HC-KAR

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 22ND DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO.10621 OF 2026 (T-IT)

BETWEEN:

HICAL TECHNOLOGIES PRIVATE LIMITED,
A COMPANY INCORPORATED UNDER THE
COMPANIES ACT,
HAVING OFFICE AT 312-313,
PRESTIGE PENTA EVA MALL,
NO.PHASE 2, ELECTRONICS CITY,
BANGALORE 560 100,
REP BY ITS AUHTORIZED SIGNATORY
MR. OMAR ABDULLAH SHAIK MADAR.

...PETITIONER

(BY SRI. SYED KHAMRUDDIN, ADVOCATE)

AND:

Digitally signed by DIVIKA M
Location: HIGH COURT OF KARNATAKA

1. ASSESSMENT UNIT,
   REPRESENTED BY ADDITIONAL / JOINT /
   DEPUTY / ASSISTANT COMMISSIONER
   OF INCOME TAX/ INCOME TAX OFFICER,
   INCOME TAX DEPARTMENT,
   MINISTRY OF FINANCE, ROOM NO. 401,
   2ND FLOOR, E-RAMP,
   JAWARHARLAL NEHRU STADIUM,
   DELHI 110 003.

2. NATIONAL FACELESS ASSESSMENT CENTRE,
   REP BY ADDITIONAL / JOINT /DEPUTY /
   ASSISTANT COMMISSIONER OF INCOME TAX/
   INCOME TAX OFFICER,

INCOME TAX DEPARTMENT,
MINISTRY OF FINANCE,
ROOM NO.401, 2ND FLOOR, E-RAMP,
JAWARHARLAL NEHRU STADIUM,
DELHI 110 003.

…RESPONDENTS

(BY SRI M. THIRUMALESH, ADVOCATE FOR R1 AND R2)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO ISSUE A WRIT OR ORDER IN THE NATURE OF CERTIORARI, QUASHING ASSESSMENT ORDER DATED 07.03.2026 BEARING NO. ITBA/AST/S/143(3)/2025-26/1087022648(1) PASSED BY THE 1 RESPONDENT (ANNEXURE A), (II) COMPUTATION SHEET DATED 07.03.2026 BEARING NO. ITBA/AST/S/624/2025-26/1087030496(1) (ANNEXURE A1), AND (III) DEMAND NOTICE DATED 07.03.2026 BEARING NO. ITBA/AST/S/156/2025-26/1087030571(1) (ANNEXURE A2), ISSUED BY THE 1ST RESPONDENT. II. ISSUE A WRIT OR ORDER IN THE NATURE OF CERTIORARI, QUASHING THE NOTICE OF PENALTY UNDER SECTION 274 READ WITH 270A OF IT ACT, DATED 07.03.2026 BEARING NO.ITBA/PNL/S/270A/2025-26/1087036633(1) (ANNEXURE-B) AND (V) NOTICE OF (IV) NOTICE OF PENALTY UNDER SECTION 274 READ WITH 271AAC(1) OF IT ACT, DATED 07.03.2026 BEARING NO. ITBA/PNL/S/271AAC(1)/2025-26/1087036642(1) (ANNEXURE B1) ISSUED BY THE 1ST RESPONDENT AND ETC.

THIS PETITION, COMING ON FOR FRESH MATTERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

The present petition has been filed assailing the Assessment Order at Annexure-A passed by respondent No.1 and certain allied reliefs are also sought. The petitioner has also assailed the validity of the penalty proceedings pursuant to the Assessment Order.

2. The case of the petitioner is that the Assessment Order passed is liable to be interfered insofar as the authority has not taken note of the entirety of the stand of the petitioner regarding the expenditure as well as list of sundry creditors as submitted by the assessee by way of excel sheet. It is submitted that the authority having observed that the petitioner has not produced supporting documentary evidence as regards expenses as well as has not submitted documentary evidence regarding sundry creditors and having made additions to such disallowed expenditure requires to be re-considered by way of setting aside of the order and remitting the matter back for re-consideration before the Assessing Officer. It is submitted that if matter is remitted, the petitioner would

substantiate the discrepancies as pointed out leading to proposed addition.

3. Learned counsel for the respondents Sri M.Thirumalesh submits that burden being on the assessee to demonstrate expenditure to be allowed as also the sundry creditors, such burden not having been discharged, the petitioner cannot find fault with the approach of the Assessing Authority.

4. Perused the Assessment Order at Annexure-A. The point wise rebuttal at paragraph No.4.5.1 makes out the case of the petitioner. The Assessing Authority has observed that though assessee in the excel sheet had submitted details of expenses amounting to Rs.14,43,300/-, but had failed to submit any documentary evidence for the remaining expenses of Rs.4,57,700/-.

5. It is further observed that insofar as addition of Rs.20,12,96,418/-, though the assessee had submitted excel sheet with the list of various sundry creditors and invoices, however, the assessee had not submitted any documentary

evidence relating to sundry creditors amounting to Rs.10,69,67,959/-. The conclusion is found at paragraph No.4.6, which reads as follows:

> **4.6 Conclusion drawn:**
>
> *4.6.1 During the assessment proceedings, various expenditure claims of the assessee were examined. The expenses under the heads "House Keeping - Manpower Cost," "Travel - Foreign," and "Computer Hardware" were supported by sample bills, invoices, and relevant documentary evidence and were therefore accepted and allowed. In respect of "Lab and Testing Fee," invoices substantiating Rs.18,71,313/- were verified and allowed; however, due to incomplete supporting evidence for the remaining amount of Rs.18,50,687/- are hereby disallowed and Computer Hardware Repairs expenses supported by invoices amounting to Rs.14,43,300/- are allowed, while the unsupported balance of Rs.4,57,700/- are hereby disallowed. Therefore, an addition of Rs.23,08,387/- are made to the taxable income of the assessee on account of disallowance of expenses u/s 37(1) of the Act. Further penalty proceeding u/s 270A(1) r.w.s 270A(8) r.w.s 270A(9) of the IT Act, 1961 for under reporting of income in consequence of mis-reporting thereof are initiated separately.*

4.6.2 With regard to the addition of Rs.20,12,96,418/- on account of sundry creditors, the assessee furnished an excel sheet along with certain invoices and payment details. However, no documentary evidence was produced for sundry creditors amounting to Rs.10,69,67,959/- is hereby added to taxable income of the assessee on account of unexplained cash credit u/s 68 of the Income Tax Act, 1961 chargeable to taxed under the provisions of section 115BBE of the Income Tax Act, 1961. Further, penalty proceedings u/s 271AAC(1) of the Income Tax Act, 1961 may not be initiated separately."

6. Taking note of the submission of the petitioner that they have material to substantiate the entirety of the expenditure that is disallowed by way of supporting documentary evidence to demonstrate the expenditure was genuine, as well as taking note of the submission that the petitioner would produce documentary evidence regarding to sundry creditors amounting to Rs.10,69,67,959/-, it would be appropriate to remit the matter back for re-consideration.

7. Accordingly, the order at Annexure-A is set aside and the matter is remitted for re-consideration before the

respondent No.1. The petitioner is at liberty to demonstrate the alleged discrepancies as noticed above. Liberty is reserved to the petitioner to produce the documentary evidence to substantiate that the alleged discrepancies does not exist. Consequent to the setting aside of the order at Annexure-A, the demand notice at Annexure-A2 is set aside, as well as notice of penalty at Annexures-B and B1 are also set aside. All contentions on merits are kept open.

8. Accordingly, the petition is disposed of.

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

MD
List No.: 1 Sl No.: 5