

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
AND  
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER**

ITA No.5337/Del/2025  
Assessment Year: 2017-18

Sh. Vishal Fire Works, 1435, Bazar Gulian, Dariba Kalan, Delhi	<b>Vs.</b>	Assessing Officer, Delhi
<b>PAN:AADFV0396H</b>		
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	Sh. Rohit Kapoor, Adv.
Department by	Ms. Ankush Kalra, Sr. DR

Date of hearing	21.01.2026
Date of pronouncement	21.01.2026

**ORDER**

**PER SATBEER SINGH GODARA, JM**

This assessee'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/250/2025-26/1078721953(1), dated 21.07.2025 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. Coming to the assessee's sole substantive ground raised herein, we notice that it seeks to reverse both the learned lower authorities' respective findings assessing its cash deposits during demonetization amounting to Rs.1,82,75,000/- as unexplained under section 68 of the Act; in assessment order dated 21.12.2019 as upheld in the lower appellate discussion.

3. Learned counsel further clarifies that both the learned lower authorities have also re-estimated the assessee's GP @ 20% instead of @ 10.82%; resulting in addition of Rs.26,67,125/- in the lower appellate discussion.

4. We have given our thoughtful consideration to the assessee's and the Revenue's respective vehement submissions. We wish to make it clear that there has been no dispute all along that the assessee is a partnership firm carrying out wholesale and retail trading of firecrackers which is more a cash-oriented sector being in the nature of an unorganized business. And that it had all along filed all the relevant details of the business turnover during demonetization, whose credit could not be denied in entirety, although it appears to have not successfully discharged its onus of pleading and proving its explanation to the very effect. Be that as

it may, we deem it appropriate in this factual backdrop that a lumpsum estimation of the assessee's impugned cash deposits amounting to Rs. 1,27,92,500/- @ 8% or that already declared at his behest, whichever is higher, as just and proper with a rider that the same shall not be treated as a precedent. Necessary computation shall follow as per law.

5. Next comes the latter issue of the assessee's GP estimation. A perusal of the case records indicates that the CIT(A)'s detailed discussion at pages 11 and 12 has reduced the assessee's GP from that estimated @ 20% by the Assessing Officer to 13% only as against already disclosed @ 10.82%. We make it clear that apart from raising some technical objections, there is no specific rejection of assessee's books of account supporting its foregoing GP disclosure @ 10.82%. Be that as it may, we deem it appropriate in the larger interest of justice that the assessee's impugned GP @ 11.25% would be just and proper that same shall not be treated as a precedent. We order accordingly. Necessary computation shall follow as per law.

6. 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.

7. This assessee's appeal is partly allowed.

***Order pronounced in the open court on 21<sup>st</sup> January, 2026***

***Sd/-***  
**(AMITABH SHUKLA)**  
**ACCOUNTANT MEMBER**

***Sd/-***  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

Dated: 22<sup>nd</sup> January, 2026.

RK/-

Copy forwarded to:

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

Asst. Registrar, ITAT, New Delhi