



ITA No.6002/Mum/2018
M/s. Singh Hindustan Marine P. Ltd.
Assessment Year :2010-11

आयकर अपीलीय अधिकरण “जी” न्यायपीठ मुंबई में।
IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI

माननीय श्री मनोज कुमार अग्रवाल ,लेखा सदस्य
एवं माननीय श्री रवीश सूद, न्यायिक सदस्य के समक्ष।
BEFORE HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM
AND HON’BLE SHRI RAVISH SOOD, JM

आयकरअपील सं./ I.T.A. No.6002/Mum/2018
(निर्धारण वर्ष / Assessment Year: 2010-11)

DCIT-8(2)(1) Aaykar Bhavan Room No.624 M.K. Road, Mumbai -400 020.	बनाम/ Vs.	M/s. Singh Hindustan Marine P. Ltd. D/13, TTC Industrial Area MIDC Turbe New Mumbai- 400 705.
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. AADCS-8670-G		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

Assessee by	:	Mr. Sumeet Chawla-Ld. AR
Revenue by	:	Mr. N. Padmanabhan-Ld. DR

सुनवाई की तारीख/ Date of Hearing	:	08/01/2020
घोषणा की तारीख / Date of Pronouncement	:	08/01/2020

आदेश / ORDER

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeal by revenue for Assessment Year [in short referred to as ‘AY’] 2010-11 contest the order of Ld. Commissioner of Income-Tax (Appeals)-14, Mumbai, [in short referred to as ‘CIT(A)’], *Appeal No. CIT(A)-14/IT-110/16-17* dated 15/06/2018 *qua* certain relief provided to the assessee against *alleged bogus purchases*.



2. The Ld. Authorized Representative for Assessee sought dismissal of the appeal by citing recent low tax effect Circular No. 17/2019 dated 08/08/2019 issued by CBDT. The Ld. DR controverted the same by submitting that the reassessment was triggered pursuant to receipt of information from an external agency i.e. Sales Tax Department and therefore, the appeal stood protected by the exception given in the related circulars. Concurring with the submissions of Ld. DR, the said plea was rejected and the matter was proceeded with on merits.

3.1 Facts on record would reveal that the assessee being resident corporate assessee stated to be engaged in the business of *servicing of life savings applications like life-rafts, rescue-boats, fire-fighting appliances etc.*, was assessed for year under consideration u/s. 143(3) r.w.s. 147 on 16/03/2016 wherein the income of the assessee was determined at Rs.72.16 Lacs, after sole addition of alleged bogus purchases for Rs.6.69 Lacs as against returned income of Rs.65.47 Lacs filed by the assessee on 15/10/2010 which was processed u/s.143(1).

3.2 Pursuant to receipt of certain information from Sales Tax Department, Govt. of Maharashtra, it transpired that the assessee obtained bogus purchases bills aggregating to Rs.26.78 Lacs from as many as 9 entities, the details of which have already been extracted in para-2 of the quantum assessment order. Accordingly, the case was reopened as per due process of law vide issuance of notice u/s 148 on 19/02/2015 which was followed by statutory notices wherein the assessee was directed to substantiate the purchase transactions.

3.3 The assessee defended the purchases by furnishing copies of purchase invoices, bank statements evidencing payment to suppliers



through banking channels, ledger extracts etc. But the assessee failed to substantiate the delivery of material. The service of notice issued u/s 133(6) to all the entities established that none of the parties were existing at the given addresses. The assessee failed to produce any of the suppliers despite being specifically directed to do so. Consequently, Ld. AO, relying upon the decisions of Hon'ble Gujarat in **CIT V/s Bholanath Poly Fab Pvt Ltd. 355 ITR 290** and **CIT V/s Simit P. Sheth 356 ITR 451** estimated the additions @25% of these purchases which resulted into an addition of Rs.6.69 lacs in the hands of the assessee.

4. The learned CIT(A), after considering assessee's submissions including net profit rate reflected during the year, scaled down the estimation to 12.5%. Aggrieved, the revenue is under further appeal before us. It appears that the assessee has not preferred any further appeal against the same.

5. After careful consideration of rival submissions, we are of the considered opinion that the stated services could not be rendered without purchase of material. The assessee was in possession of primary purchase documents and the payments to the suppliers were through banking channels. The assessee was a corporate entity and its books of accounts were subjected to audit. However, at the same time, the assessee miserably failed to substantiate the purchases and failed to produce any of the suppliers to confirm the transactions. The field enquiries revealed that none of the suppliers was existing at the given addresses. Therefore, the primary onus casted upon assessee, to prove the transactions, remained undischarged.



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6. The stated factual matrix, in our considered opinion, would make it a fit case to make estimated additions to account for profit element embedded in these purchase transactions to factorize for profit earned by assessee against possible purchase of material in the grey / unorganized market and undue benefit of VAT against such bogus purchases, which learned first appellate authority has rightly done so. Finding the estimation of 12.5% to be quite fair and reasonable, we find no reason to interfere in the impugned order. The said estimation has been made after due consideration of factual matrix as well as considering the gross profit reflected by the assessee during the year and would not require any indulgence on our part.

7. The appeal stands dismissed.

Order pronounced in the open court on 08th January, 2020.

Sd/-

(Ravish Sood)

न्यायिक सदस्य / **Judicial Member**

Sd/-

(Manoj Kumar Aggarwal)

लेखा सदस्य / **Accountant Member**

मुंबई Mumbai; दिनांक Dated : 08/01/2020

Sr.PS, Jaisy Varghese

आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent



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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/सहायक पंजीकार (Dy./Asstt.Registrar)
आयकरअपीलीयअधिकरण, मुंबई / ITAT, Mumbai.