

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "C": NEW DELHI  
BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 4855/Del/2025  
(Assessment Year: 2017-18)

Worldwide Textiles Pvt. Ltd, D-12/49, 1 <sup>st</sup> Floor, Sector-7, Rohini, Delhi	Vs.	ACIT, Circle-27(2), Delhi
(Appellant)		(Respondent)
<b>PAN: AABCW4900B</b>		

Assessee by :	Shri J. S. Kochar, CA
Revenue by:	Shri Om Prakash, Sr DR
Date of Hearing	08/01/2026
Date of pronouncement	11/03/2026

O R D E R

**PER M. BALAGANESH, A. M.:**

1. The appeal in ITA No.4855/Del/2025 for AY 2017-18, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 14.06.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 29.12.2019 by the Assessing Officer, ACIT, Circle-27(2), Delhi (hereinafter referred to as 'Id. AO').
2. The only effective issue to be decided in this appeal is as to whether NFAC was justified in confirming the addition made by Id AO on account of cash deposits in the sum of ₹31,91,000/- in the facts and circumstances of the instant case.
3. We have heard the rival submissions and perused the materials available on record. The return of income for assessment year 2017-18

was filed by the assessee on 30.10.2017 declaring total income of Rs 31,75,920/-. The assessee was engaged in the business of manufacturing of readymade garments. The Id AO noticed that assessee had deposited cash amounting to ₹31,91,000/- in its bank account during the demonetization period. The assessee was asked to explain the source of the same. The assessee explained that cash deposits were made out of cash sales of ₹32,75,360/- made from 11.10.2016 to 5.11.2016 and furnished the complete list of cash sales, which is also reproduced in Page 2 of the assessment order. The names and address of the customers to whom cash sales were effected by the assessee were also furnished by the assessee to the Id AO. The Id AO issued notice u/s 133(6) of the Act to the said customers which stood directly confirmed by the parties before the Id AO. The Id AO proceeded to point out some deficiencies in the reply filed by the customers directly before him. The Id AO having reproduced the entire replies given by the customers in response to notice u/s 133(6) of the Act in Pages 1 to 18 of the assessment order, strangely concludes in Page 20 of his order that no compliance was made by the parties to the notice u/s 133(6) of the Act. Thereafter the Id AO proceeded to disagree with the contentions of the assessee and made addition u/s 68 of the Act of ₹31,91,000/- on account of cash deposits made during the demonetization period as unexplained cash credit u/s 68 r.w.s. 115BBE of the Act. This action of the Id AO was upheld by the Id CIT(A).

4. It is not in dispute that the assessee had indeed shown cash sales and is part of the total turnover disclosed by it in the return of income and in the audited profit and loss account. The following points are undisputed and indisputable: –

- a. The assessee had shown cash sales for the period 11.10.2016 to 5.11.2016 and the same is part of total sales disclosed by the assessee in the sum of ₹68.59 crores in the profit and loss account.
  - b. The purchase made by the assessee has not been doubted by the revenue.
  - c. The total sales made by the assessee (both cash as well as credit sales) has not been doubted by the revenue.
  - d. The assessee had sufficient stocks to effect the said cash sales and generate cash as an independent source to prove the cash deposits.
  - e. To the extent of sales made by the assessee, corresponding reduction in stock had been duly made.
  - f. The assessee has furnished month-wise cash withdrawals, cash deposits cash sales, cash utilization together with opening and closing cash balance for the year under consideration as well as for the immediately preceding year and immediately succeeding year. The assessee had also furnished the details of cash sales for the period 11.10.2016 to 5.11.2016 containing the name and address of the parties to whom cash sales were made by the assessee.
  - g. The assessee has furnished the complete cashbook, showing the month wise movement before the Id AO.
  - h. There is no negative cash balance on any day that has been alleged by the Id AO.
5. Further, we find that the Id AO had accepted the return of income by the assessee, which included this cash sales also. Hence, separately,

making an addition on account of cash deposits in the sum of ₹31,90,000/- would only result in double addition. Hence, the addition made on account of cash deposits deserves to be deleted on that count itself. Further, we hold that the assessee had indeed proved the source of cash deposits by clearly establishing that the source emanated from the books of account and the cashbook regularly maintained. None of the books of account have been rejected by the Id AO. In these facts and circumstances, there is no case made out by the revenue for making an addition on account of cash deposit separately. Accordingly, the addition made is hereby directed to be deleted. Accordingly grounds raised by the assessee are allowed.

6. Further, we also find that Hon'ble Madras High Court in the case of SMILE Microfinance Limited vs ACIT in WP (MD) No. 2078 of 2020 and WMP (MD) No. 1742 of 2020 dated 19-11-2024 had held that the provisions of section 115BBE of the Act which enhanced the rate of tax could be made applicable only from 01.04.2017, relevant to assessment year 2018-19 onwards and not earlier. Hence the additional ground raised by the assessee in this regard is hereby admitted and allowed.

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

Order pronounced in the open court on 11/03/2026.

-Sd/-

**(CHALLA NAGENDRA PRASAD)**  
**JUDICIAL MEMBER**

-Sd/-

**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated: 11/03/2026  
A K Keot

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1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi