

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.5074/Del/2024
Assessment Year: 2017-18

ACIT, New Delhi	Vs.	Kamal Timbers India Pvt. Ltd., Khasra No. 49/20, Gali No. 4, Assam Timber Market, Mundka Nangloi, New Delhi
PAN: AACCK5697E		
(Appellant)		(Respondent)

Assessee by	Ms. Upasna Vashistha, Adv.
Department by	Sh. Om Prakash, Sr. DR

Date of hearing	08.10.2025
Date of pronouncement	08.10.2025

ORDER

PER SATBEER SINGH GODARA, JM

This Revenue's appeal for assessment year 2017-18, arises against the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre [in short, the "CIT(A)/NFAC"], Delhi's DIN and order no. ITBA/NFAC/S/250/2024-25/1068428563(1), dated 06.09.2024 involving proceedings under section 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties. Case file perused.

2. This Revenue's appeal raises the following substantive grounds:

1. *Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition of Rs.3,08,85,591/- on account of unexplained cash deposit u/s 68 of the Act?*
2. *Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) erred in deleting the addition of Rs.3,08,85,591/- without appreciating the fact that the assessee has failed to prove the genuineness of the transactions?*
3. *Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) has erred in holding that all the credit entries in bank account stand explained on the basis of facts and documentary evidence submitted by assessee whereas the AO has observed otherwise and Ld. CIT(A) has not remanded back the issue to the AO under Rule 46 of the Income Tax Rules, 1962?*
4. *The appellant craves to add, alter or amend any/all of the grounds of appeal before or during the course of the hearing of the appeal.*

3. We have given our thoughtful consideration to the Revenue's and the assessee's respective submissions. Suffice to say, the sole substantive issue which arises for our apt adjudication is that of correctness of the learned CIT(A)'s findings reversing the Assessing Officer's action treating the assessee's cash deposits during demonetization of Rs.3,08,85,591/- in question as unexplained cash credits. There is no dispute between the parties that this assessee is engaged in wholesale and retail timber business; as the

case may be, involving a significant portion of unorganized sector wherein its turnover in cash could not be altogether ruled out. This is indeed coupled with the fact that the assessee's relevant books of account pertaining to financial year 2016-17 declaring the same as its regular business turnover had also not been rejected in assessment proceedings.

4. Be that as it may, keeping in mind the fact that the assessee had not successfully pleaded and proved sources of its impugned cash deposits during demonetization before the learned Assessing Officer; we are of the considered view that a *lumpsum* addition of Rs.10 lakhs herein would be just and proper to cover all of its shortcomings with a rider that the same shall not be treated as a precedent. Necessary computation shall follow as per law. We make it clear that we have partly upheld the learned CIT(A)'s finding deleting the impugned addition of Rs.3,08,85,591/- to the extent of Rs.2,98,85,591/- in other words.

5. So far as the assessee's assessment under section 115BBE is concerned, we quote S.M.I.L.E. Microfinance Ltd. Vs. ACIT, W.P. (MD) No.2078 of 2020 & 1742 of 2020, dated 19.11.2024 (Madras) that the impugned statutory provision would come into effect on

the transaction done on or after 01.04.2017 only. The assessee is accordingly directed to be assess under the normal provision as per law.

6. This Revenue's appeal is partly allowed.

Order pronounced in the open court on 8th October, 2025

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 17th October, 2025.

RK/-

Copy forwarded to:

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

Asst. Registrar, ITAT, New Delhi