

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ 'एससी.एम.', अहमदाबाद ।
IN THE INCOME TAX APPELLATE TRIBUNAL
“ SMC ” BENCH, AHMEDABAD

**BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER &
SHRI S.S. GODARA, JUDICIAL MEMBER**

आयकर अपील सं./I.T.A. No.1477/Ahd/2015
(निर्धारण वर्ष / Assessment Year : 2010-11)

Technotex Specialties Pvt.Ltd. Block No.2100, Opp.Textel Inds. Santej-Kharaj Road Santej-382 721, Tal: Kalol Gandhinagar	<u>बनाम/</u> Vs.	The ACIT Gandhinagar Circle Gandhinagar
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AADCT 1264 F		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

अपीलार्थी ओर से/ Appellant by :	-None-
प्रत्यर्थी की ओर से/Respondent by :	Prajna Paramita, Sr.DR

सुनवाई की तारीख / Date of Hearing	16/11/2017
घोषणा की तारीख/Date of Pronouncement	27/11/2017

आदेश / O R D E R

PER S.S. GODARA, JUDICIAL MEMBER

This assessee's appeal for Assessment Year 2010-11 is directed against the CIT(A)-Gandhinagar's order dated 06/02/2015 passed in case No.CIT(A)/GNR/26/2013-14 upholding Assessing Officer's action making addition of undervaluation of stock amounting to Rs.3,06,643/-

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in assessment order dated 25/02/2013, in proceeding under section 143(3) of the Income Tax Act, 1961.

2. Case called twice. None appears at assessee's behest. It emerges from the case file that the Registry has been issuing notice to the assessee qua various instances of hearing. It has never come present nor has anyone filed power of attorney. We therefore proceed ex-parte against the assessee.

3. A perusal of the instant case file reveals that the CIT(A) has upheld the Assessing Officer's action making the impugned addition as follows:-

“8. Fourth ground of appeal is against the action of the AO in making addition of Rs.3,06,643/- for undervaluation of closing stock.

8.1. The AO during the course of assessment proceedings noticed that there was under valuation of closing stock of binders by Rs.2,27,403/- and further variation of Rs.79,240/- in Dibasic Materials; totaling to Rs.3,06,643/- Specific details were called for by the AO in this regard. The arguments placed before the AO by the appellant was not acceptable and AO made the addition of Rs.3,06,643/-.

On the other hand appellant contended that AO has taken average rate of sale of Binders by dividing the yearly sales amount of Binders by yearly quantities of Binders sold and, applied this average rate on closing stock quantity of Binders and arrived at the average

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sales price of Binders of closing stock. Thereafter, the AO reduced from that the overall G.P. Ratio of the business i.e. 17.17% (as reported in tax audit report) and arrived at the valuation of Binders, which has resulted in illogical and unjustified increase in valuation of binders by Rs.2,27,403/-. In this respect, appellant contended that it manufactures 9 different types of binders having different cost of production varying from Rs.25/- to Rs.58/- per kg. It is also brought to my notice that in the closing stock also, there were different types of binders having different cost of production as well as different profitability. The overall G.P. Rate of the business cannot be applied for valuation purpose of all types of Binders. Appellant contended that AO has not disputed their valuation of any of the individual Item of binders. Similarly, with regard to the dibasic materials it is stated AO has taken average rate of purchase of Dibasic Materials by dividing yearly purchase value of dibasic materials by yearly quantity of dibasic materials purchased and applied the average rate on closing stock of dibasic materials which has resulted in illogical and unjustified increase in valuation of Dibasic Materials by Rs.79,240/-.

On examination of the entire facts of the matter, it is seen that the AO has not doubted the method adopted by, the appellant for arriving at the closing stock. In the appellate proceedings, appellant before me has not brought out how the closing stock figures were arrived with any evidences. No purchase bills or sales bills has been produced either before the AO during the assessment proceedings or before the undersigned during the appellate proceedings. In such facts of the case, the contention of the appellant cannot be allowed and therefore, the addition made by the AO of Rs.3,06,643/- for undervaluation of closing stock is hereby confirmed and the relevant ground of appeal is rejected.

However, the AO is directed to enhance the opening stock, accordingly, in the subsequent year”.

4. Heard learned Departmental Representative strongly arguing in favour of the impugned addition. It is evident that the said addition has

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arisen on account of assessee's failure in providing exact details of nine different types of binders which made the Assessing Officer to adopt average pricing formulas as well as lack of closing stock figures with the help of purchase or sale bills. These crucial findings have gone unrebutted in assessee's pleadings. We therefore find no merit in assessee's instant appeal. The impugned addition is confirmed accordingly.

4. This assessee's appeal is dismissed.

This Order pronounced in Open Court on	27/11/2017
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Sd/-
(N.K. BILLAIYA)
ACCOUNTANT MEMBER
Ahmedabad; Dated 27/ 11 /2017
टी.सी.नायर, व.नि.स./T.C. NAIR, Sr. PS

Sd/-
(S.S. GODARA)
JUDICIAL MEMBER

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-Gandhinagar
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

उप/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad