

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

**BEFORE SHRI ANUBHAV SHARMA, JUDICIAL MEMBER &
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER**

**ITA No.2744/Del/2024
[Assessment Year:2017-18]**

DCIT, Room No.221, 2 nd Floor, C.R Building, I.P. Estate, New Delhi-110002	Vs	Ramakrishna Electro Components Pvt. Ltd., B-79, Basement, Ground, 1 st and 3 rd Floor, Wazirpur Industrial Area, Wazir Pur III, North West Delhi, Delhi-110052
		PAN AABCR7886H
Appellant		Respondent

**Cross Objection No.81/DEL/2024
[IN ITA No.2744/Del/2024]
[Assessment Year:2017-18]**

Ramakrishna Electro Components Pvt. Ltd. B-79, Basement, Ground, 1 st and 3 rd Floor, Wazirpur Industrial Area, Wazir Pur III, North West Delhi, Delhi-110052	Vs	DCIT, Room No.221, 2 nd Floor, C.R Building, I.P. Estate, New Delhi-110002
PAN AALCA5543N		
Appellant		Respondent

Revenue by	Ms. Pooja Swaroop, CIT(DR)
Assessee by	Shri Satyajeet Goel, Advocate and Shri Rajat Garg, CA

Date of Hearing	14.01.2026
Date of Pronouncement	21.01.2026

ORDER

PER AMITABH SHUKLA, AM,

The captioned appeal has been preferred by the Revenue against order dated 31.01.2024 of National Faceless Appeal Centre/Commissioner of Income Tax (Appeals), Delhi [hereinafter referred to as 'Id. CIT(A)'] arising out of assessment order dated 27.12.2019 passed u/s 143(3) of the Income Tax Act, 1961 pertaining to Assessment Year 2017-18. The assessee has also filed cross objection. The appeal of the Revenue and Cross Objection of the assessee, for the purposes of convenience were heard together and are being disposed of by this common order. The word 'Act' herein this order would mean Income Tax Act, 1961.

ITA No.2744/Del/2024 (Revenue's Appeal)

2. Contesting the impugned order of Id. CIT(A) dated 31.01.2024, the Revenue has raised following grounds of appeal:-

"1. Whether on the facts of the case and in law, the Ld. CIT(A) was right in deleting the addition of Rs. 17,47,19,514/- on account of cash deposit during demonetization period and in holding that cash deposit was explained with documentary evidences?"

"2. Whether on the facts of the case and in law, the Ld. CIT(A) was right in holding that there was not any abnormal jump in sales during demonetization period without correctly appreciating that there was abnormal jump in cash sales during the demonetization period?"

3. Brief facts of the case are that the company is engaged in the business of infrastructure projects. The assessee company e-filed its Return of

Income on 24.10.2017 declaring an income of Rs. 1,61,99,240/-. The return was processed u/s 143(1) of the Act. The case was selected under CASS for complete scrutiny. Statutory notice u/s 143(2) of the Act dated 14.8.2018 was issue and served upon the assessee. Thereafter notices u/s 142(1) alongwith questionnaire were issued vide to which the assessee company had replied to all notices. On perusal of ITS data of the assessee, it was revealed that the assessee had deposited cash during the demonetization period (9th November, 2016 to 30th December, 2016) amounting to Rs.17,75,90,000/-. Through notice u/s 142(1) the assessee was asked to file the detail of cash deposited in the bank accounts during the demonetization period i.e. 9.11.2016 to 31.12.2019 alongwith documentary evidence and source thereof. In response to this, the assessee submitted that Company has deposited cash from cash in hand which was Cash received from Sales made to Customers. The A.O noted on perusal of the cash details submitted by the assessee for the FY 2015-16 that the cash in hand was Rs.20,28,835/- and the opening for the FY 2016-17 was Rs.28,70,486.34/- as on 01.04.2016 which was quite normal as per the trend of the cash book of the assessee. Further, the assessee company had deposited Rs.6,18,68,231/- during the FY 2015-16 which drastically increased to Rs.20,46,65,826/- (including Rs.17,75,90,000/- deposited during demonetization period only) during the FY 2016-17. The assessee didn't supply any concrete reply to justify such huge increase in cash deposits during the year and

demonetization period. The Ld. A.O noted that the assessee's cash in hand as on 01.11.2016 increased to Rs.8,65,11,871.34/- without any major increase in cash expenses. The assessee also did not submit any reply on why the cash in hand was increased significantly just prior to the demonetization period. Accordingly, Rs.17,47,19,514/- being the total cash deposits during the year was added to the total income of the assessee u/s 68 of the I.T. Act read with section 115BBE of the Act @ rate of 60%. In appeal, the ld. First Appellate Authority deleted the addition made by the ld. AO.

4. Per Contra, the ld. DR placed full reliance upon the order of the ld. Assessing Officer.

5. The ld. Counsel for the assessee reiterated his arguments taken before the First Appellate Authority.

6. We have heard rival submissions in the light of material placed on record. The ld. Counsel for the assessee has invited the our attention to the assessee's voluminous paper book running into some page 323 pages comprising his books of account, reconciliation of sales and purchases, cash deposits etc. The Revenue could hardly dispute that the ld. AO have nowhere specifically rebutted all these supporting documents in the assessment proceedings. The fact however remaining, that the assessee has not proved the source of improvement of cash deposit despite the fact that

it is stated to be engaged in sale of semiconductor items business all along. Be that as it may, we are of the considered view that the learned AO could not have summarily rejected the assessee's foregoing explanation, reconciling on its cash deposits to regular business sales, it is deemed appropriate that lumpsum addition of only Rs.50 lakhs in the given facts would be just and proper with a rider that the same shall not be treated as precedent. Necessary computation shall follow as per law.

7. So far as 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 assessed under the normal provision as per law.

8. In the result, the appeal of the Revenue is partly allowed.

CO No.81/Del/2024

9. The assessee has raised following grounds of appeal in its cross objection.

1.1. That on the facts and circumstances of the case, the CIT(A) was not justified in upholding the validity of the Assessment Order passed u/s 143(3) of the Income Tax Act, 1961 as the same has been passed in total disregard to the Standard Operating Procedure issued by the CBDT under the Faceless Assessment Scheme, 2019.

1.2 That the issuance of final show-cause notice / draft assessment order being a mandatory requirement before passing of the final Assessment Order, the action of the Assessing Officer in not complying with the explicit procedure laid down by the CBDT is illegal and not sustainable under law and as such the Assessment Order is liable to be quashed.

2. That the orders passed by the lower authorities are not justified on facts and same are bad in law.

10. The assessee through the impugned Cross Objection has contested the validity of the assessment order on the same being against Standard Operating Procedures of the Income Tax Department and that the mandatory show-cause not given before the passing of final assessment order. We have noted from the para-2 of the assessment order per se that the Id. AO had issued show-cause and questionnaire to the assessee, which were duly complied by the assessee. The challenge raised by the assessee has therefore been not found to be in sync with evidence on record. The Cross Objection raised by the assessee is therefore dismissed.

11. In the result, the Cross Objection of the assessee is dismissed.

Order pronounced in the open court on 21st January, 2026

Sd/-
[ANUBHAV SHARMA]
JUDICIAL MEMBER

Sd/-
[AMITABH SHUKLA]
ACCOUNTANT MEMBER

Dated:21.01.2026

Shekhar

Copy forwarded to:

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

Asst. Registrar,
ITAT, New Delhi