

आयकर अपीलिय अधिकरण, मुंबई न्यायपीठ 'ए', मुंबई ।
IN THE INCOME TAX APPELLATE TRIBUNAL "A", BENCH MUMBAI

BEFORE SHRI R.C.SHARMA, AM
&
SHRI SANDEEP GOSAIN, JM

आयकर अपील सं./ITA Nos.4404 to 4410/Mum/2014

(निर्धारण वर्ष / Assessment Years :2005-06 to 2011-2012)

ACIT, Central Circle-13, Room No.1103, 11 th Floor Old CGO Building (Annex.) M.K.Road, Mumbai-400020	Vs.	M/s Asian Star Company Limited, 114/116, Mittal Court, C-Wing, 11 th Floor, Nariman Point, Mumbai-400021
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AAACA 4856 B		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

AND

Cross Objection Nos.196, 198 to 201/Mum/2015

(Arising out of ITA Nos.4404,4408,4406,4405&4407/M/2014)

(निर्धारण वर्ष / Assessment Years :2005-06, 2006-07 & 2008-09)

M/s Asian Star Company Limited, 114/116, Mittal Court, C-Wing, 11 th Floor, Nariman Point, Mumbai-400021	Vs.	ACIT, Central Circle-13, Room No.1103, 11 th Floor Old CGO Building (Annex.) M.K.Road, Mumbai-400020
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AAACA 4856 B		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

राजस्व की ओर से /Revenue by : Shri B.Pruseth

निर्धारिती की ओर से /Assessee by : Shri Rakesh Joshi

सुनवाई की तारीख / Date of Hearing : **30/12/2015**

घोषणा की तारीख/Date of Pronouncement **/2016**

आदेश / O R D E R

PER R.C.SHARMA (A.M):

These are the appeals filed by the revenue and cross objection by the assessee against the order of CIT(A), Mumbai, for the assessment years 2005-06 to 2011-12.

2. As common issues are involved in all the appeals, therefore, all the appeals are heard altogether and now disposed off by this consolidated order. For the sake of convenience, grounds taken by revenue in ITA No.4404/Mum2014 for the A.Y.2005-06 are reproduced hereunder :-

(i) "On. the facts and circumstances of the case and in law, The learned CIT(A) erred in holding that the existence of the parties has established the genuineness of the transaction irrespective of the fact that no evidence regarding the movement of the goods was produced by the assessee. "

(ii) "Whether on the facts and circumstances of the case and in law, the Learned CIT(A) was right in holding that the processing charges paid are genuine on the ground that the assessee produced the parties, but no documentary evidence regarding genuineness of the transactions were produced.

(iii) "Whether on the facts and circumstances of the case and in law, the learned CIT(A) was right in deleting the addition of 1 % on account of Gross Profit on cash purchase discount holding the purchases to be genuine. "

2. The Appellant craves leave to add, to amend and / or to alter any of the grounds of appeal, if need be.

3. The Appellant, therefore, prays that on the grounds stated above, the order of the CIT(A)-37, Mumbai may be set aside and that of the Assessing Officer restored."

3. Rival contentions have been heard and record perused. Facts in brief are that a search and seizure action u/s. 132 and survey action u/s. 133A of the I.T.Act was carried out in the case of Asian Star Group on 29/10/10 which was concluded on 27/12/10. The assessee company, the flagship company of the group, was covered in these search proceedings. Notice u/s. 153A was issued on 02/09/11, in response to which the assessee filed its return of income for the A.Y.2005-2006 on 27/09/11 showing income of Rs.30,61,73,892/- which is the same as the original return of income. Vide order dated 28/03/13 u/s. 143(3) r.w.s. 153A the

income was assessed at Rs.41,20,72,965/- In this assessment order addition on account of alleged bogus purchases was made, by computing the peak at Rs.10,28,17,167/- of sundry creditors. An estimate of the gross profit addition for purchase discount for cash purchases of diamonds amounting to Rs.26,98,117/- was computed but it was held that the same was available for making purchases in cash, and hence no separate additions was finally made. The AO also made addition of Rs.29,31,968/- in respect of bogus labour charges.

4. During the course of scrutiny assessment the AO made addition in respect of purchases which was treated as bogus amounting to Rs.10.28 crores. Para 5 of the assessment order is in respect of this addition. The AO noted that the assessee company is in the business of trading in rough and polished diamonds as well as manufacturing of polished diamonds. The assessee company was "DTC Site Holder". The assessee company procures rough diamonds primarily from DTC. The company gets rough diamonds processed into cut and polished diamonds. Processing is done in its factory located at Surat as well as through outsourcing to other contractors. The assessee company also purchases polished diamonds from local diamond merchants. Some of the diamonds are sold in a local market and the others are exported. The assessee company also has a jewellery manufacturing division in which diamond studded jewellery is manufactured. During the course of search action, a survey u/s. 133A was carried out at one of the office premises of the assessee company at Surat. During the course of survey action the

statement of Shri.Nitin V. Shah, accountant of the assessee company, was recorded u/s. 131 of the I.T.Act on 29/10/2010 and continued till 30/10/2010. In this statement Shri NitinV.Shah stated that the assessee company had booked bogus purchase bills from local suppliers in Surat to the tune of Rs. 4,20,61,76,321/- as per the table given below:

<u>Financial Year</u>	<u>Purchase</u>		<u>Total</u>
	<u>Rough Diamonds</u>	<u>Polished Diamonds</u>	
2003-04	--	16,94,78,752/-	16,94,78,752/-
2004-05	--	10,96,08,771/-	10,96,08,771/-
2005-06	--	7,10,60,995/-	7,10,60,995/-
2006-07	--	14,10,64,939/-	14,10,64,939/-
2007-08	89,95,66,615/-	43,73,08,362/-	1,33,68,74,977/-
2008-09	1,41,59,79,550/-	43,81,69,554/-	1,85,41,49,104/-
2009-10	--	29,22,49,693/-	29,22,49,693/-
2010-11	--	23,16,89,090/-	23,16,89,090/-
		Total	4,20,61,76,321/-

Shri Nitin Shah explained the procedure of "managing the bills" from Surat for the diamonds shown to have been purchased locally. Shri Nitin Shah also stated that he could not substantiate the movement of polished diamonds purchased locally and sent to Mumbai for assortment. He also stated that he could not prove the purchase of polished diamonds made locally apart from providing invoice copy. He also stated that there are no polished diamonds actually sent from Surat to Mumbai. The statement of Shri Nitin Shah was annexed and made part of the assessment order.

5. Relying on the statement of Shri Nitin Shah, the AO called upon the assessee to produce supporting documents in respect of transfer of diamonds from Surat Office to Mumbai Office, the details of parties from whom diamonds were purchased and diamonds were sold at Surat and

other relevant details, in his letter dated 28/01/13. The assessee filed its reply on 11/02/13 giving copies of Jhangads (receipts of courier) for the movement of diamonds between Surat Office and Mumbai office. name and address of Angadias, details of insurance, name and address and PAN of the parties at Surat office was also submitted. The AO then called upon the assessee to produce the Angadias along with the records maintained in respect of courier service. The assessee could not produce any Angadias. There upon the AO called upon the assessee to produce the purchase parties of Surat before him in his office at Mumbai in the month of February, 2013 for verification. The assessee could not produce any of the purchase parties before the AO. Accordingly, a show cause notice was issued by the AO dated 04/03/13 informing the assessee that he has not produced the purchase parties nor any Angadias and also asked to show cause as to why the accounts should not be rejected u/s. 145(3) and the addition be made after calculating the peak of the sundry creditors in each assessment year. The assessee was asked to show cause as to why gross profit addition at 1% of the total bill be not added over and above the gross profit declared. The assessee filed the reply to the AO on 11/03/13. In this reply the assessee submitted that the statement of Shri Nitin Shah should not be relied upon since the accountant was grilled and asked questions not related to his area of work and job responsibilities. Shri Nitin Shah had no role in respect of sales and purchase function. These activities are handled by Mr. Niraj Soni and Shri Vijay Shah, directors of the assessee company. It was submitted that

the questions and answers were written by the survey party and Shri Nitin Shah was made to sign such statement through intimidation and coercion. The correct version and facts are stated in the affidavit of Shri Nitin Shah dated 01/11/10 which has been submitted to the AO. Subsequently even on 28/02/13 Shri Nitin Shah has appeared before the AO and confirmed the correct statement of facts. Shri NeerajSoni and Shri Vijay Shah managers at the relevant time filed their affidavits explaining the correct facts. It was submitted that the AO had merely mentioned about this statement of Shri. Nitin Shah recorded at the time of survey but not mentioned anything about his retraction immediately after the end of survey as well as his confirmation of the retraction in the statement recorded on 28/02/13 before the AO. Complete details of sales and purchases and stock registers have been submitted. All the payments and receipts are by way of account payee cheques. No incriminating material or record was found during the course of search to prove that the purchases are not genuine purchases. The confirmation letters along with complete address and PAN of the parties has been submitted. The details of movement of goods lot wise has been submitted. These purchase parties are tax payers filing regular returns of income and are also registered for VAT. The auditors have audited their accounts. The exports and imports are verified by the Custom Department and the genuineness has not been doubted by any of the government authorities. The party who supplies goods may not be available, may not co-operate, but that does not mean that the goods were not purchased.

6. The assessee informed the AO that they had made a request to parties to appear before the AO and also requested the AO to issue summons u/s. 133(6) or u/s. 131 to compel the parties to produce themselves and submit the required details to the AO. It was reiterated that all the purchases and purchase parties are genuine. The AO noted that the assessee could not produce any purchase party except M/s. Dimexon Diamonds Ltd. In respect of M/s. Dimexon Diamonds Ltd, the AO recorded that the Vice President of this company was called upon to provide documents and proof with respect to movement of diamonds between M/s. Dimexon Diamonds Ltd and Asian Star Co. Ltd. within 2 days. However, these details were not submitted. The AO recorded that there was not enough time to issue summons for verification before the assessment was getting barred by limitation of time. Despite this, summons u/s. 131 of the I.T. Act were issued to a few parties viz. M/s. Pokharna Impex Pvt. Ltd., M/s. Anshul Gems Pvt. Ltd, Suyash Gems on 19/03/13 to appear before him on 22/03/13 but they failed to appear before him. The AO thereafter has made reference to his analysis of the bank statement based on which he has concluded that the money shown as payment for purchase of diamonds have come back to the directors and share holders and beneficiaries of M/s. Asian Star Co. Ltd. The AO has mentioned that the evidence of retraction was filed with his office on 26/12/12 which is more than two years after the date of search. He has also recorded that Shri Nitin Shah was cross examined and that Shri Nitin Shah confirmed his retraction during the cross examination. The copy of

the cross examination dated 27/02/13 is also enclosed as annexure to the assessment order. The AO concluded that the affidavit of retraction by Shri. Nitin Shah was at the behest of the assessee company. The AO observed that Shri Nitin Shah could not provide any proof that statement recorded on 29/10/10 was under mental torture and stress. The A.O. therefore, rejected the retraction filed by Shri Nitin Shah. The information provided by Shri. Nitin Shah at the time of search was specific in nature and therefore, cannot be attributed to have been given under pressure. The AO therefore rejected the books of account of the assessee u/s. 145(3) of the I.T.Act. He thereafter computed the peak of sundry creditors in respect of the parties which could not be produced for verification on the basis of their ledger accounts. Lists of parties were annexed to the assessment order. Peak was calculated as under:

A.Y.	Peak of the Year	Previous year deduction (if any)	Actual Addition of peak
2005-06	10,28,17,167/-	--	10,28,17,167/-
2006-07	8,99,30,625/-	10,28,17,167/-	--
2007-08	5,83,26,315/-	--	--
2008-09	13,61,80,572/-	11,80,87,377/-	--
2009-10	23,70,15,018/-	12,74,61,463/-	10,95,53,555/-
2010-11	53,34,32,000/-	23,70,15,018/-	29,64,16,982/-
2011-12	71,32,31,495/-	53,34,32,000/-	17,97,99,495/-

The AO concluded that the purchases of polished diamonds was made in cash and therefore the peak of such unexplained cash purchases was added to the total income of the assessee. During the current assessment year, total purchases considered as bogus is in respect of 14 parties with purchases totaling Rs 102,12,50,280/-

7. The AO also made an addition in respect of gross profit as discussed in para 6 of the assessment order. This addition was made on the basis that since the polished diamonds were purchased in cash, they were available at a lower price and the assessee would have received a discount. The assessee in the reply dated 11/03/13 objected to this view of the AO stating that there were no cash purchases and 1 % discount is merely a guess work and conjecture of the AO. The AO did not accept the reply of the assessee and made an addition of 1 % of total purchases made in cash over and above the gross profit already declared. An addition of Rs.26,98,117/- was made @ of 1% of total purchases made in cash of Rs. 26,98,11,733/-. On the assumption that since the gross profit will be available for making cash purchases, no separate addition has been made by the AO.

8. The AO also made addition on account of processing charges amounting to Rs.29,31,968/-. In this regard, The AO has dealt with this issue in para 7 of the assessment order. The AO noted that the assessee had debited processing charges to the tune of Rs. 45,16,25,767/- in the current year on account of cutting and polishing by labour parties in respect of the rough diamonds. As per the statement of Shri Nitin Shah recorded on 29/10/10, the assessee company had debited bogus processing charges in the assessment year 2008-09 and 2009-10. A list of such parties was mentioned in that statement. Some of these parties appear in the current year also. The AO issued notices u/s. 133(6) to verify these labour processing charges. It is mentioned in the assessment

order that a large proportion of the notices u/s. 133(6) were returned unserved. The inspector was assigned the task of physically serving the notice and carrying out an independent enquiry. Even after serving of notice u/s. 133(6) by the inspector of the department, no reply was filed. The AO called upon the assessee to produce these parties along with the supporting documents on or before 14/02/13 vide AO's letter dated 06/02/13. The parties were not produced by the assessee and only copy of return of income, ledger account and invoices raised was furnished. The AO issued a final show cause notice dated 04/03/13 to which the assessee filed a reply on 11/03/13. It was submitted that full details of the processing charges including names and addresses of the parties, confirmation of the parties and copies of bills were submitted to the investigation wing and the same was submitted to the AO also. The payments have been made by account payee cheques and TDS has been deducted. The stock of diamonds found in the course of search/survey tallied with the books of account after accounting for diamonds lying with the processing parties. It was therefore submitted that the processing charges were genuine and no addition should be made.

9. The AO noted that not a single party was produced before him who could confirm that the processing charges were genuine. He concluded that the processing charges are not genuine and since the books are rejected u/s. 145(3), he added an amount of Rs. 29,31,968/- as processing charges treated as non genuine in respect of parties identified as bogus by Shri Nitin shah in his statement recorded during the course of

search/survey. During the current assessment year two parties – Ashish Exports and Rusabh Diamonds-were considered as bogus processing charges case. Similar addition on account of purchase and processing charges were made in all the years under consideration after having similar observation.

10. By the impugned order, the CIT(A) deleted the addition made on account of bogus purchases after having following observations :-

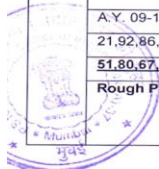
“4.9 In the remand report, on merits and as per directions issued by me, verification has been carried out by the assessing officer in respect of parties and transactions considered as bogus. The assessing officer has informed that several parties have appeared before him and confirmed the transactions. The same has been tabulated in his remand report. Some objections have been raised by the assessing officer which have been replied to by the AR as narrated earlier in Para 4.5. and 4.6. of this order. After examining the additional evidence, the remand report submitted by the assessing officer and the rejoinder filed by the appellant, further details submitted, the position that emerges is summarized in the following table in respect of the various parties.

S.No.	Name of the Party	Detail submitted at the time of assessment proceeding	Details submitted in Appeal / Remand proceedings	Comments of the A.O. in the Remand Report	Details submitted after Remand Proceedings	Appellant's remarks
1	ABHAY INTERNATIONAL	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd 28.05.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. He is director in Prakash Diamond Pvt Ltd also. Party has not produced sale register, stock register,VAT registration	In response to the notice u/s 133(6) of the Act the party has submitted the Stock Register to the A.O.	1. The party has submitted the stock register to the AO on 10.01.2014 in response to notice u/s 133(6).
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. VAT Registration certificate vide registration No. 27790387853V is submitted to CIT (A).
	A.Y. 05-06 – 11,45,51,036/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger a/c for F.Y. 04-05 and 06-07		VAT registration certificate of the party was submitted to the CIT (A) in response to remand report reply	3. Except this the A.O. has accepted the transaction
		2. ITR Acknowledgment				
	A.Y. 07-08 – 4,63,22,984/-	3. Sales/Purchase invoices	2. Copy of acknowledgment of return for A.Y. 05-06 and 07-08			
		4. Bank Statement Duly marked				
	A.Y. 08-09 – 2,61,42,956/-		3. Copy of Sale / purchase Bills for F.Y.04-05 and 06-07			
			4. Copy of Bank Statement			
		18,70,16,976/-				
	Purchases					

2	ANSHUL GEMS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 15.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement of director was recorded.	VAT and CST registration certificate of the party was submitted to the CIT (A) in reponse to Remand Report reply	1. VAT and CST Registration certificate vide registration No. 24220901828 is submitted to Cit (A).	
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally	Party has not produced bank statement, sale register, VAT registration.		2. All the payments are made by cheque and being verified by the AO at the assessment stage.	
		A.Y. 10-11 – 5,61,35,450/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account for F.Y.09-10			3. Except this the A.O. has accepted the transaction
			2. ITR Acknowledgment	2.			
		5,61,35,450/-	3. Sales invoices and also summon of the Act dtd. 19.03.2013 was issued to produce on 22.03.2013, but the party failed to appear	3. Copy of Sale Bills for F.Y.09-10			
		Purchases		4. Copy of Acknowledgment of Return filed for A.Y.10-11			
				5. Audit Report of F.Y. 09-10			
		6. Copy of stock register					

3	B.SHRENUJ & CO.		A. Affidavit dtd. 02.07.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended Party has not produced sale register, stock register, VAT registration	Nil	Regarding sale register, stock register and VAT registration, the appellant can't insist the party to produce the same. The appellant can only request the party to appear before the A.O. which the appellant has fulfilled and completed his onus to prove the genuineness of transaction	
			B. Party appeared during remand proceeding before A.O. and submitted following details personally				
		A.Y. 05-06 – 26,42,99,080/-		1. Copies of ledger account for F.Y. 2005-06, 2007-08, 2004-05			
		A.Y. 08-09 – 95,35,592/-		2. Copies of ITR acknowledgment for AY. 2006-07, 2008-09, 2005-06			
		27,38,34,672/-		3. Copies of Bank statement for the period from 25.05.2005 to 24.06.2005, 0-09-2007 to 28-09-2007, 02-03-2005 to 31.03.2005.			
	Purchases						

5	BLOOMING STAR DIAMOND PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 08-09 – 10,15,88,810/-	1. Copy of Vat returns	1. Copy of ledger account as appearing in our Books for F.Y. 2007-08 to 2010-11			
		2. Ledger account of M/s Asian Star Co. Ltd				
	A.Y. 09-10 – 68,04,67,268/-	3. ITR Acknowledgment	2. Copy of ITR for A.Y. 2008-09 to 2011-12			
		4. Sales invoices				
	A.Y. 10-11 – 22,34,81001/-	5. Bank Statement Duly marked	3. Copy of Audit report with Profit & Loss a/c and Balance Sheet for F.Y. 2007-08 to 2010-11			
		6. Sales and Stock Register				
	A.Y. 11-12 – 49,03,76,045/-	7. Profit and loss account and balance sheet	4. Copy of Sale Bills F.Y. 2007-08 to 2010-11			
	1,49,59,13,124/-		5. Copy of Bank Statement duly marked			
	Polish purchase		6. Copy of VAT returns filed for F.Y. 2007-08 to 2010-11			
	A.Y.08-09 – 29,87,81,145/-		7. Audit report with Balance Sheet and Profit and Loss for F.Y.07-08 to 10-11			
			8. Copy of stock register			
A.Y. 09-10 – 21,92,86,472/-						
51,80,67,617/-						
Rough Purchase						



6	BRIGHT TRADING CO.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit Dtd 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. He is director in diablo also. Party has not produced VAT registration	Nil	1. VAT Registration Certificate was submitted by the party as reported in point no. 1 of the comments. 2. Except this the A.O. has accepted the transaction
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 11-12 – 21,46,50,165/-	1. Copy of Vat returns	1. Copy of VAT Registration Certificate of Maharashtra and Gujrat along with Return			
	21,46,50,165/-	2. Ledger account of M/s Asian Star Co. Ltd				
	Purchases	3. ITR Acknowledgment	2. Copy of ledger account for F.Y. 10-11			
		4. Sales invoices				
		5. Bank Statement Duly marked	3. Copy of Sale Invoices for F.Y. 10-11			
		6. Sales and Stock Register				
			4. Copy of Bank Statement duly marked			
			5. Copy of Sales Register and Stock Register for F.Y. 10-11			
			6. Copy of ITR Acknowledgment for A.Y. 11-12			
			7. Audit report with balance sheet and profit and loss account for F.Y.10-11			



7	CENTER POINT GEMS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 11.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Director attended and furnished relevant details.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 13,31,53,048/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y.08-09, 09-10 and 10-11			
		2. Ledger account of M/s Asian Star Co. Ltd				
	A.Y. 10-11 – 9,83,85,935/-	3. ITR Acknowledgment	2. Copy of ITR Acknowledgment for A.Y. 09-10, 10-1 and 11-12			
		4. Sales invoices				
	A.Y. 11-12 – 22,19,92,882/-	5. Bank Statement Duly marked	3. Copy of Sale Invoices for F.Y.08-09, 09-10 and 10-11			
		6. Sales and Stock Register				
	45,35,31,865/-		4. Copy of Sales Register and Stock Register for F.Y.08-09, 09-10 and 10-11			
	Purchases		5. Copy of Bank Statement duly marked			
			6. VAT registration certificate f Maharashtra and Gujarat			
			7. Audit report with Balance Sheet for F.Y.08-09, 09-10 and 10-11			



8	DEV DIAMONDS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 15.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced sale register, stock register, VAT registration	VAT registration certificate of the party was submitted to the CIT (A) in response to remand report reply	1. VAT Registration certificate vide registration No. 24220901629 is submitted to CIT (A).
		B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. Except this the A.O. has accepted the transaction
	A.Y. 08-09 – 2,49,92,690/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account for the period from 01.04.2007 to 31.03.2008, 01-04-2008 to 31.03.2009			
	2,49,92,690/-	2. ITR Acknowledgment				
	Polish Purchase	3. Sales/purchase invoices	2. Copy of ITR AY 2008-09, 2009-10			
	A.Y. 08-09 12,08,63,076/-	4. Bank Statement Duly marked				
	12,08,63,076/- Rough Purchase		3. Copy of Sale / purchase Bills			
	A.Y. 2009-10 28,22,81,661/- 28,22,81,661/- Sales		4. Copy of Bank Statement period from 01.02.2008 to 31.03.2008 and 01.06.2008 to 22.07.2008			



9	DIABLU EXPORTS PVT. LTD.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement of the party was recorded. He is also partner in bright trading .	Nil	The party has produced the PAN Card as a proof of identity. The director personal return is not relevant for verification of purchases. The other detail submitted by the party has been accepted by the A.O.
	A.Y. 09-10 – 17,37,56,589/-	B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally	Income tax return of director himself were not furnished by director as asked.		
	A.Y. 10-11 – 26,07,32,737/-	1. Copy of Vat returns				
	A.Y. 11-12 – 6,04,61,259/-	2. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account F.Y. 08-09, 09-10 and 10-11			
	49,49,50,585/-	3. ITR Acknowledgment				
	Purchase	4. Sales invoices	2. Copy of ITR acknowledgment for A.Y. 09-10, 10-11 and 11-12			
		5. Bank Statement Duly marked				
		6. Trading Account, Profit and Loss A/c and Balance Sheet	3. Audit report with Balance Sheet and Profit and Loss a/c for F.Y.08-09, 09-10 and 10-11			
		7. stock register				
			4. Copy of Sale Bills for F.Y.08-09, 09-10 and 10-11			
		5. Copy of Bank Statement duly marked				
		6. Copy of VAT returns filed for F.Y.08-09, 09-10 and 10-11				
		7. Copy of Sales register and stock register for F.Y. 08-09, 09-10 and 10-11				

