

आयकर अपीलीय अधिकरण  
कोलकाता 'A' पीठ, कोलकाता में

IN THE INCOME TAX APPELLATE TRIBUNAL  
KOLKATA 'A' BENCH, KOLKATA

श्री संजय गर्ग, न्यायिक सदस्य

एवं

श्री संजय अवस्थी, लेखा सदस्य

के समक्ष

Before

SRI SANJAY GARG, JUDICIAL MEMBER

&

SRI SANJAY AWASTHI, ACCOUNTANT MEMBER

I.T.A. No. 1400/KOL/2024

Assessment Year: 2017-18

*ITO, Ward-2(1), Kolkata*

*Vs.*

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*Appellant*

*Ranchi Handloom Pvt. Ltd.  
M. R. Market, Mahaveer Chowk,  
Upper Bazar, P.O. Ranchi Main GPO,  
Ranchi-834001, Jharkhand  
(PAN: AABCR5646P)*

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*Respondent*

**Appearances:**

**Appellant represented by :** *Shri Subhendu Datta, CIT, DR*

**Respondent represented by :** *Deeksha Agrawal, CA*

Date of concluding the hearing : December 23, 2024

Date of pronouncing the order : December 30, 2024

**ORDER**

**Per Sanjay Garg, Judicial Member:**

The present appeal filed by the revenue is directed against the order dated 12.02.2024 of the Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as Ld. 'CIT(A)'] passed

u/s. 250 of the Income Tax Act, 1961 (hereinafter referred to as the “Act”) for Assessment Year 2017-18.

2. This appeal of the revenue is time barred by 73 days and a condonation of delay application has been filed by the revenue. Considering the averments made in the application and the shortness of delay period, the delay in filing the present appeal is hereby condoned.

3. The revenue in this appeal is aggrieved against the action of the Ld. CIT(A) in deleting the addition of Rs.11,72,77,456/- with respect to cash deposits into the bank account of the assessee during the year under consideration.

4. The brief facts of the case are that the Assessing Officer (in short “AO”) noted that there were huge cash deposits in the bank account of the assessee during the year under consideration which included the period of demonetization also. Since the assessee failed to comply with the notices issued by the AO, therefore, the AO treated the entire cash deposits as the income of the assessee from undisclosed sources.

5. In the appeal before the Ld. CIT(A), the assessee submitted that the assessee company was engaged in the business of retail and wholesale of garments and textiles. The assessee had filed its return of income for the year under consideration on 01.11.2017 returning an income of Rs.9,61,740/-. That the aforesaid cash deposits in various bank accounts of the assessee were out of cash sales and credit sales made during the year and the payment received from debtors outstanding as on 01.04.2016. The assessee in this respect furnished the following details before the Ld. CIT(A):

Sl. No.	Particulars	Amount in Rs.
1.	Total Sales during the year: Cash Sale: Rs.4,34,65,331/- Credit Sale: Rs.14,72,56,471/-	19,07,21,802/-
2.	Total Cash realized from cash sale and from debtors on account of credit sale and outstanding balance of trade payables as on 01.04.2016.	14,23,00,510/-

3.	Total Cash deposited in bank from realization in Point B above	13,45,79,160/-
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6. The assessee presented the data for the earlier and subsequent years before the Ld. CIT(A) to show that there was no unprecedented rise in cash sales of the assessee and that there was also no unprecedented cash deposit in the bank account of the assessee when comparing to earlier and subsequent years. In this respect, the assessee furnished following chart before the Ld. CIT(A):

FY	Cash Sale ( in Rs.)	Credit Sale (in Rs.)	Total Sale (in Rs.)	%increase/decrease in total sale from PY
2015-16	4,05,32,905	14,68,73,574	18,74,06,479	-
2016-17	4,34,65,331	14,72,56,471	19,07,21,802	7.23%
2017-18	4,15,35,053	14,84,45,704	18,99,80,757	-4.44%

7. The assessee also furnished the comparison of cash sales just before and in the demonetization month i.e. October, 2016 and November, 2016 as compared to the cash sales made during October, 2015 and November, 2015, the relevant chart is as under:

Month	Cash Sale During the month (in Rs.)	Credit Sale during the month (in Rs.)	Total Sale during the month (in Rs.)	%increase/decrease in total sale from PY
Oct - 15	38,63,324	1,81,78,674	2,20,41,998	-
Nov - 5	49,87,112	1,68,28,062	2,18,15,174	-
Oct - 16	43,03,874	2,29,45,415	2,72,49,289	24%
Nov - 16	49,68,133	1,96,21,320	2,45,79,453	13%

8. The Ld. CIT(A) duly considering the aforesaid details held that there was no unprecedented rise in the cash sales of the assessee during the year. The minor increase in cash sales during the month of October, 2016 as compared to cash sales of October, 2015 was proportionate to increase in total sales of the year. However, there is no increase on cash sales of November, 2016 as compared to the sales of November, 2015. The assessee has duly explained the source of the deposit in the bank account. The relevant part of the order of the Ld. CIT(A) is reproduced as under:

*“4.1. I have considered the submissions of the appellant and material on record. In the assessment, the addition of Rs.11,72,77,456/- was made by the AO on accounts of total credits in five bank accounts due to non-compliance of the appellant. The appellant has submitted the cash deposits made in its banks accounts during the year under consideration were Rs.13,45,79,160/- as against the alleged cash deposits of Rs.11,72,77,456/- by the AO. The source of cash deposits have been submitted to be cash sales and credit sales realized during the year from time to time. The appellant has provided year wise details for the year under consideration and the preceding two year. No abnormal jump in sales was found during the year under consideration. The appellant also provided details of monthly cash sales and credit sales the year under consideration. No abnormality in the figure of sales were found. The books of accounts were audited. Perusal of the material provided by the appellant establishes that the source of cash deposits made during the year under consideration is the sales made by the appellant and is well explained on the basis of books of accounts. In the case of ACIT Vs Ramlal Jewellers Private Limited (ITA No. 1600/Mum/2023), Hon'ble ITAT, Mumbai has held that "when cash sales are accepted and then deposit of said cash in bank account cannot be treated as deposits made out of any undisclosed income. Accordingly, addition under section 68 unsustainable.”*

*4.2 Considering the facts of the case in totality and applying the ratio laid down in the case of ACIT Vs Ramlal Jewellers Private Limited (Supra), the addition made by the AO of Rs.11,72,77,456/- being unexplained cash credits in the books of accounts u/s 68 of the Act is deleted. Accordingly, ground no. 1 is allowed.”*

9. The Ld. DR could not rebut the aforesaid facts on the file.
10. We do not find any infirmity in the impugned order of the Ld. CIT(A) and the same is hereby upheld. There is no merit in the appeal of the revenue and the same is accordingly, dismissed.
11. In the result, the appeal of the revenue is dismissed.

Order pronounced in the open Court on 30<sup>th</sup> December, 2024.

Sd/-

Sd/-

**[Sanjay Awasthi]**  
Accountant Member

**[Sanjay Garg]**  
Judicial Member

Dated: 30.12.2024

*Jd., Sr.P.S)*

*Copy of the order forwarded to:*

1. **Appellant – ITO, Ward-2(1), Kolkata**
2. **Respondent – Ranchi Handloom Pvt. Ltd.**
3. CIT(A)-NFAC, Delhi .
4. Pr. CIT-
5. CIT(DR), Kolkata Benches, Kolkata.

*//True copy //*

By order

Assistant Registrar  
ITAT, Kolkata Benches  
Kolkata