

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

**Before Sh. Satbeer Singh Godara, Judicial Member  
&  
Sh. Amitabh Shukla, Accountant Member**

**ITA No. 5158/Del/2025 : Asstt. Year : 2017-18**

Capital City Hospitality Pvt. Ltd., SO-1 to SO-10, 2 <sup>nd</sup> Floor, Cross River Mall, CBD Shahdara, East Delhi, Delhi-110032	Vs	Income Tax Officer, Ward-5(1), New Delhi
(APPELLANT)		(RESPONDENT)
<b>PAN No. AAEC2186J</b>		

**Assessee by : Sh. Ved Jain, Adv. &  
Ms. Uma Upadhyay, CA  
Revenue by : Ms. Ankush Kalra, Sr. DR**

<b>Date of Hearing: 20.01.2026</b>	<b>Date of Pronouncement: 20.01.2026</b>
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**ORDER**

**Per Satbeer Singh Godara, Judicial Member:**

This assessee's appeal for Assessment Year 2017-18, arises against the CIT(A)/NFAC, Delhi's DIN & order No. ITBA/NFAC/S/250/2025-26/1077991169(1) dated 29.06.2025, in proceedings u/s 143(3) of the Income Tax Act, 1961 (in short "the Act").

2. Heard both the parties at length. Case file perused.
3. We notice at the outset that the assessee/appellant is aggrieved against both the learned lower authorities' respective assessment and lower appellate discussion holding it's unsecured loans and cash deposits during demonetization

amounting to Rs.1,95,00,000/-and Rs.36,12,166/-; respectively as unexplained cash credits u/s 68 of the Act.

4. We have given our thoughtful consideration to the assessee's and the Revenue's respective vehement submissions against and in support of the impugned addition. It transpires during the course of hearing that former head herein is that unsecured loans of Rs.1,95,00,000/- made in the assessee's hands which involved M/s Shub Div Associates Pvt. Ltd. who had all along filed the necessary evidence i.e. confirmation of accounts (page 71), ITR acknowledgement (page 72), ledger account showing interest payment (page 73) and repayment of loan (page 74) alongwith the bank statements and audited financials as well. There is further no issue that the said entity herein appears to have infact received the sum in question from M/s HDB Financial Services before it's transfer to the assessee's account. This is thus not an instance wherein the Revenue's endeavour to treat the assessee's impugned loans as non-genuine could be accepted. We further wish to make it clear that the assessee had all along placed on record it's loans, PAN and all other details as well. We thus conclude in this factual backdrop that both the learned lower authorities have erred in law and on facts in treating the assessee's impugned unsecured loans of Rs.1,95,00,000/- as unexplained cash credits is deleted accordingly.

5. Next comes the latter component of Rs.36,12,166/- representing the assessee's cash deposits during demonetization. There is no dispute between the parties that the assessee runs its banquet hall available for retail customers for marriage purposes etc. wherein possibility of cash receipts in such an unorganized sector could not be ruled out in entirety. We thus deem it appropriate that a lump sum addition of Rs.3,60,000/- only @10% representing the profit element in the above cash deposits would be just and proper with a rider that the same shall not be treated as a precedent. 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 Limited Vs. The ACIT CC-1 in W.P.(MD) No.2078 of 2020 & W.M.P. (MD) No. 1742 of 2020 held that the said provision applied for transactions done on or after 01.04.2017 only. The assessee is accordingly directed to be assessed under normal provisions only.

7. This assessee's appeal is partly allowed.

Order Pronounced in the Open Court on 20/01/2026.

Sd/-

**(Amitabh Shukla)**  
**Accountant Member**

**Dated: 18/02/2026**

\*Subodh Kumar, Sr. PS\*

Sd/-

**(Satbeer Singh Godara)**  
**Judicial Member**