10	DIANISH EXPORTS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 23.07.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. Party has not produced sale register, stock register,VAT registration	VAT registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	1. VAT Registration certificate vide registration No. 27250352939V is submitted to CIT (A).
	A.Y. 05-06 – 3,38,06,871/-	B. Details submitted u/s 133(6) directly by the party.	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. Except this the A.O. has accepted the transaction
	A.Y. 06-07 – 2,34,03,252/-	1. Ledger account of Asian Star Co. Ltd	1. Ledger account of M/s Asian Star Co. Ltd for F.y. 04-05 to 08-09			
	A.Y. 07-08 – 3,16,28,850/-	2. Sale/Purchase bill				
	A.Y. 08-09 – 17,98,21,517/-	3. Bank Statement	2. Copy of ITR Acknowledgment for A.Y. 05-06 to 09-10.			
	A.Y. 09-10 – 4,68,19,058/-	4. ITR Acknowledgment				
	31,64,79,548/-		3. Copy of Sale Invoices for F.y. 04-05 to 08-09			
	Polish Purchase					
	A.Y. 08-09 – 4,28,25,918/-		4. Copy of Bank Statement duly marked for above period.			
	A.Y. 09-10 – 17,58,59,583/- 21,86,35,501/-					
Rough Purchase						

11	DIMEXON DIAMONDS LIMITED	A. Account Confirmation of the party submitted by the Appellant	Not attended during remand proceeding	Nil	Nil	The said party had appeared before L.D. A.O. at the time of assessment proceeding and statement was recorded. The party has submitted all the relevant detail during assessment proceeding's which prove the genuineness of transaction			
	A.Y. 06-07 – 42,88,550/-	B. Details submitted u/s 133(6) directly by the party							
	A.Y. 07-08 – 3,85,19,052/-	1. Copy of Vat returns							
	A.Y. 08-09 – 5,48,43,035/-	2. Ledger account of M/s Asian Star Co. Ltd							
	A.Y. 09-10 – 77,48,031/-	3. ITR Acknowledgment							
	A.Y. 10-11 – 2,78,68,147/-	4. Bank Statement Duly marked							
	A.Y. 11-12 – 2,44,23,433/-	5. Profit and Loss A/c and Balance Sheet							
	<u>15,76,90,248/-</u>	6. Copy of PAN Card							
	Purchase	7. Stock Register							
12	GIRISH DIAM	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 03.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced sale register, stock register, VAT registration	In response to the notice u/s 133(6) of the Act the party has submitted the Stock Register to the A.O.	1. The party has submitted the stock register to the AO on 10.01.2014 in response to notice u/s 133(6).			
	A.Y. 07-08 – 20,32,500/-	B. Details submitted u/s 133(6) directly by the party					B. Party appeared during remand proceeding before A.O. and submitted following details personally	VAT registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	2. The appellant has submitted the VAT Registration certificate vide registration No. 27970338672V of party to CIT (A).
	<u>20,32,500/-</u>	1. Ledger account of M/s Asian Star Co. Ltd					1. Copy of ITR for A.Y. 2007-08		3. Except this the A.O. has accepted the transaction
	Purchase	2. ITR Acknowledgment					2. Copy of Bank Statement for the period of 01.03.2007 to 22.03.2007		
		3. Sales/purchase invoices					3. Copy of retail invoice		
		4. Bank Statement Duly marked					4. Copy of ledger for FY 01.04.2006 to 31.03.2007		

13	GLORIOUS DIAMOND PVT. LTD.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 11.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 09-10 – 6,85,50,474/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 10-11 – 47,73,22,212/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y. 08-09 to 10-11			
	A.Y. 11-12 – 25,32,32,343/-	2. Ledger account of M/s Asian Star Co. Ltd				
	79,91,05,029/-	3. ITR Acknowledgment	2. Copy of Sale Invoices for F.Y. 08-09 to 10-11			
	Purchase	4. Sales invoices				
		5. Bank Statement Duly marked	3. Copy of Bank Statement duly marked			
		6. Sales and Stock Register	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns			
			5. Copies of Sales register and Stock register reflecting the transaction with M/s Asian Star Co. Ltd. for F.Y. 08-09 to 10-11			
			6. Copy of ITR Acknowledgment for A.Y. 2009-10 to 2011-12			
			7. Audit report with Balance Sheet and Profit and Loss a/c for F.Y.08-09 to 10-11			

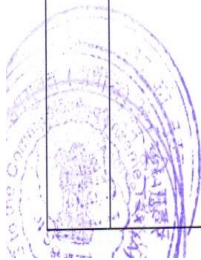
14	JEWEL CRAFT	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 25.07.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. He is Director in M/s. Dianish Exports Pvt Ltd., Party has not produced sale register, stock register, VAT registration	VAT registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	1. VAT Registration certificate vide registration No. 27920338845V is submitted to the CIT (A)
	A.Y. 05-06 – 1,04,38,428/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. Except this the A.O. has accepted the transaction
	A.Y. 07-08 – 62,92,650/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account for F.Y. 04-05, 06-07 and 07-08			
	A.Y. 08-09 – 2,78,85,023/-	2. ITR Acknowledgment	2. Copy of Bank Statement for above period			
	4,46,16,101/-	3. Sales/purchase invoices	3. Copy of ITR Acknowledgment for A.Y. 05-06, 07-08 and 08-09			
	Purchase	4. Bank Statement Duly marked	4. Copy of Sale / Purchase Bills			
	A.Y.08-09 – 13,44,91,569/-					
	13,44,91,569/-					
	Sales					



15	KHUSBOO DIAMONDS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 02.07.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Director attended and furnished the relevant detail	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 09-10 – 1,01,54,584/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 10-11 – 2,21,08,011/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger a/c for the F.Y. 08-09, 09-10 and 10-11			
	A.Y. 11-12 – 13,13,00,015/-	2. ITR Acknowledgment	2. Copy of Sale bills			
	<u>16,35,62,610/-</u>	3. Sales/purchase invoices	3. Copy of bank statement duly marked			
	Purchase	4. Sales register and stock register	4. Copy of stock register for F.Y. 08-09, 09-10 and 10-11			
			5. Copy of ITR for A.Y.09-10, 10-11 and 11-12			
		6. Copy of VAT return for relevant period				
16	KRIYA IMPEX PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 22.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded Party has not produced sale register, stock register,VAT registration	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage.The VAT details are given in the invoice itself
	A.Y. 09-10 – 49,10,000/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 10-11 – 87,66,250/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ITR for A.Y. 2009-10 and A.Y. 2010-11 along with copy of PAN Card.			
	<u>1,36,76,250/-</u>	2. ITR Acknowledgment	2. Copy of Sale Invoices			
	Purchase	3. Sales/purchase invoices	3. Copy of Ledger A/c of M/s Asian Star Co. Ltd			
	4. Bank Statement Duly marked	4. Copy of Bank Statement				



17	LABDHI DIAMOND	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.03.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced stock register, VAT registration	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage. The VAT details are given in the invoice itself
	A.Y. 05-06 – 72,01,760/-	B. Details submitted u/s 133(6) directly by the party				
	<u>72,01,760/-</u>	1. Ledger account of M/s Asian Star Co. Ltd	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	Purchase-	2. ITR Acknowledgment	1. Copy of ledger account for F.Y. 2004-05			
		3. Sales/purchase invoices	2. Copy of Sale Register for F.Y. 04-05			
		4. Bank Statement Duly marked	3. Copy of Sale bills for F.Y. 04-05			
		5. Sales register	4. Copy of Bank Statement duly marked			
			5. Copy of ITR Acknowledgment for A.Y. 2005-06			



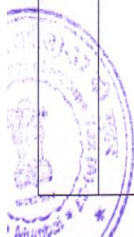
18	MANJU GEMS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 10.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. Party has not produced VAT registration	Nil	Party has submitted MVAT returns for F.Y 2005-06 as mentioned in point no. 04 of the comments.
	A.Y. 06-07 – 15,25,98,590/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	15,25,98,590/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y. 2005-06.			
	Purchase	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices for F.Y. 05-06			
		3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
		4. Sales invoices	4. Copy of MVAT Returns for F.y. 05-06			
		5. Bank Statement Duly marked	5. Copy of Sales Register and Stock Register for F.y. 05-06			
	6. Sales and Stock Register					
19	MEGHA JEWELS	A. Account Confirmation of the party submitted by the Appellant	A. Party appeared during remand proceeding before A.O. and submitted following details personally	Properitor attended and furnished relevant details.	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage. The VAT details are given in the invoice itself
	A.Y. 05-06 – 6,09,68,336/-	B. Details submitted u/s 133(6) directly by the party	1. Copy of ledger account as appearing in our Books	Party has not produced sale register, stock register, VAT registration		
	A.Y. 10-11 – 5,36,65,148/-	1. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Bills			
	A.Y. 11-12 – 5,56,00,572/-	2. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
	17,02,34,056	3. Sales invoices	4. Copy of ITR			
	Purchase	4. Bank Statement Duly marked				

20	MONEY DIAM	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 21.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and requested to give details within 4-5 days. Party has not produced sale register, stock register, VAT registration	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage. The VAT details are given in the invoice itself
	A.Y. 09-10 – 36,19,17,918/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 10-11 – 7,25,69,854/-	1. Copy of Pan Card	1. Copy of PAN Card			
	<u>43,44,87,772/-</u>	2. Ledger account of M/s Asian Star Co. Ltd	2. Ledger account of M/s Asian Star Co. Ltd for FY 2008-09, 2009-10			
	Purchase	3. ITR Acknowledgment	3. Copy of ITR Acknowledgment AY 2009-10, 2010-11			
		4. Sales invoices	4. Copy of Sale Invoices			
		5. Bank Statement Duly marked	5. Copy of Bank Statement			
		6. Trading Account, Profit and Loss A/c and Balance Sheet with Schedule	6. Trading a/c, Profit & Loss a/c and Balance Sheet with schedule for FY 2008-09 & 2009-10			

21	PACIFIC GEMS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 28.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and requested to give details in 4-5 days.	Nil	1. Stock Register and VAT Registration Certificate was submitted by the party as reported in point no. 04 and 7, 8 respectively of comments.
	A.Y. 05-06 – 6,01,47,575/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally	Party has not produced stock register,VAT registration.		2. Except this the A.O. has accepted the transaction
	A.Y. 06-07 – 13,84,00,168/-	1.Sales Register and Stock Register	1. Copy of ITR With Computation, Income Expenditure a/c Capital a/c and Balance Sheet			
	<u>19,85,47,743/-</u>	2. Ledger account of M/s Asian Star Co. Ltd	2. Ledger account of M/s Asian Star Co. Ltd			
	Purchase	3. ITR Acknowledgment	3. Sales Register of Polished Diamond			
		4. Sales invoices	4. Stock Register of Polished Diamond			
		5. Bank Statement Duly marked	5. Copy of Sale Invoices			
		6. Trading Account, Profit and Loss A/c, Capital account and Balance Sheet with Schedule	6. Copy of Bank Statement			
			7. Copy of Enrolment Certificate received from Sales Tax Department - Gujarat			
			8. Copy of Enrolment Certificate received from Sales Tax Department - Maharashtra			

22	POKHRANA IMPEX PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 13.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Director attended and furnished relevant details. Party has not produced sales register and VAT registration	VAT and CST registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	MVAT and CST Registration certificate vide registration No. 27750673152V and 27750673152C is submitted to the CIT (A).
	A.Y. 10-11 – 55,77,35,308/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	<u>55,77,35,308/-</u>	1. Ledger account of M/s Asian Star Co. Ltd				
	Purchase	2. ITR Acknowledgment	1. Copy of ledger for F.y. 09-10			
		3. VAT Audit Report	2. Copy of ITR acknowledgment for A.Y. 10-11			
		4. Bank Statement Duly marked	3. Copy of Sale bills for F.Y. 09-10			
			4. Audit Report with balance sheet and profit and loss a/c for F.Y. 09-10			
			5. Copy of stock register for F.Y. 09-10			

23	POLARSTAR EXPORTS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 27.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Party has not produced stock register,VAT registration. However for A.Y. 2006-07 and A.Y. 2007-08 during scrutiny assessment of the party it has been concluded that party is not doing any business activity .	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage.The VAT details are given in the invoice itself. The appellant has not known about the reasons for concluding the Polar Star Exports for not doing any business activity
	A.Y. 06-07 – 3,45,06,023/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 07-08 – 4,61,10,896/-	1. Copy of Pan Card	1. Copy of Ledger A/c of M/s Asian Star Co. Ltd for F.Y.09-10 and 06-07			
	A.Y. 10-11- 5,99,78,952/-	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of sale invoices for F.Y.09-10 and 06-07			
	<u>14,05,95,871/-</u>	3. ITR Acknowledgment	3. Copy of ITR Acknowledgment			
	Purchase	4. Sales Tax Return	4. Copy of Bank Statement duly marked			
		5. Bank Statement Duly marked	5. Sales register 6. Affidavit dtd. 27.06.2013			
24	PRAKASH DIAMOND PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 03.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. Party has not produced sale register, stock register,VAT registration	In response to the notice u/s 133(6) of the Act the part has submitted Stock Register to the A.O.	1. The party has submitted the stock register to the AO on 10.01.2014 in response to notice u/s 133(6).



