stated that the AO has primarily relied upon the statement recorded during the course of search and utilized the same in making the addition in the hands of the appellant company without bring on record any cogent and corroborative evidence to substantiate the statement recorded.

6.4.14 Further, during the course of appellate proceedings, the appellant brought to the notice of the undersigned that the appellant filed returns u/s 153C for AY 2015-16, declaring an income of Rs.2,67,44,777/- as follows

Undisclosed Income:	Rs.1,94,08,137/-
Negative Cash Balance:	Rs.7,24,130/-
Business Income:	Rs.66,12,510/-
Total	--- Rs. 2,67,44,777/-

The total disclosed income differed by Rs.1,56,20,708/- from the income of Rs.4,23,65,485/- initially admitted during the search. The appellant signed a sworn statement under pressure to cooperate and complete the proceedings. The income disclosed during the search was based on unfinalized and unaudited books, which did not accurately reflect the true affairs. Post search the unreconciled sundry parties totalling Rs. 3,50,28,845/- were identified as provisional and later reconciled. The appellant asserts that the unreconciled parties, once clarified, do not qualify as unexplained creditors or income. Further the appellant had disclosed a negative cash balance of Rs.7,24,130/- as undisclosed income for the relevant assessment year. However, upon completing bank reconciliation, the cash in hand as per the return of income was determined to be Rs.24,45,480/- The total undisclosed income, including Rs.7,24,130/- and Rs.1,94,08,137/-, amounted to Rs.2,01,32,267/-, which is reported in the return filed u/s 153C of the Act. On subsequent reconciliation of unreconciled sundry parties revealed Rs.3,50,28,845/- as collection money for M/s. Sree Gokulam Chits & Finance, which was partially recorded in the books during the search. Upon finalization, it was confirmed that Rs.3,75,00,000/- was collected as part of the appellant's role as a collection agent and returned to M/s. Sree Gokulam Chits & Finance during the assessment year and the subsequent year, as substantiated by ledger records and bank statements.

6.4.15 The undersigned is of the view that since the unreconciled sundry parties have been reconciled, recorded, and disclosed, there is no basis to treat them as undisclosed or unexplained income. Accordingly, the grounds raised upon this issue are hereby treated as **allowed** and the AO is directed to **delete** the addition of Rs. 1,56,20,708/- made on the basis of the admission in the statement recorded on merits

6.5 Issue No.2 Addition of Rs. 3,05,972/- by disallowing 10% of the overall expenses of Rs. 30,59,723/-.

6.5.1 During the course of assessment proceedings, the AO, on verification of Profit & loss account observed in the Profit & loss statement that the assessee firm has claimed an amount of Rs.30,59,723/- as expenditure. As the assessee failed to produce any proof in support of this expenditure claim, the AO after considering the Nature of business and expenditure disallowed 10% of the expenditure claimed under this head amounting to Rs. 3,05,972/- and added back to the assessee total income for the AY 2015-16.

6.5.2 During the course of appellate proceedings, the AR made a detailed submission upon this issue, the same is reproduced here as under.

"Like any other firm engaging in similar business, your appellant incurred various expenses in terms of running a company and the details of such expenses were duly submitted as part of the ITR filed. The expenses include salaries paid, travelling and conveyance expenses for business operations, interest payments, bank

charges, office rent paid, vehicle maintenance, insurance payments and similar expenses that are incurred by a company.

Moreover, the Lt. Assessing Officer has not called for specific information related to specific expenses against which the responses could have been submitted and disallowance was made, but rather, disallowed 10% of the entire expenses of Rs. 30,59,723/- in an ad-hoc manner

More importantly the books are audited u/s 44AB of the income Tax Act., and without calling for specific details on the expenses, or rejecting the entire books of audited books of accounts or making disallowance based on corroborative evidence substantiating the disallowance, it is not correct on the part of the assessing officer to conclude and add 10% of the total expenses back to income on a baseless and ad-hoc basis and tax the same. Therefore, it is brought to the kind attention of the income tax department that, the addition to the tune of Rs. 3,05,972/- was based on an ad-hoc manner and deserved to be deleted in this regard."

6.5.3 The undersigned has carefully examined the issue under consideration which pertains to the disallowance of 10% of the expenditure amounting to Rs.30,59,723/- claimed by the appellant, that resulted in the addition of Rs.3,05,972/- to the total income for the AY 2015-16.

6.5.4 It is significant to bring on record that the appellant's books of account were audited. The audited financial statements, including the Profit & Loss Account, were available before the AO. The appellant contended that all expenses claimed in the books were incurred in the normal course of its business and were duly accounted for in the audited records.

