

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'A', NEW DELHI**

**BEFORE SH. SAKTIJIT DEY, VICE PRESIDENT  
AND  
SH. N. K. BILLAIYA, ACCOUNTANT MEMBER**

ITA No.2224/Del/2023  
Assessment Year: 2017-18

<b>Brijwasi Diamonds Shop No.3, Main Market Jawala Heri, Paschim Vihar, New Delhi PAN No.AAJFB3025H</b>	<b>Vs.</b>	<b>ITO Ward- 44 (6) New Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>

Appellant by	Sh. Ashok Khandelwal, CA
Respondent by	Sh. Kanv Bali, Sr. DR

Date of hearing:	21/12/2023
Date of Pronouncement:	02/01/2024

**ORDER**

**PER N. K. BILLAIYA, AM:**

This appeal by the assessee is preferred against the order dated 28.07.2023 by NFAC, Delhi pertaining to A.Y. 2017-18.

2. The solitary grievance of the assessee is that the CIT(A) confirmed the addition of Rs.52 lacs u/s.68 of the Act r.w.s. 115BBE of the Act.

3. Briefly stated the facts of the case are that the assessee is a jeweler dealing in Gold ornaments and diamond stud ornaments. The return for the year was electronically filed on 26.10.2017 declaring income of Rs.214300/-. The return was selected for scrutiny assessment and accordingly statutory notices were issued and served upon the assessee.

4. As per information available with the department the assessee had deposited cash of Rs.52 lacs during demonetization period of Rs.40.50 lacs in Allahabad Bank and Rs.11.50 lacs in HDFC Bank.

5. When the assessee was asked to justify the cash deposited during demonetization period the assessee claimed that it has deposited cash from sales during festive and marriage season in the month of October, 2016.

6. The AO questioned the sales with respect to the sales for the same period in F.Y. 2015-16. The assessee replied that the same period in F.Y. 2015-16 was not suitable for marriages and the assessee could not deposit the entire cash in one go due to crowd of the festive season.

7. The explanation of the assessee was dismissed by the AO who formed a belief that the assessee failed to explain the cash

deposited in the bank account during demonetization period and accordingly made the addition of Rs. 52 lacs.

8. Assessee carried the matter before the CIT(A) but without any success.

9. Before us the Counsel for the assessee vehemently stated that looking to the nature of business of the assessee and the turnover during demonetization period it can be seen that the assessee had sufficient source to deposit the cash of Rs. 52 lacs in its bank account.

10. The Counsel drew our attention to the financials of the assessee and pointed out that the assessee had sufficient stock for sale during the demonetization period.

11. Per contra the DR strongly supported the findings of the AO.

12. We have given a thoughtful consideration to the orders of the authorities below. The stock summary for the F.Y. 2016-17 was as under :-

**Brijwasi Diamonds (2016-17)**

Shop - 3 Main Market  
Jwala Heri  
Paschim Vihar

1-Apr-2016 to 31-Mar-2017

53

Particulars	Opening Balance			Inwards			Outwards			Closing Balance		
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
14 Ct Gold Ornaments	4,245.607 gms	2,076.00	88,13,884.00	107.107 gms	2,011.77	2,15,475.00	1,536.720 gms	2,210.87	33,97,494.00	2,815.994 gms	2,074.42	58,41,555.57
18 Ct Gold Ornaments	314.674 gms	2,620.00	8,24,445.00				181.520 gms	2,775.86	5,03,874.00	133.154 gms	2,620.00	3,48,883.11
22 Ct Gold Ornaments	2,194.665 gms	2,763.93	60,65,900.00	12,330.972 gms	2,817.56	3,47,43,274.00	11,694.526 gms	2,884.06	3,37,27,714.00	2,831.111 gms	2,809.46	79,53,888.78
24 Ct Gold	14.553 gms	2,925.93	42,581.00	431.000 gms	2,933.54	12,64,356.00	67.060 gms	3,153.76	2,11,491.00	378.453 gms	2,933.29	11,10,230.44
Diamonds	1,388.27 ct	7,811.14	1,08,43,970.00	293.53 ct	11,116.63	32,63,063.00	530.70 ct	14,459.36	76,73,585.00	1,151.10 ct	8,398.06	96,55,491.54
Old Ornaments 22 Ct	125.256 gms	2,375.00	2,97,483.00	1,271.560 gms	2,523.31	32,08,538.00				1,396.816 gms	2,510.01	35,06,021.00
Silver Ornaments	39,813.439 gms	32.03	12,75,408.00	11,783.090 gms	36.55	4,30,674.00	11,683.837 gms	64.44	7,52,896.00	36,912.552 gms	33.07	13,19,745.89
<b>Grand Total</b>			<b>2,81,63,671.00</b>			<b>4,31,25,380.00</b>			<b>4,62,67,054.00</b>			<b>2,97,35,796.33</b>

For BRIJWASI DIAMONDS  
Partner

13. The month wise stock is as under :-

Sr. No.	Month	Opening Stock (In Rs.)	Closing Stock (In Rs.)
1.	April-16	28163671	27687187
2.	May-16	27687187	30397899
3.	June-16	30397899	28499605
4.	July-16	28499605	28200423
5.	August-16	28200423	26485732
6.	September-16	26485732	29797791
7.	October-16	29797791	26767868
8.	November-16	26767868	25591687
9.	December-16	25591687	24566095
10.	January-17	24566095	24380066
11.	February-17	24380066	28143857
12.	March-17	28143857	29735796

14. We also find that the VAT returns were not revised in the post demonetization period. We find that the AO has not pointed out a single defect in the audited books of account of the assessee nor it is the case of the AO that the assessee inflated sales to cover up the cash deposited in the bank. The stock summary / detail speak for itself. Considering the facts of the case in totality we are of the considered view that the assessee had successfully explained the source of cash deposited during the demonetization period and such explanation cannot be faulted with. We direct the AO to delete the impugned addition.

15. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 02.01.2024.

**Sd/-**  
**(SAKTIJIT DEY)**  
**VICE PRESIDENT**

\*NEHA\*

Date:- .01.2024

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

**Sd/-**  
**(N. K. BILLAIYA)**  
**ACCOUNTANT MEMBER**

ASSISTANT REGISTRAR  
ITAT NEW DELHI