A.Y. 05-06 – 2,34,17,360/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally		2. VAT Registration certificate vide registration No. 27040338844V is submitted to the CIT (A).
A.Y. 06-07 – 99,46,800/-	1. Ledger account of Asian Star Co. Ltd.	1. Copy of ledger account for F.Y. 04-05 to 08-09		3. Except this the A.O. has accepted the transaction
A.Y. 07-08 - 1,79,75,209/-	2. ITR Acknowledgment	2. Copy of ITR Acknowledgment for A.Y. 05-06 to 09-10		VAT registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply
A.Y. 08-09 – 36,97,02,073/-	3. Sale and Purchase bill 4. Bank Statement	3. Copy of Sale Invoices for F.y. 04-05 to 08-09		
A.Y. 09-10 – 3,33,56,120/-		4. Copy of Bank Statement duly marked		
45,43,97,562/-				
Polish Purchase				
A.Y. 08-09 – 7,26,22,815/-				
A.Y. 09-10 – 5,09,52,486/-				
12,35,75,301/-				
Rough Purchase				

25	PRIYANKA EXPORTS (Proprietorship) A.Y. 07-08 -46,51,262/- A.Y. 09-10 – 6,37,06,821/- <u>6,83,58,083/-</u> Purchase-		Not attended	Nil	Nil	The appellant has done trasaction with this firm only for 1 year, after which the appellant has not done any transaction. The appellant is not aware whereabouts the party as the appellant is not in touch with the party for last 4 to 5 years. The transaction are settle through account payee cheques
26	PRIYANKA EXPORTS (Firm) A.Y. 06-07 – 86,32,500/- <u>86,32,500/-</u> Polish Purchase A.Y. 08-09 – 1,50,09,745/- <u>1,50,09,745/-</u> Rough Purchase	A. Account Confirmation of the party submitted by the Appellant B. Details submitted u/s 133(6) directly by the party 1. Ledger account of M/s Asian Star Co. Ltd 2. ITR Acknowledgment 3. Bank Statement Duly marked	Not attended	Nil	Nil	Assesment of M/s Priyanka Exports for the period in which Appellant's has the transaction was done by the same assessing officer. The finding and conclusion of the assesment was nil i.e. all the transaction was treated as geniune

27	QUEEN GEMS PVT. LTD.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 11-12 – 24,28,49,305/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	<u>24,28,49,305/-</u>	1. Copy of Vat returns	1. Copy of ledger account for F.Y.07-08 and 09-10			
	Purchase	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices for F.Y.07-08 and 09-10			
		3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
		4. Sales invoices	4. Copy of VAT Registration Certificate of Maharashtra and Gujarat along with copies of Return			
		5. Bank Statement Duly marked	5. Copy of Sales Register and Stock Register for F.Y.07-08 and 09-10			
	6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 2008-09 and 2010-11.				

28	R.KANTILAL & COMPANY	A. Account Confirmation of the party submitted by the Appellant	A. Party appeared during remand proceeding before A.O. and submitted following details personally	Proprietor attended Party has not produced sale register, stock register, VAT registration	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage. The VAT details are given in the invoice itself
	A.Y. 08-09 –1,44,874/-	B. Details submitted u/s 133(6) directly by the party	1. VAT and CST Certificate			
	A.Y. 09-10 –3,71,278/-	1. Ledger account of M/s Asian Star Co. Ltd	2. Ledger Confirmation for A.Y. 07-08, 08-09, 09-10, 10-11			
	A.Y. 10-11 – 77,14,712/-	2. ITR Acknowledgment	3. Sales Bill for A.Y. 07-08, 08-09, 09-10, 10-11			
	<u>82,30,864/-</u>	3. Sale bill	4. Party wise Purchase Register for A.Y. 07-08, 08-09, 09-10, 10-11			
	Purchase-	4. Purchase Register	5. VAT Payment Challan for A.Y. 07-08, 08-09, 09-10, 10-11			
		5. VAT Payment challan	6. Income Tax Acknowledgement for A.Y. 07-08, 08-09, 09-10, 10-11			

29	RISHI DIAMOND	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced sale register, stock register, VAT registration	In response to the notice u/s 133(6) of the Act the party has submitted Stock Register to the A.O.	1. The party has submitted the stock register to the AO on 10.01.2014 in response to notice u/s 133(6).	
	A.Y. 05-06 – 3,51,71,539/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. VAT Registration certificate vide registration No. 27390355675V is submitted to the CIT (A)	
	A.Y. 06-07 – 30,10,000/-	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger for F.Y. 04-05 to 08-09			VAT registration certificate of the party was submitted to the CIT (A) in response to remand report reply	3. Except this the A.O. has accepted the transaction
	A.Y. 07-08 – 62,59,850/-	2. ITR Acknowledgment	2. Copy of ITR Acknowledgment for A.Y. 05-06 to 09-10				
	A.Y. 08-09 – 3,75,55,037/-	3. Sale/Purchase bill	3. Copy of Sale / Purchase Bills for F.Y. 04-05 to 08-09				
	A.Y. 09-10 – 4,20,93,085/-	4. Bank Statement duly marked	4. Copy of Bank Statement				
	<u>12,40,89,511/-</u>						
	Purchase						
	A.Y. 09-10 – 24,12,72,824/-						
	<u>24,12,72,824/-</u>						
Sale							

30	ROUGH DIAMONDS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 10.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 11-12 – 23,48,89,663/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	<u>23,48,89,663/-</u>	1. Copy of Vat returns	1. Copy of ledger account for F.Y. 10-11			
	Purchase	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices for F.Y. 10-11			
		3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
		4. Sales invoices	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns for F.Y. 10-11			
		5. Bank Statement Duly marked	5. Copies of Sales Register and Stock Register for F.Y. 10-11			
		6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 2011-12			
			7. Audit Report with Balance Sheet and Profit and Loss for F.Y. 10-11			



31	ROYAL DIAMOND PVT. LTD.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 10.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement of director was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 05-06 – 4,65,50,700/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 06-07 – 4,07,33,351/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y.04-05 and 05-06			
	8,72,84,051/-	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices for F.Y.04-05 and 05-06			
	Purchase	3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
		4. Sales invoices	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns.			
		5. Bank Statement Duly marked	5. Copies of Sales Register and Stock Register for F.Y. 04-05 and 05-06			
		6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 2005-06 and 2006-07			
			7. Audit report with Balance Sheet and Profit and Loss account for F.Y. 05-06			

32	SAHIL DIAMONDS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 11.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. He is director in Glorious Diamonds Pvt Ltd., Party has not produced VAT registration	Nil	1. VAT Registration Certificate was submitted by the party as reported in point no. 4 respectively of comments.
	A.Y. 05-06 – 4,65,50,700/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. Except this the A.O. has accepted the transaction
	A.Y. 09-10 – 29,16,05,709/-	1. Copy of Vat returns	1. Copy of Confirmation of ledger account for F.Y. 04-05 and 08-09			
	<u>33,81,56,409/-</u>	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices			
	Polish Purchase	3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
	A.Y. 09-10 – 24,50,87,903/-	4. Sales invoices	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns			
	<u>24,50,87,903/-</u>	5. Bank Statement Duly marked	5. Copies of Sales Register and Stock Register F.Y. 04-05 and 08-09			
	Rough Purchase	6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 2005-06 and 2009-10			



33	SAHIL GEMS (INDIA) LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 19.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 06-07 – 1,62,58,927/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 08-09 – 11,22,58,484/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y.05-06, 07-08 and 08-09			
	A.Y. 09-10 – 5,61,59,223/-	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sale Invoices F.Y.05-06, 07-08 and 08-09			
	<u>18,46,76,634/-</u>	3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
	Polish Purchase	4. Sales invoices	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns			
	A.Y. 08-09 – 34,94,63,916/-	5. Bank Statement Duly marked	5. Copies of Sales Register and Stock Register F.Y.05-06, 07-08 and 08-09			
	A.Y.09-10 – 25,50,22,199/-	6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 2006-07, 2008-09 and 2009-10.			
	<u>60,44,86,115/-</u>		7. Audit report with Balance Sheet and Profit and Loss a/c for F.Y.05-06, 07-08 and 08-09			
	Rough Purchase		B.			

34	SAYAM EXPORT	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 31.05.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded. Party has not produced sale register, stock register, VAT registration	VAT registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	1. VAT Registration certificate vide registration No. 24220901628 is submitted to the CIT (A). 2. Except this the A.O. has accepted the transaction
	A.Y. 09-10 – 1,02,93,175/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	<u>1,02,93,175/-</u>	1. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger in My Account Books			
	Polish Purchase	2. ITR Acknowledgment	2. Copy of ITR			
	A.Y. 09-10 – 7,57,57,005/-	3. Sale/Purchase bill	3. Copy of Sale / purchase Bills			
	<u>7,57,57,005/-</u>	4. Bank Statement duly marked	4. Copy of Bank Statement			
	Rough Purchase					
	A.Y.08-09 – 11,55,86,243/- <u>11,55,86,243/-</u>					
Sale						
35	SEJAL EXPORTS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 28.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced sale register, VAT registration	Nil	VAT Registration Certificate was submitted by the party as reported in point no. 4 and 5 respectively of comments.
	A.Y. 05-06 – 19,80,02,467/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	<u>19,80,02,467/-</u>	1. Ledger account of Asian Star Co. Ltd	1. Copy of ITR with Computation, Income Expenditure a/c, Capital a/c and Balance Sheet for AY 2005-06			
	Purchase	2. ITR Acknowledgment	2. Ledger account of M/s Asian Star Co. Ltd for the FY 2004-05			
		3. Computation of Total Income, Income and Expenditure Account, Capital Account and Balance Sheet	3. Stock Register for FY 2004-05 4. Copy of Enrolment Certificate received from Sales Tax Department - Gujarat			
	4. Stock Register 5. VAT Registration certificate	5. Copy of Enrolment Certificate received from Sales Tax Department - Maharashtra.				

36	SIDDHI IMPEX		A. Affidavit dtd. 28.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded.	Nil	The majority of the details relating to transaction with appellant has been submitted at assessment stage and remand stage. The VAT details are given in the invoice itself
	A.Y. 05-06 – 6,71,01,562/- A.Y. 06-07 – 10,39,53,602/-		B. Party appeared during remand proceeding before A.O. and submitted following details personally	Party has not produced sale register, VAT registration		
	17,10,55,164/-		1. Copy of Confirmation of ledger account of M/s Asian Star Co. Ltd			
	Purchase		2. Copy of ITR Acknowledgment			
			3. Copy of Sale Invoices 4. Copy of Bank Statement duly marked 5. Copy of Stock register			
37	SUNRAJ GEMS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 10.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 06-07 – 1,37,16,544/- A.Y. 09-10 – 1,12,73,000/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 10-11 – 2,22,15,500/-	1. Copy of Vat returns	1. Copy of ledger account for F.Y.05-06, 08-09, 09-10 and 10-11			
	A.Y. 11-12 – 6,11,79,880/-	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of Sales Invoices for F.Y.05-06, 08-09, 09-10 and 10-11			
	10,83,84,924/- Polish Purchase	3. ITR Acknowledgment	3. Copy of Bank Statement duly marked			
	A.Y.09-10 – 8,00,38,767/-	4. Sales invoices	4. Copies of VAT Registration certificate of Maharashtra and Gujarat along with copies of Returns			
	8,00,38,767/-	5. Bank Statement Duly marked	5. Copies of Sales Register and Stock Register for F.Y.05-06, 08-09, 09-10 and 10-11			
	Rough Purchase	6. Sales and Stock Register	6. Copy of ITR Acknowledgment for A.Y. 06-07, 09-10, 10-11 and 11-12.			

