



ITA.No.1836/Mum/2018  
Inventum Engineering Company Pvt.Ltd  
Assessment Year- 2011-12

**आयकर अपीलीय अधिकरण “एक-सदस्य मामला” न्यायपीठ मुंबई में।**

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“SMC” BENCH, MUMBAI**

श्री शक्तिजीत दे, न्यायिक सदस्य एवं  
श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।

**BEFORE SHRI SAKTIJIT DEY, JM AND  
SHRI MANOJ KUMAR AGGARWAL, AM**

आयकर अपील सं./I.T.A. No.1836/Mum/2018  
(निर्धारण वर्ष / Assessment Year: 2011-12)

<b>Inventum Engineering Company Private Limited</b> 201, Kuber Complex New Link Road, Andheri(E) Mumbai – 400 053	<b>बनाम/ Vs.</b>	<b>Income Tax Officer-10(1)(2)</b> Aaykar Bhavan, M.K.Road Mumbai- 400 020
स्थायी लेखा सं./जी आइ आर सं./PAN/GIR No. <b>AAACI-5761-R</b>		
(□ पीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

<b>Assessee by</b>	:	Rahul R. Sarda, Ld.AR
<b>Revenue by</b>	:	N. Hemalatha, Ld. DR

<b>सुनवाई की तारीख/ Date of Hearing</b>	:	24/05/2018
<b>घोषणा की तारीख / Date of Pronouncement</b>	:	22/06/2018

**आदेश / ORDER**

**Per Manoj Kumar Aggarwal (Accountant Member)**

1. The captioned appeal by assessee for Assessment Year [AY] 2011-12 contest the order of Ld. Commissioner of Income-Tax (Appeals)-17 [CIT(A)], Mumbai, *Appeal No.CIT(A)-17/IT-103/10159/17-18 dated 22/01/2018 qua* confirmation of certain additions on account of *alleged bogus purchases*. The assessment for impugned AY was framed



by *Ld. Income Tax Officer-10(1)(2), Mumbai [AO] u/s 143(3) read with Section 147* of the Income Tax Act,1961 on 29/06/2016 wherein the income of the assessee has been determined at Rs.7,36,730/- after certain additions as against returned income of Rs.5,45,720/- *e-filed* by the assessee on 29/09/2011 which was processed u/s 143(1). The only issue involved under appeal is estimated addition against certain *alleged bogus purchases*.

2.1 The reassessment proceedings were initiated upon receipt of certain information from *Sales Tax Department, Maharashtra* regarding dealers indulging in *bogus purchase bills* and it was noted that the assessee stood beneficiary of such *bogus purchase bills* to the tune of Rs.1,91,007/- from three such entities, the details of which has been extracted in *para-4.1* of the quantum assessment order. Consequently, statutory notice u/s 148 dated 28/03/2016 was issued to the assessee which was followed by notices u/s 143(2) and 142(1). During impugned AY, the assessee being *resident corporate assessee* was engaged in the business of *manufacturing of engineering goods*.

2.2 The assessee defended the purchases made by him and submitted documentary evidences to substantiate the same. However, notices issued u/s 133(6) to all the entities elicited no satisfactory response. The assessee expressed inability to produce the parties for confirmation of accounts. Finally, not convinced with assessee's submissions, Ld. AO treated these purchase as *bogus purchases* and added the same to the income of the assessee.

3. Aggrieved, the assessee contested the same without any success before Ld. CIT(A) vide impugned order dated 22/01/2018 where Ld.



CIT(A) after considering assessee's submission confirmed the stand of Ld. AO. Aggrieved, the assessee is in further appeal before us.

4. The Authorized Representative for Assessee [AR], *Shri Rahul R.Sarda*, drawing our attention to the documents placed in the *paper-book* contested the stand of lower authorities which was controverted by Ld. Departmental Representative, *Ms. N.Hemalatha*.

5. We have carefully considered the rival contentions and perused relevant material on record. We are of the considered opinion that there could be no sale without purchase of material since the assessee was engaged in *manufacturing activities*. The material on record reveals that the assessee has purchased *integrated circuits Chips [IC]* from the suppliers. The weight of each chip was very low in the range of 1 to 1.3 grams per chips and therefore, the same did not require any heavy transportation. The said raw material was essential to *manufacture heaters*, which was the line of assessee's business. The assessee has also furnished quantitative details of consumption of these chips. Further, the sales turnover achieved by the assessee has not been disputed by the revenue and the payments were through banking channels. The assessee was in possession of primary purchases documents. At the same time, the assessee could not conclusively substantiate the purchases made by him and failed to produce any of the party to confirm the transactions. Notices issued u/s 133(6) elicited no satisfactory responses. All these factors cast a serious doubt on assessee's claim. Therefore, in such a situation, the addition, which could be made, was to account for profit element embedded in these purchase transactions to factorize for profit earned by assessee against



ITA.No.1836/Mum/2018  
Inventum Engineering Company Pvt.Ltd  
Assessment Year- 2011-12

possible purchase of material in the *grey market* and undue benefit of VAT against such bogus purchases. Hence, the addition on gross basis against the same was not justified. We estimate the same @12.5% of *alleged bogus purchases* of Rs.1,91,007/. Consequently, the addition to the extent of Rs.23,876/- stand confirmed and balance addition stand deleted.

6. Resultantly, the assessee's appeal stand partly allowed.

*Order pronounced in the open court on 22<sup>nd</sup> June,2018*

Sd/-

**(Saktijit Dey)**

न्यायिक सदस्य / **Judicial Member**

Sd/-

**(Manoj Kumar Aggarwal)**

लेखा सदस्य / **Accountant Member**

मुंबई Mumbai; दिनांक Dated : 22.06.2018  
Sr.PS:- Thirumalesh

**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकरआयुक्त(अपील) / The CIT(A)
4. आयकरआयुक्त/ CIT- concerned
5. विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण, मुंबई/ DR, ITAT, Mumbai
6. गार्डफाईल / Guard File

आदेशानुसार/ BY ORDER,

उप/सहायकपंजीकार (Dy./Asstt.Registrar)  
आयकरअपीलीयअधिकरण, मुंबई / ITAT, Mumbai