6.5.5 The contention of the AR is that the AO, without pointing out any specific defect in the books of account or any particular expense, disallowed 10% of the total expenditure in an ac-hoc manner. No effort was made to identify any particular expenditure as unverifiable, excessive, or non-business in nature. More significantly, the AO has not chosen to reject the books of account u/s 145(3) of the Act, nor has any corroborative evidence been brought on record to substantiate the disallowance.

6.5.6 There are a plethora of decisions/ judgements from various appellate forums wherein it has been consistently held that ad-hoc disallowances without identifying specific defects in the books or establishing that expenses were unsubstantiated or non-business in nature are not justified. Reliance is placed on judicial precedents such as:

CIT v. Sigma Paints Ltd. (1991) 188 ITR 7 (Bom), where it was held that an ad-hoc disallowance is not permissible without proper examination of evidence.

CIT v. Balbir Singh Maini (2017) 398 ITR 531 (SC), emphasizing that additions must be based on tangible evidence and not on guesswork.

6.5.7 In light of the above, the undersigned is of the view that the AQ has not identified any specific defect in the appellant's books of account, nor has any expenditure been found to be non-genuine or non-business in nature Accordingly, the disallowance of Rs.3,05,972/- made by the AO is found to be unsustainable in

law and on facts. Therefore, all the grounds raised by the appellant upon this issue are hereby treated as **allowed** and the AO is directed to **delete** the addition of Rs. 3,05,972/- for the AY 2015-16

Issue No. 3- Disallowance made u/s 40A (3) of the Act amounting Rs.45,51,237/-

6.5.8 During the course of assessment proceedings, the AO on verification of the share application Money ledger account available on record observed that the assessee company has made huge cash payments to the tune of Rs. 1,51,70,790/- in violation of the provisions of section 40A(3) of the Act. As there was no response from the assessee company, the AO disallowed 30% of the total cash payments made amounting to Rs. 45,51,237/- and added back to the total income.

6.5.9 During the course of appellate proceedings, the AR made a detailed submission upon this issue, the same is reproduced here as under.

"As recorded in the assessment order by the assessing officer,

On verification of the share application Money ledger account available in the record, it is noticed that the appellant company has made huge cash payments to the tune of Rs.1,51,70,790/- which is violation of 40A(3)....."

It is brought to the kind attention of the department that share application money is not revenue expenditures that comes under the purview of 40A(3) disallowance, as these amounts are from the share application brought from the shareholders from time to time by the explained sources of funds in their individual books of accounts or cash withdrawals made during the relevant assessment year. When these share application money withdrawals are not expenditures to the company, the question of invoking 40A (3) disallowance does not arise and therefore, the addition of 30% of the total share application money brought in by the shareholders does not fall under expenses nature and cannot be treated u/s 40A(3) of the Income Tax Act.

Hence, it may be evident that the addition made by the Lt. Assessing Officer to the tune of Rs. 45,51,237/- is not valid when the application money is never part of the expenditure to the company that can be disallowed u/s. 40A(3) and it is kindly requested to the Hon'ble CIT(A) to consider the same and the addition made to the tune of Rs. 45,51,237/- may kindly be deleted.

6.5.10 The undersigned has carefully examined the issue under consideration which pertains to the disallowance of Rs.45,51,237/- made by the AO u/s 40A(3) of the Act, based on cash payments totalling Rs.1,51,70,790/- recorded in the share application money ledger of the appellant-company.

6.5.11 As evident in the assessment order, the AO, on verifying the share application money ledger, observed that the appellant company made substantial cash payments amounting to Rs. 1,51,70,790/-. Based on this observation, the AO invoked the provisions of Section 40A(3) of the Act and disallowed 30% of these payments. However on examination of the expenditure(s), it is observed that the share application money received from shareholders were not claimed as an expenditure in the books of the appellant company. Obviously, the share application money represents capital receipts credited to the company's books.

6.5.12 The provisions of Section 40A(3) of the Act applies to expenses incurred by a business or profession where payment exceeding Rs.20,000/- is made in cash, in contravention of the prescribed rules. The disallowance made under this section is restricted to revenue expenditures incurred by the assessee. Share application money, being a capital receipt, does not fall within the ambit of revenue expenditure. Therefore, the application of Section 40A(3) of the Act in this context is **legally untenable**.