			7. Audit Report with Balance Sheet and Profit and Loss a/c for F.Y.05-06, 08-09, 09-10 and 10-11			
38	SUPARSHVA GEMS PVT LTD	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 15.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement of director was recorded.	VAT and CST registration certificate of the party was submitted to the CIT (A) in reponse to remand report reply	1. VAT and CST Registration certificate vide registration No. 24220901830 is submitted to the CIT (A).
		B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally	Party has not produced bank statement, sale register, VAT registration.		2. All the payments are made by cheque and being verified by the AO at the assessment stage.
	A.Y. 10-11 – 63,31,500/-	1. Ledger account of Asian Star Co. Ltd	1. Copy of ledger account for F.Y. 09-10			
	<u>63,31,500/-</u>	2. ITR Acknowledgment	2. Copy of Sale Bills for F.Y. 09-10			
	Purchase	3. Sale Bill	3. Copy of ITR Acknowledgment for A.Y. 10-11			
			4. Audit Report of F.Y. 09-10			
			5. Copy of Stock register			

39	SUYASH GEMS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 13.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced sale register. VAT registration	VAT and CST registration certificate of the party was submitted to the CIT (A) in response to remand report reply	1. MVAT Registration certificate vide registration No. 27960691224V and 27960691224C are submitted to the CIT (A).
	A.Y. 10-11 – 4,71,10,191/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			2. Except this the A.O. has accepted the transaction
	<u>4,71,10,191/-</u>	1. Ledger account of Asian Star Co. Ltd	1. Copy of ledger account for F.Y. 09-10			
	Purchase	2. ITR Acknowledgment	2. Copy of Sale Bills for F.Y. 09-10			
		3. Sale Bill and also summon of the Act dtd. 19.03.2013 was issued to produce on 22.03.2013, but the party failed to appear	3. Copy of ITR Acknowledgment for A.Y. 10-11			
			4. Audit report for F.Y.09-10			
			5. Copy of stock register for F.y. 09-10			
40	TITAN INDUSTRIES LTD		Nil	Nil	Nil	The said company is an listed company and have good repo in the market. The said company is group concern of TATA Group, the said group have great reputation in market. Therefore indulging in bogus transaction with this party is not possible.
	A.Y. 06-07 – 7,97,313/-					
	A.Y. 10-11 – 1,25,94,093/-					
	<u>1,33,92,006/-</u>					
	Purchase					

41	UNIVERSAL GEMS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 11.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 09-10 – 4,44,27,923/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	4,44,27,923/-	1. Copy of Vat returns	1. Copy of ledger Account for F.Y. 2008-09.			
	Purchase	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of sales Invoices for F.Y. 08-09			
		3. ITR Acknowledgment	3. Copy of Bank Statement duly marked.			
		4. Sales invoices	4. Copy of ITR for 2009-10.			
		5. Bank Statement Duly marked	5. Copies of MVAT Registration certificate of Maharashtra alongwith copies of return			
		6. Sales and Stock Register	6. Copies of sales Register and Stock Register for F.Y. 2008-09.			

42	VARDHAMAN GEM EXPORTS PVT.LTD.	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 12.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement of director was recorded.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 06-07 – 1,26,46,463/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 07-08 – 2,56,09,611/-	1. Copy of Vat returns				
	A.Y. 11-12 – 22,69,09,998/-	2. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account for F.Y. 05-06, 06-07, 09-10 and 10-11			
	26,51,66,072/-	3. ITR Acknowledgment	2. Copy of ITR acknowledgment for A.Y.06-07, 07-08, 10-11 and 11-12			
	Purchase	4. Sales invoices	3. Audit report with Profit & Loss a/c and Balance Sheet for F.Y.05-06, 06-07, 09-10 and 10-11			
		5. Bank Statement Duly marked	4. Copy of Sale Bills for F.Y.05-06, 06-07, 09-10 and 10-11			
		6. Trading Account, Profit and Loss A/c and Balance Sheet	5. Copy of Bank Statement duly marked			
		7. Sales and Stock register	6. Copy of VAT Return filed for F.Y.05-06, 06-07, 09-10 and 10-11			
			7. Copy of sales register and stock register for F.Y.05-06,06-07, 09-10 and 10-11.			

43	YUKTA EXPORTS	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 11.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 06-07 – 15,75,09,702/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 9,25,48,613/-	1. Copy of Vat returns				
	<u>25,00,58,315/-</u>	2. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger Account for F.Y. 2005-06 and 2008-09.			
	Purchase	3. ITR Acknowledgment	2. Copy of Sales Invoices			
		4. Sales invoices	3. Copy of Bank Statement duly marked.			
		5. Bank Statement Duly marked	4. Copy of ITR for A.Y. 2006-07 and 2009-10.			
		6. Sales and Stock register	5. Copies of MVAT Registration certificate of Maharashtra along with returns.			
			6. Copies of Sales Register and Stock Register for F.Y. 2005-06 and 2008-09.			
Purchase/sale Parties						



44	Cartier Gems	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd 28.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Partner attended and furnished relevant details	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 08-09 – 11,11,36,485/-		B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 9,14,02,117/-		1. Copy of Bank statement, for the period from 01.10.2010 to 31.10.2010.			
	20,25,38,602/-		2. Copy of sale bills			
	Sale-		3. Copy of ITR for the A.Y. 2011-12			
			4. Copy of ledger account for the FY 01.04.2010 to 31.03.2011.			
		5. Copy of Vat 6. Copy of Stock register				
45	Crystal Gems	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 29.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details. Party has not produced purchase, sale register, .	Nil	The majority of detail relating to the transaction with appellant has been submitted at assessment stage and remand stage
	A.Y. 09-10 – 11,61,15,799/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	11,61,15,799/-	1. Copy of Vat Registration certificate	1. Copy of Bank statement, for the period from 01.04.2008 to 31.03.2009			
	Sale	2. Ledger account of M/s Asian Star Co. Ltd	2. Copy of purchase bills			
		3. ITR Acknowledgment	3. Copy of ITR for the A.Y. 2009-10			
		4. Purchase invoices	4. Copy of ledger account for the FY 01.04.2008 to 31.03.2009			
	5. Bank Statement Duly marked	5. Copy of Vat return				
	6. Profit and Loss and Balance sheet	6. Copy of stock register.				

46	D Goldi Gems	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 29.05.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Proprietor attended and furnished relevant details.	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 09-10 – 15,37,41,095/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	15,37,41,095/-	1. Copy of Vat Registration certificate	1. Copy of ledger Account for F.Y. 2008-09.			
	Sale	2. Ledger account of M/s Asian Star Co. Ltd.	2. Copy of purchase Invoices for F.Y. 08-09			
		3. ITR Acknowledgment	3. Copy of Bank Statement duly marked.			
		4. Purchase invoices	4. Copy of ITR for 2009-10.			
		5. Bank Statement Duly marked	5. Copies of MVAT Registration certificate of Gujarat			
		6. Profit and Loss and Balance sheet	6. Copies of purchase Register and Stock Register for F.Y. 2008-09.			



47	Manhar Gems	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 20.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Partner attended and furnished relevant details	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 08-09 – 9,92,66,453/-		B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 13,88,00,551/-		1. Copy of ledger Account for F.Y. 2007-08 and 2008-09.			
	23,80,67,004/-		2. Copy of purchase Invoices for F.Y. 07-08 and 08-09			
	Sale		3. Copy of Bank Statement duly marked.			
			4. Copy of ITR for A.Y. 2008-09 and 2009-10.			
			5. Copies of MVAT Registration certificate of Gujarat			
			6. Copies of purchase Register and Stock Register for F.Y. 2007-08 and 2008-09.			



48	Regent Diamond	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 28.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Statement was recorded	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 08-09 – 27,41,66,308/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 11,93,08,209/-	1. Copy of Vat returns				
	39,34,74,517/-	2. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger account for F.y. 05-06, 07-08 and 08-09			
	Sale	3. ITR Acknowledgment	2. Copy of ITR for the A.y. 06-07, 08-09 and 09-10			
		4. Sales/purchase invoices	3. Copy of Profit and Loss and Balance Sheet for F.Y. 05-06, 07-08 and 08-09			
		5. Bank Statement Duly marked	4. Copy of Bank Statement duly marked			
		6. Sales, purchase and Stock Register	5. Copy sale bill and purchase bill			
			6. Copy of VAT Returns			
			7. Copy of Stock register			



49	Sunshine Impex	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 20.06.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Partner attended and furnished relevant details	Nil	The party furnished all the relevant detail as required by A.O. and the A.O. has accepted the transaction as genuine as the A.O. has not commented adversely
	A.Y. 08-09 – 29,76,67,025/-	B. Details submitted u/s 133(6) directly by the party	B. Party appeared during remand proceeding before A.O. and submitted following details personally			
	A.Y. 09-10 – 14,04,58,534/-	1. Copy of Vat returns				
	43,81,25,559/-	2. Ledger account of M/s Asian Star Co. Ltd	1. Copy of ledger Account for F.Y. 2007-08 and 2008-09.			
	Sale	3. ITR Acknowledgment	2. Copy of purchase Invoices for F.Y. 07-08 and 08-09			
		4. Sales invoices	3. Copy of Bank Statement duly marked.			
		5. Bank Statement Duly marked	4. Copy of ITR for A.Y. 2008-09 and 2009-10.			
		6. Purchase and Stock Register	5. Copies of MVAT Registration certificate of Gujarat			
			6. Copies of purchase Register and Stock Register for F.Y. 2007-08 and 2008-09.			



50	Manan Exports Pvt Ltd	A. Account Confirmation of the party submitted by the Appellant	A. Affidavit dtd. 31.05.2013 submitted as an additional evidence before CIT (A) and forwarded by the CIT (A) to the A.O. for remand report	Not attended	Nil	<p>1. The party is a registered company under Companies Act, 1956</p> <p>2. The appellant has no business connection thereafter, hence can not insist for attendance before the A.O. in absence of statutory notice from IT Department.</p> <p>3. All the transaction are settled through cross a/c payee cheques.</p>
	A.Y. 09-10 – 28,71,05,049/-					
	<u>28,71,05,049/-</u>					
	Purchase					
51	Rapaport India Pvt Ltd	A. Account Confirmation of the party submitted by the Appellant	Nil	Not Attended	Nil	<p>Rapaport India Pvt Ltd is an Indian arm of Rapaport USA which engaged in grading and valuation of diamond. The appellant can not ask the party to appear before the AO. The Income Tax Department can ask for the details.</p>
	A.Y. 09-10 – 2,68,70,086/-					
	<u>2,68,70,086/-</u>					
	Purchase-					

As tabulated above, in many cases even when the parties appeared and confirmed the transactions and also furnished details called for by assessing officer, the AO has found fault and stated in the remand report that some other details such as VAT registration details were not submitted. The same have been submitted before me as narrated in the table above. In the case of M/s Dimexon Diamond Limited, the Vice President appeared before the assessing officer during the assessment proceeding and confirmed that they have sold the goods to appellant with actual delivery of goods and payment thereof was received through banking channel only. The Ld. A.O. however still considered the said party in calculation of peak on the ground that the appellant has not provided the proof of delivery/movement of goods. In this regard the appellant has submitted that, in case of diamond trade it is a general practice that diamond is either delivered through angadiya or delivered personally in the office of purchase party by their staff, as the diamond is precious commodity hence it is not feasible to deliver the goods through courier or transport, hence the parties prefer delivery of the goods personally. Further the office of M/s Dimexon Dimaond Ltd is situated at Nariman Point, Mumbai wherein appellant's office is also located, hence the delivery of diamond by the said party to appellant is done personally by their employee and on the receipt of goods the appellant acknowledge the invoice copy through company seal. The same acknowledged invoice by purchaser is considered as a proof of delivery of goods and the same is general practice in diamond trade and followed by almost

all the parties in diamond trade. The acknowledged copy of invoice was submitted to the A.O. during assessment proceeding, therefore addition of purchase from M/s Dimexon Diamond Ltd on account of non production of proof of delivery/movement of goods is not relevant as the party appeared before the A.O. with all relevant document to verify the transaction and statement was recorded by the A.O.

4.11. The appellant had submitted the confirmation of M/s Rapaport India Pvt. Ltd. during the assessment proceeding's. The appellant had requested the A.O. to summon all the purchase parties including M/s Rapaport India Pvt. Ltd. but the Ld. A.O. has failed to do so and did not even issued any notice u/s 133(6) of the Act to the said party for verification of transaction. The said company is a fully owned subsidiary of Rapaport USA and three of the director of the company are US nationals. Rapaport India Pvt. Ltd. being a MNC follows the government rules in the true spirit. It is difficult for the appellant to produce the director of the Rapaport India Pvt. Ltd in the absence of any puce from the Income Tax Department in the name of the party. The 100% share holding of the company is with foreign parties. M/s Rapaport India Pvt. Ltd. is a well known diamond grading agency in the world. In view of above the appellant could not produce the party during remand proceeding's. From the copy of returns filed with ROC, furnished before me, the foreign shareholding is borne out. Extracts available on worldwide web down loaded from Internet was submitted.

