

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'SMC' BENCH KOLKATA**

**Before Shri Sonjoy Sarma, Judicial Member and Shri Sanjay Awasthi, Accountant Member**

**I.T.A. No.1426/Kol/2025**  
Assessment Year: 2017-18

**Response Renewable Energy Ltd.....Appellant**  
**3<sup>rd</sup> Floor, 76, Pandit Purushottam Roy Street,**  
**Kol-7.**  
**[PAN: AACCN5941J]**

**vs.**

**ITO, Ward-4(1), Kolkata .....Respondent**

**Appearances by:**

Shri S. Jhajharia, AR, appeared on behalf of the assessee.

Shri Monalisa Pal Mukherjee, JCIT-Sr. DR, appeared on behalf of the Revenue.

Date of concluding the hearing : October 29, 2025

Date of pronouncing the order : November 03, 2025

**ORDER**

**Per Sonjoy Sarma, Judicial Member:**

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 21.06.2025 for the Assessment Year 2017-18.

2. Brief facts of the case are that the assessee is a company which filed its return of income for the assessment year 2017-18 declaring total income of ₹84,770 and book profit under section 115JB of ₹82,667. The case was selected for scrutiny through CASS, and notices under sections 143(2) and 142(1) of the Act were issued. During the course of assessment, information was received from the Directorate of Income Tax (Investigation) that the assessee had deposited cash amounting to ₹33,00,000 in its bank account during the period of demonetisation announced by the Government of India in November 2016. This information was also reflected in the assessee's 360° profile. Accordingly, the Assessing Officer (AO) issued further notices under section 142(1) calling upon the assessee to explain the source of the said cash deposits. In response, the assessee submitted that the cash deposits were made

out of earlier cash withdrawals from its bank account and furnished supporting documents, including copies of bank statements and a comparative chart of cash withdrawals and deposits. The AO obtained further information under section 133(6) of the Act from ICICI Bank, seeking verification of cash withdrawals and denomination details. The bank provided copies of cheques and other relevant records. Upon verification, the AO noted that the assessee had withdrawn cash of ₹33,00,000 from May 2016 to September 2016 and deposited ₹29,00,000 in Specified Bank Notes (SBNs) between 09.11.2016 and 15.12.2016. However, the AO was not satisfied with the explanation of the assessee. According to the AO, if the assessee had the cash on hand as claimed, the same should have been deposited in one or two instalments instead of several smaller deposits. The AO further observed that the denominations of notes withdrawn earlier were not identical to those deposited during the demonetisation period. Holding that the source of the deposits was not satisfactorily explained, the AO treated the sum of ₹29,00,000 as unexplained and added it to the total income of the assessee.

3. The assessee preferred an appeal before the CIT(A), reiterating that sufficient cash balance was available from withdrawals made well before the demonetisation period and that deposits during November–December 2016 were made from the same pool. It was also contended that there was no requirement under law that the denomination of notes withdrawn should match those deposited, as cash in hand may change form through business transactions and other dealings. The CIT(A), however, concurred with the view of the AO and upheld the addition of ₹29,00,000.

4. Before us, the learned Authorised Representative (AR) submitted that the assessee had withdrawn ₹33,00,000 from its bank account between May 2016 and September 2016. Out of this, ₹29,00,000 was

deposited during the demonetisation period. The AO accepted that such withdrawals were made but drew adverse inference merely because denominations of withdrawn notes did not tally with those deposited. Moreover, the AO never rejected the books of account nor disputed the availability of cash on hand. Therefore, the view taken by the AO is contrary to settled law that once cash withdrawals are established, the onus shifts to the Revenue to show that such cash was utilised elsewhere.

5. The Ld. DR, on the other hand, supported the orders of the lower authorities.

6. We have considered the rival submissions and perused the material available on record. The undisputed facts are that the assessee withdrew ₹33,00,000 from its bank account between May and September 2016 and deposited ₹29,00,000 during the period from 09.11.2016 to 15.12.2016. The AO has not disputed the genuineness of the withdrawals nor the correctness of the bank records. The addition was made solely on the ground that the assessee did not deposit the cash in one go; and the denominations of withdrawn notes were not identical to those deposited. In our considered view, neither of these grounds can justify the addition. The law does not require that the same currency notes withdrawn must be redeposit. Once the assessee has demonstrated that sufficient cash balance was available, the AO cannot presume that such cash was not available merely because the denomination of notes changed or because deposits were made in instalments. Furthermore, during the demonetisation period, the Reserve Bank of India had prescribed limits and conditions for depositing Specified Bank Notes and the assessee could not have deposited the entire amount at once due to such regulatory restrictions. Therefore, in the absence of any material evidence showing that the cash withdrawn was utilised elsewhere by the assessee, the addition made by the AO is

based purely on conjecture and surmise. We accordingly hold that the assessee had sufficient cash in hand to explain the cash deposits made during the demonetisation period. The addition of ₹29,00,000 made by the AO and sustained by the CIT(A) is directed to be deleted.

7. In the result, the appeal of the assessee is allowed.

***Kolkata, the 3<sup>rd</sup> November, 2025.***

Sd/-

**[Sanjay Awasthi]**

लेखा सदस्य/Accountant Member

Sd/-

**[Sonjoy Sarma]**

न्यायिक सदस्य/Judicial Member

Dated: 03.11.2025.

RS

*Copy of the order forwarded to:*

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

//True copy//

By order

Assistant Registrar, Kolkata Benches