6.5.13 It is a settled legal principle that the provisions of section 40A(3) of the Act applies only to expenditure and not to capital receipts or payments related to share capital. Judicial precedents, including **CIT v. Nagpur Hotel Owners Association (247 ITR 201)**, have held that the provisions of Section 40A(3) of the Act cannot be invoked in cases where the transactions do not involve revenue expenditure. In view of the detailed discussion and judicial precedence the addition made by the AO lacks a legal and factual basis and is accordingly found to be unsustainable. Accordingly, all the grounds raised by the appellant upon this issue are hereby treated as allowed and the AO is directed to delete the disallowance of Rs.45,51,237/- made for the AY 2015-16.”

7. Aggrieved by the order of the Ld.CIT(A), the revenue is on appeal before us.

8. In respect of the First issue, the Ld.DR submitted the Id.CIT(A) has violated Rule 46A and passed the impugned order on the basis of fresh evidence placed before him without giving the Assessing Officer (AO) an opportunity of being heard.

9. Per Contra, the Ld.AR submitted that the additions were made by the AO merely on the basis of sworn statements without considering materials available before him. She submitted that there was no fresh evidence that was placed by the assessee before the Ld.CIT(A) based on which the appeal was allowed and hence there was no violation of Rule 46A.

10. We have heard the rival contentions and perused the materials available on record and gone through the orders of authorities. The appeal arises from an order passed by the Id.CIT(A) against the order of the AO passed u/s.153C r.w.s.144 for A.Y. 2015-16. The issues raised by the Revenue relate to (i) alleged violation of Rule 46A, (ii) deletion of addition based on search-time disclosure, (iii) deletion of ad-hoc expenditure

disallowance, and (iv) deletion of disallowance made u/s.40A(3). We adjudicate each issue as under.

11. We note that at the time of search, the accounts were not finalised and the statement recorded at the time of search was based on incomplete books of accounts. The assessee had later finalised the books of accounts, reconciled the parties and filed the return of income before the AO. Before the Ld.CIT(A) no fresh evidence was placed by the assessee but only an explanation on the accounts were submitted. We therefore find that there is no violation of Rule 46A in this case. The Ground of appeal No.2 & 2.1 raised by the revenue is therefore liable to be dismissed.

12. In respect of the next addition i.e. addition of Rs.1,56,20,708/- made by the AO, the difference between the income accepted at the time of search and returned income, the Ld.DR submitted that statement made at the time of search has evidentiary value u/s.132(4) of the Act. It was further submitted that working of unreconciled sundry parties was an afterthought and was required to be rejected.

13. Per contra, the Ld.AR submitted that the income of Rs.1,56,20,708/- initially was admitted at the time of search based on unfinalized books of accounts and unaudited books, which did not accurately reflect the true affairs. She submitted that post search, the unreconciled sundry parties were identified and later reconciled. It was submitted that once parties are reconciled, same cannot be unexplained items based on which addition could be made. The Ld.AR further submitted that on reconciliation of parties, it was found that the assessee had incorrectly recorded in its books the collections of Sri Gokulam Chits and Finance, for which it was a collection agent. She submitted that the sums were also returned to Sri Gokulam Chits and Finance. She submitted that the addition purely made on the basis of statement recorded without any incriminating material and hence the action of the Ld.CIT(A) cannot be disturbed.

14. On perusal of the orders of the authorities, we find that the AO made an addition of Rs.1.56 crores solely on the basis of the disclosure made during the search u/s.132(4) of the Act. The Revenue contends that such sworn statement has evidentiary value, and the subsequent reconciliation is an afterthought. Based on facts before us, it is clear that the addition of Rs.1,56,20,708/- is made only on the basis of statements recorded during the course of the search and there is no incriminating material basis which such addition is made. Further as observed by the Ld. CIT(A), the assessee has reconciled sundry parties, recorded the same in books and disclosed it. We note that after finalisation of accounts, the assessee determined that certain amounts reflected during search as income were actually collections on behalf of M/s. Sree Gokulam Chits & Finance, for whom the assessee acted as a collection agent. These amounts were accounted for as payable and subsequently returned to the said principal. The AO has not brought on record a single incriminating document to support the alleged income apart from the statement made u/s.132(4) of the Act. It is now a well-settled proposition that a statement u/s.132(4) of the Act, without corroborative material, cannot be the sole basis of addition, particularly where the assessee has demonstrated reconciliation using its books and ledgers. The Ld. CIT(A) has given a detailed factual finding that the reconciliation was duly recorded in the final books, the entries matched with the assessee's collections for its principal, and no adverse material contradicts the assessee's explanation. On the contrary, the Revenue has not brought any material before us to controvert these findings. Accordingly, we find no infirmity in the order of the Ld.CIT(A) deleting the addition. Hence, ground Nos. 2.2 and 2.3 of the Revenue's appeal are dismissed.