4.12. In the case of Polarstar Exports Pvt Ltd., the allegation was that it had purchased diamonds from M/s Dimexon Diamond Limited and then sold to appellant company. The Ld assessing officer doubted the transaction on the grounds that since the appellant had direct dealings with M/s Dimexon Diamond Limited, there was no reason to obtain diamonds from this party instead of directly from M/s Dimexon and hence was of the view that the transaction with this party was not genuine. Before me it was submitted that the transaction that was subject matter of appeal was only a very small amount of Rs 45,640/- in AY 2007-08 and that party, though never accepted that its transactions were not genuine, may not have carried the matter further in appeal since the amount was small. The profit from the sale and purchase is quite small to the tune of less than Rs 50000/: However, since it had confirmed the transactions with the appellant, and M/s Dimexon Diamond Limited is also a genuine well known company, the action of assessing officer in treating the transaction with this party as not genuine is unjustified. As regards the transaction with Titan Industries Ltd., it is unreasonable to expect the appellant to produce this party and it is unreasonable to treat the transactions as bogus.

4.13. From the details available on record, I find that the appellant never admitted that it had indulged in any bogus transactions. The statements recorded at the time of search and after the search confirm this position. The extracts of these statements are reproduced below.

Statement on oath of Shri Vipul Prabodh Shah, aged 43 years, s/o Late Shri Prabodh Shah, on 30-10-2010 u/s. 132(4) of the Income Tax Act, 1961 during the search proceedings u/s. 132 of I.T. Act, 1961, at the office premises of Asian Star Company Ltd at 114, 11th floor, Mittal Court 'C' Wing, Nariman Point, Mumbai 400 021 on 30.10.2010.

Q.1 Please identify yourself and confirm that oath has been administered to you. Please also confirm that you are told about the consequences of giving false statement on oath.

Ans. I am Vipul Prabodh Shah s/o Shri. Late Prabodh Shah, aged 43 years staying at 601, Devdarshan building, 50 Ridge road, Mumbai 400 006.

Q.2 Please give details of your occupation and sources of income?

Ans. I am the Managing Director of M/s. Asian Star Company Ltd. and I am a director in M/s. Asian Star Diamond International Pvt. Ltd. and partner in M/s. A Star Exports (formerly known as M/s. Vipul trading company and Rahil Agencies), M/s. Jewel Art and M/s. Shah Enterprises. My sources of income include remuneration from the companies where I am a director, income from partnership firms, income from other sources such as dividend and interest from bank deposits and Income from capital gains. I also get remuneration for advisory activities carried out for an overseas organization.

Q.3 Please give the details of the business activities of M/s. Asian Star Company Ltd. and the nature of your duties with M/s. Asian Star Company Ltd.?

Ans. M/s, Asian Star Co. Ltd. is the diamond trading company site holder, wherein we import raw materials from DTC, cut and polish and export the diamonds to various countries. In addition we also import diamond from various other countries and make local purchases and sell them both in Indian market and export market. Our company is also in the business of manufacturing diamond sudded jewellery.

I am the managing director of this company. I look after total purchases of the raw materials and financial functions of the company,

Q.4 During the course of search u/s. 132 of the I.T. Act in the premises of M/s. Asian Star Co. Ltd. it was found that the company is hugely including in booking bogus bills with regard to purchase of diamonds. Give the details of such parties and amounts booked year wise in last six years.

Ans. We are not engaged in any type of booking bogus bills towards purchase of diamonds. We get raw materials - rough diamonds and polished diamonds against every purchase bill we honour.

0.5 I am showing you the statement dated 29-10-10 given on oath by Shri Nitin V Shah, Accountant of M/s: Asian Star Co. ua., working at your Surat factory, which is annexed with this statement. In the said statement he has stated that purchases amounting to Rs.4,20,61,76,321/- made from F.Y. 2003-04 till date, sales amounting to Rs.2,31,56;94,873/- made" during F.Y.-2007-08 "and

2008-09 (except the-month of May 2008) and processing expenses amounting to Rs..22,32,49,302 incurred-during F.Y. 2007-08 and 2008-09 are merely book accommodation entries made by your company, which are not real. Please go through the above statement and give your explanation.

Ans. Shri Nitin V Shah is only an accountant who passes the book entries. He is not involved in any business transactions and may not know the intricacies of each and every transaction directed to be passed In the books of accounts. I wish to state that all the purchase decisions are generally' made by me and they are genuine as stated by me in the answer to the earlier question. In this regard, I request you to give me an opportunity to cross examine Sh. Nitin V Shah.'

'Statement on oath of Shri. Vipul Prabodh Shah aged 45 yrs.old recorded u/s. 131 of the I.T.Act, 1961 on 01.02.2011 at the Office of the Dy.DIT(Inv.), Unit-VII 1(3), Room No.323, 3rd Floor, Scindia House, Ballard Estate, Mumbai-400038 in connection with the search action u/s. 132 of the I.T. Act, 1961 carried out on 29.10.2010 in the case of M/s. Asian Star Co. Ltd. and their related group concerns.

"OATH ADMINISTERED"

0.1 Please identify yourself, and confirm that the Oath has been administered to you and the consequences of giving false statement are also explained to you?

Ans. My name is Vipul Shah s/o. Prabodh Shah, aged 45 years old, residing at 601, Devdarshan, 50, Ridge Road, B.G.Kher Road, Mumbai-400 006. I confirm that the Oath has been administered to me and the consequences of giving false statement are also explained to me.

Q.2 What is your educational qualification? Briefly describe your family.

Ans. I have done [B.com](#). I am married. My family consists of me, my wife Mrs. Sujata Shah and 2 kids and my mother Mrs. Vimla P. Shah.

Q.3 Please give the details of movable as well as immovable properties owned by you as well as your family members in India as well as abroad during the period from 01.04.2004 to till date.

Ans. I am submitting as per Annexure I

Q.4 Do you have any agricultural land in your name as well as you family members name in India as well as abroad? If so, please give the details from 01.04.2004 to till date.

Ans. I am submitting as per Annexure 2.

Q.5 Have you advanced and/or taken any loan to/from anybody i.e. Individual/company/firm etc. during the period from 01.04.2004 to till date? If so, please provide all the details such as Loan confirmation, Name & address from/to whom loan taken or advanced along with their PAN.

Ans. I am submitting as per Annexure 3.

Q.6 Please give the details of your as well as your family member's shareholding in all the concerns in India as well as abroad in which you as well as your family members are/were the director/partner/proprietor/shareholder etc. during the period from 01.04.2004 to till date.

Ans. I am submitting as per Annexure 4

Q.7 Please explain in detail the various business conducted by Asian Star Co. Ltd. and other related entities.

Ans. I am submitting as per Annexure 5.

Q.8 Please explain the relationship of your company i.e. Asian Star co. Ltd. with the following companies related to Mr. Madanlal Jain and Sahil Group:

Sr.No. Companies related to Mr.Madanlal Jain and Sahil Group

1. *Bright Trading Co.*
2. *Sevenstar Gems (I) Pvt. Ltd.*
3. *Arjay Gems Pvt. Ltd.*
4. *Yukta Exports*
5. *Sahil Diamonds Pvt. Ltd.*
6. *Centre Point Gems Pvt. Ltd.*
7. *Bloomingstar Diamonds Pvt. Ltd.*
8. *Clair Diamond Pvt. Ltd.*
9. *Sunraj Gems Pvt. Ltd.*
10. *Queen Gems Pvt. Ltd.*
11. *Royal Diamonds Pvt. Ltd.*
12. *Vardhman Gems Exports Pvt. Ltd.*
13. *Rough Diamonds*
14. *Manju Gems*
15. *Mohit Gems*
16. *Glorious Diamonds Pvt. Ltd.*
17. *Cartier Gems*
18. *Om Trading Co.*
19. *Sahil Gems (I) Ltd.*
20. *Diablue Exports Pvt. Ltd.*
21. *Regent Diamonds*
22. *Elegant Diamond Co.*
23. *Diasqua Exports*
24. *Monarchy Gems*
25. *Universal Gems*
26. *Sahil Herbals Pvt. Ltd.*
27. *Uniquestar Gems (I) Ltd.*
28. *Alpha Exports (Mr. Hemant Jain)*
29. *P. Dinesh & Co.(Mr. Kishor Gandhi)*
30. *Mahavir Exports*
31. *Siddhi Impex*
32. *Manav Gems*
33. *Far East Gems Pvt. Ltd.*
34. *Manju Gems Pvt. Ltd.*

35. *Priyanka Exports*

Ans. We have business relationship with the above companies as per the details being submitted as per annexure 6.

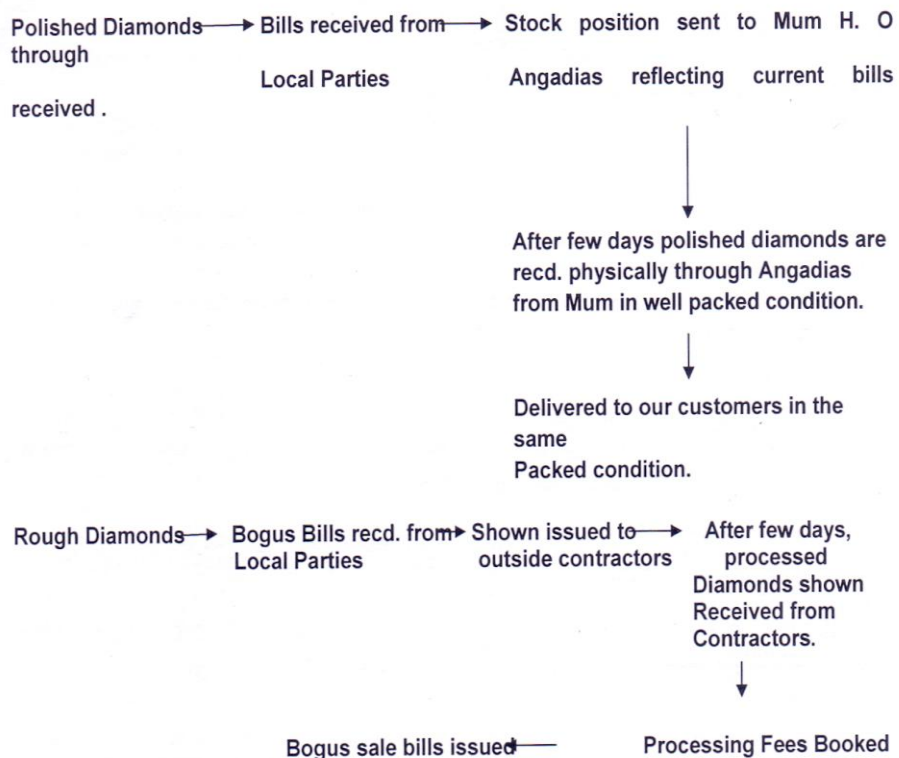
Q.9 It is alleged that whatever rough diamonds you are importing in the capacity as DTC sight holder, part of it you are selling in the local market in cash. It is understood that as per the DTC stipulations you are not suppose to sale the rough diamonds without polishing. Thus, the allegation is that you are selling the rough diamonds for a premium at cash in the local market and totally outside the books. Please explain the process of diamond business with reference to lot G5 at your Mumbai office, which is having lot of imported diamonds with relevant records.

Ans. Being the sight holder of the Diamond Trading Company (DTC) we have never indulged in selling of rough diamonds in local market in cash. I have given a detailed submission on 17/01/11 explaining the physical flow of diamonds with respect to G5 lot at Mumbai which are majorly from imports. In the submission, I have given detailed working of manufacturing activities their process charge with relevant documents. These detailed working of manufacturing activities with supporting evidence shows the entire process and flow of rough diamonds and how the rough diamonds are converted into cut and polished diamonds. The various reports and details submitted by us shows that complete records are maintained for at every stage for each diamond purchased by us. We have made payment for import of rough diamonds through proper banking channels and it is reflected in our books of accounts from all these details it is very much clear that proper records are maintained showing movements of goods and rough diamonds - imported are manufacture and subsequently cut and polished diamonds exported or sold in the domestic markets. Some rough diamonds which are not commercially feasibly for production or not capable of being manufactured are sold. Payment for exports are local sales are also received through proper banking channels and are properly reflected in the books of accounts. The details of sale of cut and polished diamonds for F.Y. 2008-09 along with realization details also have been submitted to you. From this it is very clear that we have never sold any rough diamonds in cash in local markets as alleged. I wish to bring to your kind attention that even during the course of search no incriminating material was found supporting the above allegation.