15. The next issue is in respect of addition of Rs.3,05,972/- being adhoc disallowance of overall expenses of Rs.30,59,723/-. The Ld.DR submitted that the disallowance ought to be upheld since the onus to prove

genuineness of expenditure lies with the assessee and the books of accounts were rejected by the AO.

16. Per contra, the Ld.AR submitted that the addition was made without assigning any reasons for rejection of books and without even pointing out any defect in the books of accounts or expenses incurred by the assessee. Therefore, the Ld.AR prayed that the order of the Ld.CIT(A) be upheld.

17. We have heard the rival contentions and perused the materials on record. The AO has merely made an ad hoc disallowance without assigning any reasons for making such disallowance and without appreciating the books of the assessee are audited. We find that the AO has neither rejected the books of accounts u/s.145(3) nor pointed out any specific defect in the expenditure claimed. Further, the books are audited, and the AO has not identified any unverifiable or bogus expenditure. A pure ad-hoc disallowance without any supporting reason is unsustainable in law. Therefore, we are of the view that the Ld. CIT(A) has rightly observed that such a disallowance is arbitrary and uncalled for. Accordingly, Ground No. 2.4 is dismissed.

18. In respect of the next issue, i.e. disallowance made u/s.40A(3) of the Act, the Ld.DR submitted that the order of the Ld.CIT(A) is bad in law since he has reversed the disallowance despite the assessee not being able to furnish explanation in respect of the cash utilized in purchase of shares. Alternatively, it was prayed that the addition for the said sums is to be made u/s.69A of the Act.

19. Per contra, the Ld.AR submitted that share application money is not revenue expenditure that comes under the purview of section 40A(3) disallowance, as these amounts are from the share application brought by the shareholders from time to time by the explained sources of funds in their respective individual books of accounts or cash withdrawals made during

the relevant assessment year. When these share application money withdrawals are not expenditures to the company, the question of invoking section 40A(3) for disallowance does not arise. Therefore, the addition of 30% of the total share application money brought in by the shareholders does not fall under expenses nature and cannot be treated u/s.40A(3) of the Act. In respect of the alternate plea of the revenue, the Id.AR contended that the addition ought to be made u/s.69A of the Act is to be rejected since AO had clearly made addition u/s.40A(3) in the assessment order, after discussing the provisions of the said section and hence the change of section is not mere misquoting of provision. Without prejudice, she submitted since the monies are paid by the individuals clearly for share application of the Company, provisions of section 69A does not apply to present transactions.

20. We have heard the rival contention and pursued the materials on record and gone through the orders of the authorities. The AO has invoked the provisions of section 40A(3) of the Act to make disallowance of payments made from share application money. The assessee has not claimed such payments as expenses in its return and the Id.CIT(A) has rightly deleted the disallowance made by the assessing officer. It is pertinent to note that Section 40A(3) applies only to revenue expenditure. The share application money is a capital transaction, not an expenditure. Therefore, the provision cannot be invoked. Further, we find that the assessee has not claimed these cash payments as an expense in the P&L account. Hence, the AO's approach of treating it as an expenditure for disallowance is fundamentally incorrect. The share application money was brought in by shareholders from their explained sources, including withdrawals from their personal accounts. We find that the Revenue has not rebutted this factual finding of the Id.CIT(A).

21. Further, we also find that the AO has not invoked section 69A in the assessment order. The Revenue cannot now argue that the addition be sustained u/s.69A of the Act when the AO himself did not consider or examine the issue under that section. Moreover, section 69A applies only where unexplained money is found in the hands of the assessee, which is not the case here, since the money belongs to shareholders who have furnished their explanations. Thus, in our considered view the deletion by the Ld.CIT(A) is justified both on legal principles and facts. Accordingly, Ground Nos. 2.5, 2.6, and 2.7 are dismissed.

22. As regard ground No 3, the same is general in nature and requires no separate adjudication. Hence the same is dismissed as infructuous.

23. In result, the appeal of the revenue is dismissed.

Order pronounced in the open court on 09th December, 2025 at Chennai.

Sd/-

(एबी टी वर्की)

(ABY T VARKEY)

न्यायिक सदस्य/Judicial Member

Sd/-

(एस. आर. रघुनाथा)

(S. R. RAGHUNATHA)

लेखा सदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated, the 09th December, 2025

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आदेश की प्रतिलिपि अग्रेषित/Copy to:

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