Q.10 I am showing you statement of Shri. Nitin Shah, the accountant at Surat Branch recorded on 29.10.10 u/s. 131. As per statement he has confirmed that the Asian Star Group has taken bogus accommodation bills for purchases. In the answer to question no.24 regarding various supporting documents during last seven years for transfer of diamonds from Surat to Mumbai and Mumbai to Surat, He has stated that "no supporting documents for the same and neither can be produced the names of Angadias to whom the diamonds have been transferred." In the answer to question no.26 regarding

ensuring of the safety of the transport of the diamonds between Mumbai and Surat is stated that "Safety cannot be achieved and actually not required in the case of polished diamonds procured locally and sent to Mumbai for assortment as there are no polished diamonds being actually sent from Surat to Mumbai for assortment." In answer to question no.27, He further stated that "What are being actually sent from Surat to Mumbai through Angadias are nothing but pieces of papers on which stock position as on date of dispatch of courier is being mentioned. These details have shown in the Angadias' records in the form of different Jangad Numbers. But they don't contained diamonds but only the details of stock position." In answer to question no.29, regarding the purpose of above transactions he has stated that "actually this entire setup of sending stock statements from Surat to Mumbai through Angadias is deployed to cover up the actual diamond which are received from Mumbai." Mr. Nitin Shah in answer to question no.31 has explained the above.

transaction in a flow chart.



During the statement, he has also quantified the extend of bogus entries in the Surat Office as below:

F.Y.	Purchase		Total
	Rough Diamonds	Polished Diamonds	
2003-04	Nil	16,94,78,752	16,94,78,752
2004-05	Nil	10,96,08,771	10,96,08,771
2005-06	Nil	7,10,60,995	7,10,60,995
2006-07	Nil	14,10,64,939	14,10,64,939
2007-08	89,95,66,615	43,73,08,362	1,33,68,74,977
2008-09	1,41,59,79,550	43,81,69,554	1,85,41,49,104
2009-10	Nil	29,22,49,693	29,22,49,693
2010-11	Nil	23,16,89,090	23,16,89,090
		Grand Total	4,20,61,76,321

His year wise details of Sales are as follows:

<i>Financial Year</i>	<i>Sale of Polished Diamonds</i>
<i>2007-08</i>	<i>1,03,23,14,083</i>
<i>2008-09</i>	<i>1,28,33,80,790</i>
<i>Total</i>	<i>2,31,56,94,873</i>

Please explain in the above context, why this entire transaction should not be treated as bogus purchase and added to the total income of your company M/s. Asian Star Ltd. in the relevant assessment year. Please explain the above with a study of flow of diamonds by taking example of Lt SG5 Surat for F. Y. 2008-09 from purchase to selling stage.

Ans. I wish to submit here that we have never indulged in taking any accommodation bill from any party. I have submitted detailed submission on 17.01.2011 along with detailed report of movement of goods of lot SG5 at Surat for F.Y. 2008-09. I hope it will clear the air that we have not indulged any bogus billing.

The statement given by Nitin Shah is not to be relied upon since he is only an accountant and his duty is to enter the transactions in the books of accounts. He does not know anything about and purchase and sale activity at Sural. He does not have any power to handle purchase and sale activity. Mostly these activities are handled by the directors from Mumbai or person/Persons sent from Mumbai as representative.

Further, we did not understand his statement about Angadias and related issues. Since goods are regularly sent from Mumbai to Surat and Surat to Mumbai through Angadias. Goods are always accompanied by Jangad. As far as security of the goods are concerned, these movements of goods through Angadia are covered under jewelers block policy. We would like to cross examine Nitin Shah to clarify on the above issues.

Q.11. I am showing you statement of Shri Nitin Shah, the accountant at Surat Branch recorded on 29/10/10 u/s. 131. IN this answer to question no. 37 regarding the processing charges for various financial years like 2007-08 - Rs. 9.66 crores, 2008-09 - Rs. 12.66 crores, he has stated that "the processing expenses for the financial years 2007-08 & 2008-09 shown to have incurred on polishing the rough diamonds purchased locally during the said period are not genuine and merely book entries included in the expenses to deflate the net profit and consequently the taxable income for the respective financial years. How the adjustments for the same were made in and outside the books of accounts are the domain of the knowledge of the directors of the company". Please explain.

Ans: As explained earlier we have not indulged in any accommodation bills. All our purchases and sales are genuine transactions. Also I have explained the movement of goods along with supporting documents. If purchase of rough diamonds and sale of cut and polished diamonds are genuine transaction, the processing charges paid for conversion of rough diamonds into polished diamonds are ought to be genuine. The rough diamonds procured were issued to outside contractors for job work. The outside contractors converted the rough diamonds into polished diamonds. Subsequently the polished diamonds received from manufacturing are sold in local markets.

We have submitted the labour bills issued by various parties and also confirmations from all the labour parties with their PAN confirming the amount of labour charges and payment made to them. Almost all the parties are assessed to income tax and have their PAN. We have given complete details of the quantity of rough diamonds manufactured by each contractor and the quantity of polished diamonds received after manufacturing and labour charges payable on each such job work. The payment is made through account payee cheque and is properly reflected in their bank statement and bank book. The bank statements reflecting these payments are also submitted by us. We have even deducted TDS from such job work as per applicable rate. Some of the parties have also produced lower deduction certificate issued by different income tax authorities. So, all the labour contractors are in the records of department and also under control and supervision of department since their obtaining lower deduction certificate. We have properly deducted income tax and deposited the same with the government. We have also produced quarterly TDS return filed with the department and also produced copy of challans for TDS paid. When reference to above discussion it is clear that all the processing charges paid to various parties as mentioned above are genuine. Here also. We would like to cross examine Nitin Shah to clarify on the above issues.

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Q.14 I am showing you loose papers 1 to 361 as Annexure A13 seized from the Mittal Court - premises during the search operations u/s. 132 on 29.10.2010. It shows various cash figures on various dates continuously and seems to be related with Angadias. Please explain.

Ans. We frequently send goods to our factory in Surat or to other Labor Contractors for -Manufacturing. These goods are sent through angadia (courier service). All the parcels ent through angadia are recorded in this register.

We generally send our goods through the following angadia service providers:-

- P/M — P. Maganlal*
- VIA - Vasantilal Ambalal*
- J/A - Jayantilal Ambalal*
- N/C - Natwarlal Chunilal*
- M/S - Maganlal Shankarlal*
- M/M - Madhav Magan*
- J/S - Jayantilal Somabhai.*

The register contains records as per the angadia company through which the goods are sent. The register shows the date on which the angadia has been sent, the consignee, and lastly the insurance value of the couriers.

This insurance value is the value we get from the angadia company in case they lose or misplace our parcel. Our main intention of taking this insurance from the angadia company is to make them more responsible with our parcels. Taking of insurance from the angadia company makes them handle our parcels with extra care and precaution. This ensures that our parcels are properly and timely delivered to the consignee.

For loss of goods we have a jeweller Block Policy which covers the transfer of goods through angadia. Under this policy our maximum cover is RS.1 0 crore per incident.'

4.14. It is also seen that the appellant had immediately objected to the statement given by Shri Nitin Shah and asked for an opportunity for cross examination, which was never granted. Further, the assessing officer grilled Shri Nitin Shah in the statement recorded on 27/02/2013, which is attached to and made part of assessment order. However, Shri Nitin Shah consistently reiterated that the statement recorded on 29/30 October 2010 was under coercion and that he had retracted from such statement. Not a single party, out of the several parties treated as bogus by AO, have admitted to any bogus transaction with the appellant. In such circumstances, reliance on statement of Shri Nitin Shah, which is retracted, without any corroborating evidence cannot be sustained.

4.15. The assessing officer has not accepted the retraction by Shri Nitin Shah. He has alleged that the retraction is at behest of appellant, but has not pointed out as to which part of the statement of Shri Nitin Shah recorded on 27/02/13 proves the allegation. The assessing officer has stated that such detailed and factual reply could not have been given by Shri Nitin Shah if it were not true. The same statement however also shows that Shri Nitin Shah has explained that the question and answers were written by the authorized officer and that he was made to sign it. The assessing officer has held that there is no proof of coercion. As can be seen from the statements reproduced above, Shri Vipul Shah, Director, when confronted the next day with this statement of Shri Nitin Shah, has clearly repudiated the statement recorded of Shri Nitin Shah, and has asked for opportunity for cross examination. However, no opportunity was given by the investigation team or the assessing officer. In such a situation, the credibility of the evidence in terms of the incriminating statement is lost. In the present case, the admission has not been made by any principal officer or managing director. Even if retraction were to be ignored, it is a third party statement which has not been corroborated by any other evidence or person. In his

statement recorded in post search investigations on 25/1/11, Shri Mithulal Birawat, who is proprietor of M/s Rough Diamonds, and Partner in M/s Regent Diamonds, Cartier Gems and Director in Vardhaman Gem Exports P Ltd. , Sahil Gems P Ltd., Sunraj Gems P Ltd. and M/s Clair Diamond P Ltd., confirmed the transactions with the appellant with his concerns. In statements recorded on the same date, Shri Manish Jam- concerns Vardhaman Gem Exports P Ltd., Queen Gems P Ltd. and Sahil Diamonds Ltd., Shri Surendra Kumar Chaplot- concerns Siddhi Impex, Shri Hanumanlal Bhura- concerns Unique Star Gems India P Ltd., have all confirmed the transactions with the appellant company.

4.16. The business involved here is one of purchase of rough diamonds, cutting and polishing, and then sale of polished diamonds. These are numerous in numbers but of very small weight and size. The pieces are not such as to have any unique identification whose movement can be tracked individually. The polished diamonds are assorted by experts in to similar categories based on carat, cut, colour and clarity. Two different assorters may assort differently. The nature of the product is not such as to require lorries for transport. These are either delivered in person or through angadiyas with jhangads. Once the diamonds are delivered, the jhangads and angadiya receipts are not important enough to be preserved A packet of diamonds coming from Surat to Mumbai with a jhangad may be regrouped into another packet based on assortment and move with another jhangad. It will be well near impossible to reconcile the two jhangads other than in terms of total carats. In this nature of diamond business, any verification of transport documents/movement of goods has to keep these aspects in mind. The acceptance endorsed on the invoice is final proof of delivery of the stated goods reflected therein.

4.17. The assessing officer has alluded to loans received by Flora Impex Pvt Ltd and Shloka Traders Pvt Ltd and Nishant Impex Pvt Ltd from Royal Diamond Pvt Ltd., Diablue Exports Pvt Ltd., and Vardhaman Gem Exports Pvt Ltd which has then ultimately found their way as loan to other group concerns and to director of the company. From this the assessing officer has concluded that the payment made for purchases have come back to the appellant group. A perusal of records show that statements were recorded of Directors of the group concerns where these transactions were asked to be explained. On 2/2/2011, Shri Kalpesh Rana , Director of Shloka Traders Pvt Ltd. gave details of Rs 11.50 crores loan received from Royal Diamond Pvt Ltd and Diablue Exports Pvt Ltd. in the month of March 2010 which were repaid in August 2010. Similar replies were given by Shri Hiren Shah, Director of Flora Impex Pvt Ltd and Shri Dharmesh V Patel Director of Rahil Impex Pvt Ltd. in their statements that were recorded in post search investigation. It is observed that the repayment is on a date prior to the date of search. The assessing officer has ignored these facts which do not support his suspicion and conclusion. There is no

finding that there are cash withdrawals. The assessing officer has also not indicated what action was taken in the assessments of these group entities in respect of these transactions. A loan received by cheque and repaid by cheque does not support the hypothesis that payment for alleged bogus purchases have come back to the appellant.

4.18 Affidavit filed may not be accepted without the person being made available for cross examination. Only a few parties did not appear were not produced before the assessing officer or in appellate proceedings. From the details filed and record of verification, it is seen that in respect of purchases/sales, there is only one party viz. Priyanka Exports (proprietary concern) which did not attend before assessing officer nor any affidavit of confirmation was filed. The assessing officer is directed to consider only this party for computation of peak for the purposes of addition. All other purchases/sales are held to be genuine. There is no transaction with this party in current year.

4.19. As regards the addition of 1% on account of Gross Profit addition on purchase discount, I find that the assessing officer has not brought anything on record to establish that the difference in price is 1% on cash purchases. The cash purchase itself has also not been proved. If accommodation bills are taken, there is likely to be some commission expenses. This will negate the discount on cash purchase. Accordingly, I hold that such an estimation of additional gross profit is unwarranted and unsubstantiated.

11. The addition made on account of processing charges was partly deleted by the CIT(A) after having following observations :-

4.20 As regards the processing charges, it is seen that only 17 parties appeared/were produced before the assessing officer, who confirmed the transactions. At best only parties other than these can be treated as non-genuine. Based on the above, the amount which is disallowable for each assessment year is tabulated below:-

Assessing year	Amount Rs.
AY 2005-06	21,63,184
AY 2006-07	23,63,936
AY 2007-08	15,98,060
AY 200-10	5,18,584
AY 2010-11	Nil
AY 2011-12	Nil
Total	71,16,902/-

4.21. The assessing officer may reconfirm the amount to be disallowed based on the transactions with the impugned parties that did not appear before him, as held by me for disallowance, based on

the expenses debited by the appellant in respect of those parties and based on the method adopted for computing the disallowance in the assessment order for the respective assessment years.

In the result, appeal for A.Y.2005-06 is partly allowed.”

12. Against the above order of CIT(A) revenue is in appeals before us and the assessee has filed cross objections.

13. In cross objections, the assessee has raised similar grounds in all the years which pertains to upholding the disallowance in respect of purchases from the parties which did not appear and also with respect to part of the expenses incurred on processing charges.

14. With regard to the decline of purchases as bogus, Id. AR relied on the decision of Hon'ble Bombay High Court in the case of CIT Vs. M/s Nikunj Eximp Enterprises Pvt. Ltd., 372 ITR 619 and Hon'ble Gujarat High Court in the case of CIT Vs. M.K.Brothers, 30 taxman 547. It was further contended that purchases cannot be held to be bogus merely on the plea that non-appearing of the suppliers before the AO and for this purpose reliance was placed on decision of the coordinate bench in the case of Shri Ganpatraj A. Sanghavi Vs. ACIT, ITA No.2826/Mum/2013.

15. We have considered rival contentions, gone through the orders of the authorities below and also deliberated on the judicial pronouncements referred by lower authorities in their respective orders as well as cited by Id. DR and AR during the course of hearing before us. From the record we found that addition on account of purchase were made by the AO on the plea that suppliers were not appeared before the AO. During the appellate proceedings, the assessee filed confirmation from suppliers, their

affidavits for supply of goods, copy of their IT return with computation of income, income and expenditure account, capital account, balance sheet etc. In some cases, stock register copy of enrollment certificate received from sales-tax department, copy of bank statement, copy of sale/purchase bill etc. were filed. The CIT(A) sent all these documents to the AO for his remand report. The AO called the suppliers and the suppliers appeared before the AO, their statements were recorded and sent his remand report in respect of each and every suppliers. After considering the remand report and the rejoinder filed by the assessee, the CIT(A) recorded a categorical finding with respect to each and every supplier and observed that they were genuine supplier, having their sales tax No., PAN No. The statement recorded by the AO were also considered along with affidavits filed by the respective suppliers. The CIT(A) also recorded a finding to the effect that all these parties appeared during the remand proceedings, before the AO and submitted the details mentioned in his appellate order at para 10. On the basis of these documentary evidence the CIT(A) concluded that all the suppliers are genuine except M/s Priyanka Exports in respect of supply made in the assessment year 2007-08 amounting to R.3,37,854/- and Rs.46,27,477/- in the assessment year 2009-2010. The detailed finding given by the CIT(A) are as per material on record. Accordingly, we do not find any reason to interfere in the findings recorded by CIT(A) for deleting major addition made on account of bogus purchases. Accordingly, we confirm the order of CIT(A) with regard to the addition deleted by him on account of such purchases. We also confirm

the order of CIT(A) with regard to upholding the action of AO for making addition on account of purchases from M/s Priyanka Exports.

16. The AO has also made addition on account of processing charges paid by assessee. The CIT(A) called a remand report and after considering the parties appeared during the remand proceedings, having confirmed the undertaking of processing of diamond, deleted partly addition/disallowance so made by the AO. The CIT(A) observed that all these parties have confirmed the transaction and had undertaken processing work of assessee. However, the CIT(A) has confirmed the addition with respect to the parties who did not appear before the AO during the remand proceedings. Accordingly confirmed the disallowance to the extent of Rs.21.63 lakhs in assessment year 2005-06, Rs.23.63 lakhs in assessment year 2006-07, Rs.15.98 lakhs in assessment year 2007-08, Rs.5.18 lakhs in assessment year 2009-10. The detailed finding recorded by the CIT(A) both with regard to allowing claim of processing charges as well as reasoning given for disallowing the same are as per material on record. Accordingly, we do not find any reason to interfere in the order of CIT(A).

17. From the remand report we found that in many cases even when the parties appeared and confirmed the transaction and also filed details called for by the AO, the AO has found fault and observed in the remand report that some of the VAT registration details were not submitted by the suppliers. We found that the short comings pointed out by the AO are not substantive so as to justify the decline of claim. Even such shortcomings

were filed at the CIT(A)'s stage and after considering the same the CIT(A) has deleted most of the additions as enumerated partywise in his appellate order. In respect of M/s Dimexon Diamond Limited, the Vice President appeared before the assessing officer during the assessment proceeding and also confirmed that they have sold the goods to assessee with actual delivery of goods and payment thereof was received through banking channel only. Instead of all these things, we found that the AO while considered the said party in calculation of peak on the ground that the assessee has not provided the proof of delivery/movement of goods, we do not find any justification in the AO's order insofar as assessee is a diamond trader wherein as per general practice diamond is either delivered through angadiya or delivered personally in the office of purchase party by their staff, as the diamond is precious commodity hence it is not feasible to deliver the goods through courier or transport. From the record, we found that office of M/s Dimexon Dimaond Ltd is situated at Nariman Point, Mumbai wherein assessee's office is also located, hence the delivery of diamond by the said party to assessee is done personally by their employee and on the receipt of goods the assessee acknowledge the invoice copy through company seal. The same acknowledged invoice by purchaser is considered as a proof of delivery of goods and the same is general practice in diamond trade and followed by almost all the parties in diamond trade. We found that the acknowledged copy of invoice was submitted to the A.O. during assessment proceeding, therefore addition of purchase from M/s Dimexon

Diamond Ltd on account of non production of proof of delivery/movement of goods is not relevant as the party appeared before the A.O. with all relevant document to verify the transaction and statement was recorded by the A.O. Similar finding was given by the CIT(A) with respect to M/s Rapaport India Pvt. Ltd., Polarstar Export Pvt. Ltd. etc.

18. We had also verified the statement of Shri Vipul Prabodh Shah, Managing Director of assessee company recorded at the time of search and after the search. Shri Vipul Prabodh Shah, Managing Director has clearly demonstrated to the search party the facts and figures with regard to the nature of assessee's trade. The submission of Shri Nitin Shah Accountant at Surat Branch was recorded on 29-10-2010 u/s.131 was also shown to Shri Vipul Prabodh Shah. Shri Vipul Prabodh Shah clearly controverted the allegations of Shri Nitin Shah. We also found that Nitin Shah was only an accountant and his duty is to enter the transactions in the books of accounts. He does not know anything about and purchase and sale activity at Surat. He does not have any power to handle purchase and sale activity. Mostly these activities are handled by the directors from Mumbai or person/Persons sent from Mumbai as representative. Shri Vipul Prabodh Shah also explained to the search authorities regarding sending of goods from Mumbai to Surat and Surat to Mumbai through Angadias. Goods are always accompanied by Jangad. As far as security of the goods are concerned, these movements of goods through Angadia are covered under jewelers block policy. As per the insurance policy the insurer has right to get from the angadia company

in case they lose or misplace the parcel so sent through them. Taking of insurance from the angadia company makes them handle the parcels with extra care and precaution. This ensures that parcels are properly and timely delivered to the consignee. For loss of goods there was a Jeweller Block Policy which covers the transfer of goods through angadia. Under this policy assessee's maximum cover was of Rs.10 crore per incident. We also found that adverse statement given by Nitin Shah was not allowed to be cross-examined by assessee even after making so many requests. The CIT(A) also found that AO has grilled Nitin Shah in the statement recorded on 27-2-2013. It was also observed that even Nitin Shah has consistently reiterated that the statement recorded on 29/30 October 2010 was under coercion and that he had retracted from such statement. From the material placed on record, we found that not a single party, out of the several parties treated as bogus by AO, have admitted any bogus transaction with the assessee. Accordingly the AO's reliance on the statement of Nitin Shah, which was retracted and which is without any corroborative evidence, cannot be sustained. The CIT(A) also observed that no opportunity was given by the Investigating Officer or the AO to cross examine Nitin Shah, the credibility of the evidence in terms of incriminating statement is lost. The CIT(A) also found that admission has not been made by the Principal Officer or Managing Director of the company and even if retraction is to be ignored, which is a third party submission which has not been corroborated by any other evidence or

person. From the record we found that in his statement recorded in post search investigations on 25/1/11, Shri Mithulal Birawat, who is proprietor of M/s Rough Diamonds, and Partner in M/s Regent Diamonds, Cartier Gems and Director in Vardhaman Gem Exports P Ltd. , Sahil Gems P Ltd., Sunraj Gems P Ltd. and M/s Clair Diamond P Ltd., confirmed the transactions with the assessee with his concerns. In statements recorded on the same date, Shri Manish Jain- concerns Vardhaman Gem Exports P Ltd., Queen Gems P Ltd. and Sahil Diamonds Ltd., Shri Surendra Kumar Chaplot- concerns Siddhi Impex, Shri Hanumanlal Bhura- concerns Unique Star Gems India P Ltd., have all confirmed the transactions with the assessee company. In the instant case, assessee was engaged in the business of purchase of rough diamonds, cutting and polishing and then sale of polished diamonds. These are numerous in numbers but of very small weight and size. The pieces are not such as to have any unique identification whose movement can be tracked individually. The polished diamonds are assorted by experts in to similar categories based on carat, cut, colour and clarity. Two different assorters may assort differently. The nature of the product is not such as to require lorries for transport. These are either delivered in person or through angadiyas with jhangads. Once the diamonds are delivered, the jhangads and angadiya receipts are not important enough to be preserved. A packet of diamonds coming from Surat to Mumbai with a jhangad may be

regrouped into another packet based on assortment and move with another jhangad.

19. We also found that CIT(A) has dealt with each and every party in great detail from who assessee has purchased goods in terms of the remand report given by the AO. From the details filed during the remand proceedings and thereafter the CIT(A) recorded a finding to the effect that in respect of purchase/sales there is only one party i.e. Priyanka Exports, which did not attend before the AO nor affidavit or confirmation was filed. Accordingly the AO was directed to consider only this party for computation of peak for the purposes of addition. All other purchases/sales were held by the CIT(A) to be genuine.

20. With regard to the addition of 1% on account of Gross Profit addition on purchase discount, the CIT(A) found that the assessing officer has not brought anything on record to establish that the difference in price is 1% on cash purchases. The cash purchase itself has also not been proved. If accommodation bills are taken, there is likely to be some commission expenses. This will negate the discount on cash purchase. Accordingly, it was held that such an estimation of additional gross profit is unwarranted and unsubstantiated.

21. In view of the detailed findings recorded by CIT(A), which are as per material on record, we dismiss the appeals of the revenue by upholding the finding of CIT(A) which is as per material on record, we confirm both deletion of addition by CIT(A) and also addition upheld by

CIT(A), therefore, the cross objections filed by the assessee are also dismissed.

22. In the result, all appeals of the revenue as well as cross objections of the assessee are dismissed.

Order pronounced in the open court on this 31/03/2016.

**Sd/-
(SANDEEP GOSAIN)**

न्यायिक सदस्य / JUDICIAL MEMBER

**Sd/-
(R.C.SHARMA)**

लेखा सदस्य / ACCOUNTANT MEMBER

मुंबई Mumbai; दिनांक Dated 31/03/2016

प्र.कु.मि/pkm, नि.स/ PS

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त(अपील) / The CIT(A), Mumbai.
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुंबई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY
ORDER,

सत्यापित प्रति //True Copy//

उप/सहायक पंजीकार
(Asstt. Registrar)
आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai