

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'बी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "B" Bench, Hyderabad

श्री विजय पाल राव, माननीय उपाध्यक्ष एवं श्री मंजूनाथ जी, माननीय लेखा सदस्य
SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT
AND
SHRI MANJUNATHA G, HON'BLE ACCOUNTANT MEMBER

आयकर अपील सं./I.T.A.No.1277/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2015-16)

Unique Rail Road Consultants Private Limited, Hyderabad. PAN : AAACU8136E (अपीलार्थी/ Appellant)	Vs.	The Deputy Commissioner of Income-tax, Circle – 1(3), Hyderabad. (प्रत्यर्थी/ Respondent)
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri P. Murali Mohan Rao, C.A.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Shri Ashutosh Pradhan, Sr. A.R.
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	11.12.2025
घोषणा की तारीख/ Date of Pronouncement	:	19.12.2025

ORDER

PER MANJUNATHA G., A.M :

This appeal filed by the assessee is directed against the order of the learned Commissioner Income Tax (Appeals) – 12, Hyderabad, dated 12.06.2025, pertaining to the assessment year 2015-16.

2. The grounds raised by the assessee read as under :

“1. The order of the CTT(A) passed u/s 250 of the Act dated 12-06-2025 is erroneous both on facts and in law to the extent the order is prejudice to the interests of the appellant.

2. The Ld. CIT(A) erred in upholding the additions made by AQ without properly appreciating the facts of the case and appellant's submissions.

3. The Ld. CIT(A) ought to have considered that the Ld. AO has completed the assessment as that of complete scrutiny without following the guidelines of the CBDT, even though the case was, selected for limited scrutiny

4. The Ld. CIT(A) erred in confirming the ad-hoc disallowances without identifying specific bogus expenses.

5. The Ld. CIT(A) ought to have appreciated the fact that the assessment order passed u/s 143(3) of the Act dated 29-12-2017 was issued in the name of a non-existent entity, rendering the order void-ab-initio.

6. The Ld. CIT(A) erred in dismissing the ground stating that the AO was not informed but legal existence of an assessee is a jurisdictional fact and the AO should have verified PAN or ROC records.

7.The Ld. CIT(A) erred in not appreciating that the return of income was filed subsequent to the amalgamation, and hence, the assessment ought to have been made in the name of the amalgamated entity, United Rail Road Consultants Private Limited, rather than in the name of the non-existent entity.

8. The Ld. CIT(A) erred in upholding the disallowance made by AO without considering the fact that the appellant has maintained books of accounts as per the provisions of section 44AB of the Act.

9. The Ld. CTT(A) ignored the fact that the AO failed to verify specific bogus bill/vouchers and made a blanket 10% disallowance of Travel & Tour expenditure and Vehicle Hiring charges, without rejecting books of accounts and is bad in law.

10. The Ld. CIT(A) erred by not appreciating the fact that the AO did not verify the ledger entries or cross examine the bifurcation of expenses and simply disallowed Rs. 19,43,388/- alleging double claim under "Other expenses" and "Cost of Execution" on presumption and without having any evidence with him."

3. The brief facts of the case are that, the assessee is a company engaged in the business of providing consultancy services, filed its Return of Income for F.Y. 2015-16 on 29.09.2015, admitting total income of Rs. 2,29,74,860/-. The case was selected for scrutiny through CASS to verify the large other expenses claimed in the profit and loss account and mismatch in sales turnover reported in audit report and ITR. During the course of assessment proceedings, the A.O. noticed that, the assessee has debited a sum of Rs. 3,31,08,852/- under the head Travels and Tours expenses. The A.O. called upon the assessee to produce bills and vouchers in support of expenses. In response, the assessee has submitted the bills in support of Travels and Tours expenses. The assessee claimed an amount of Rs. 33,26,800/- towards Travels and Tours. On verification of the bills submitted by the assessee,

some of the bills are in the name of M/s. United Rail Road Consultants Pvt. Ltd., which was used by the assessee by striking off the name M/s. United Rail Road and mentioned the assessee's company name on the bills. In view of the above, the expenditure claimed under the head Travels and Tours expenditure of Rs. 33,26,800/- is disallowed to the extent of 10%, which worked out to Rs. 3,32,680/- and added back to the returned income. Similarly, the A.O. further noted that, the assessee has debited a sum of Rs. 60,33,209/- under the head Vehicle Hire Charges. Once again, the assessee has furnished bills and vouchers which were in the name of M/s. United Rail Road Consultants Pvt. Ltd. Therefore, the A.O. disallowed 10% of Vehicle Hire Charges and added back sum of Rs. 6,03,320/- to the returned income. The A.O. further noted that, the assessee has debited Rs. 19,43,388/- under the head Site and Other Expenses. In spite of several opportunities, assessee company did not furnish any bills, vouchers and ledger extracts in support of Site and Other Expenses. Further, assessee company already claimed Site Expenses under the head 'Cost of Execution'. Since the assessee company claimed Site Expenses under the head 'Cost of

Execution', the A.O. has disallowed Rs. 19,43,388/- and added back to the total income.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee challenged additions made by the A.O. towards ad hoc disallowance of Travels and Tours Expenses, Vehicle Hire Charges, and addition on account of Site and Other Expenses. The assessee has also filed additional grounds of appeal and challenged the order passed by the A.O. in the name of non-existent company on the ground that, the assessee company, M/s. Unique Rail Road Consultants Private Limited, was amalgamated with M/s. United Rail Road Consultants Pvt. Ltd on 13.07.2017 as per the Hon'ble High Court order and therefore, the order passed by the A.O. in the name of non-existing entity cannot be upheld. The assessee has also relied upon the decision of Hon'ble Supreme Court in the case of Pr. CIT Vs. Maruti Suzuki India Ltd, [2019] 416 ITR 613 (SC).

5. The Ld. CIT(A), after taking note of relevant explanation of the assessee with regard to additions made towards ad hoc

disallowance of Travels and Tours Expenses, Vehicle Hire Charges, and disallowance of Site and Other Expenses, held that, the assessee has failed to furnish relevant details along with bills and vouchers to support the expenditures incurred under various heads. Further, the bills submitted by the assessee are in the name of different company for which the assessee has not offered any explanation. Similarly, in respect of Site and Other Expenses, the assessee has claimed expenses under two heads, one under the head of 'Other Expenses' and also under the head 'Cost of Execution', for which no explanation has been given by the assessee. Therefore, the Ld. CIT(A) rejected the explanation of the assessee and sustained the addition made by the A.O. towards ad hoc disallowance of Travels and Tours Expenses, Vehicle Hire Charges, and also addition towards Site and Other Expenses.

6. Insofar as the additional grounds filed by the assessee on the issue of passing of assessment order in the name of non-existing entity, the Ld. CIT(A) by taking note of relevant facts and also by following the decision of Hon'ble Supreme Court in the case of Pr. CIT Vs. Mahagun Realtors Pvt. Ltd. [2022] 443 ITR 194 (SC) held that the assessee has failed to provide relevant details of

amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd. before the A.O. when he has passed the assessment order. Since the assessee has not filed relevant details of amalgamation and informed the A.O. about the amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd. by filing relevant details and further the assessee has also furnished the return of income in the name of the amalgamated company, the A.O. has rightly passed the assessment order in the name of assessee company. Therefore, the Ld. CIT(A) rejected the legal ground taken by the assessee.

7. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before us.

8. The learned counsel for the assessee, Shri P. Murali Mohan Rao, C.A. referring to the decision of Hon'ble Supreme Court in the case of Pr. CIT Vs. Maruti Suzuki India Ltd (supra) submitted that, any proceedings initiated or assessment order passed on a non-existing entity would be without jurisdiction and must be set aside. In the present case, although the assessee company was amalgamated with M/s. United Rail Road Consultants Pvt. Ltd., but the A.O. has passed the assessment order on a non-existing

entity, even though the assessee has made available relevant details by filing the vouchers in the name of M/s. United Rail Road Consultants Pvt. Ltd. Therefore, he submitted that, the order passed by the A.O. on a non-existing entity should be quashed.

9. The learned counsel for the assessee, further referring to the additions made by the A.O. on ad-hoc disallowance of certain expenditure, submitted that, the A.O. without making any observation with regard to the expenditure claimed by the assessee and also not doubting the genuineness of said expenditure, simply made ad hoc disallowance only on the ground that, the assessee has submitted bills in the name of M/s. United Rail Road Consultants Pvt. Ltd. The learned counsel for the assessee further submitted that, no doubt that the assessee has furnished evidence in the name of M/s. United Rail Road Consultants Pvt. Ltd, however, as observed by the A.O. himself, the above name of the company was stricken of and the assessee's name was written in place of M/s. United Rail Road Consultants Pvt. Ltd. Therefore, the A.O. without verifying relevant facts, simply made ad-hoc disallowance of expenditures.

10. The learned counsel for the assessee, further referring to the addition made towards Site expenses, submitted that, the assessee has rightly claimed Site expenses under the head 'Other Expenses' which is different from the Cost of Execution of work. The A.O. without verifying the relevant facts simply made addition towards site expenses. The Ld. CIT(A) without considering relevant facts simply sustained the addition made by the A.O. Therefore, he submitted that, the addition made by the A.O. should be deleted.

11. The learned Senior A.R. for the Revenue, Shri Ashuthosh Pradhan, on the other hand, supporting the order of the Ld. CIT(A), submitted that, there is no merit in the technical/legal ground taken by the assessee in light of the decision of the Hon'ble Supreme Court in the case of PCIT Vs. Maruthi Suzuki India Ltd. (supra), because the assessee has not informed the amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd. before the A.O., and the A.O., on the basis of the return of income filed by the assessee, has rightly passed the assessment order in the name of the assessee company. The Ld. CIT(A), after considering the relevant facts and also by taking note of the decision of the Hon'ble Supreme Court

in the case of Pr. CIT Mahagun Realtors Pvt. Ltd. (supra), dismissed the legal ground taken by the assessee and the same should be upheld.

12. The learned Senior A.R. for the Revenue further submitted that, in respect of disallowance of Travels and Tours expenses, Vehicle Hire Charges, and Site and Other Expenses, it is an admitted fact that the assessee has furnished certain bills and vouchers, which are not in the name of assessee, which raises doubt about the genuineness of the expenditures claimed by the assessee. Since the assessee has failed to prove the genuineness of expenditure, the A.O. has rightly made ad hoc disallowance of certain portion of expenditures. The Ld. CIT(A), after considering the relevant facts, has rightly sustained the addition made by the A.O. Therefore, he submitted that, the addition made by the A.O. should be upheld.

13. We have heard both parties, perused the material on record and had gone through the orders of the authorities below. We have also carefully considered the relevant case laws relied upon by the learned counsel for the assessee in support of the legal

ground, including the decision of the Hon'ble Supreme Court in the case of Pr. CIT Vs. Maruthi Suzuki India Ltd. (supra). We find that the assessee has raised a legal ground by filing additional grounds and challenged the assessment order passed by the A.O. in the name of the assessee company on the ground that, the assessee company has amalgamated with M/s. United Rail Road Consultants Pvt. Ltd. by an order of the Hon'ble High Court dated 13.07.2015. The Ld. CIT(A) rejected the additional grounds filed by the assessee by following the decision of the Hon'ble Supreme Court in the case of Pr. CIT Vs. Mahagun Realtors Pvt. Ltd. (supra) and also discussed the decision of the Hon'ble Supreme Court in the case of Pr. CIT Vs. Maruthi Suzuki India Ltd. (supra) and held that, since the assessee has not informed the A.O. about the change in the status of the assessee company by filing relevant details, the A.O. proceeded to pass the assessment order in the name of the assessee company on the basis of records available before him. In the present case, although there was amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd. by an order of the Hon'ble High Court with an appointed date, i.e. 01.01.2015, it is observed that, the assessee had not

placed on record any specific intimation before the A.O. during the course of assessment proceedings regarding the amalgamation. Accordingly, the assessment order came to be passed on the basis of the return of income filed by the assessee and other materials available on record. The aspect relating to the change in status of the assessee company and existence or otherwise of the PAN at the time of passing of the assessment order requires verification. Therefore, the Ld. CIT(A), after considering the relevant facts, rejected the legal ground taken by the assessee by placing reliance on the decision of the Hon'ble Supreme Court in the case of Pr. CIT Vs. Mahagun Realtors Pvt. Ltd. (supra). Further, the case laws relied upon by the assessee including the decision in the case of Pr. CIT Vs. Maruthi Suzuki India Ltd. (supra), were held by the Ld. CIT(A) to be not applicable to the facts of the present case, because, in the above case, the assessee had informed about the amalgamation of the company with the other company by filing a letter to the A.O. and followed by filing of return of income in the status of the new company. In spite of informing to the A.O. about the change in the name of the assessee company or the non-existing status of the earlier company, the A.O. in that case

proceeded to pass the order in the name of the non-existing company. Therefore, under those facts, the Hon'ble Supreme Court held that, the assessment order passed by the A.O. in the name of non-existing entity would be without jurisdiction and is liable to be quashed. Further, in the present case, going by the facts available on record, although, there was an amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd., by an order of the Hon'ble High Court dated 13.07.2025, but fact remains that, the assessee has failed to intimate the amalgamation of the company to the A.O. either during the course of assessment proceedings or separately by way of a letter with relevant particulars. Further, there are no details as to whether the assessee has disclosed the fact and intimated the said fact to the A.O. so as to take note of the amalgamation of the assessee company with other company. We further note that, the assessee has also filed return of income in the name of the assessee company, even though, as per the order passed by the Hon'ble High Court vide order dated 13.07.2015, the appointed date for the purpose of amalgamation was on 15.01.2015. Since the assessee has not been diligent in its actions and not informed the

change in the status of the assessee company or the facts about the amalgamation with other company, in our considered view, the A.O. has rightly passed the assessment order in the name of the assessee company on the basis of the information available at the time of passing of the order. The arguments of the counsel for the assessee that, the A.O. was made aware of the fact of amalgamation by filing vouchers in the name of new company also deserves to be rejected because, by filing the vouchers in the name of the other company, it cannot be proved that, there was an amalgamation between the companies and the amalgamating company ceases to exist as on the date of passing of the assessment order. This legal principle is supported by the decision of hon'ble Supreme Court in the case of Pr. CIT Vs. Mahagun Realtors Pvt Ltd. (supra), where an identical issue has been considered by the hon'ble Supreme Court and held that, if the assessee fails to inform about the change in status of the company or about its amalgamation with other company by filing a letter to the A.O. with relevant particulars, then the A.O. is right in passing the order in the name of the amalgamating company. Therefore, we are of the considered view that, there is no merit in

challenging the order passed by the Ld. CIT(A) in light of the decision of the A.O. in the case of Pr. CIT Vs. Mahagun Realtors Pvt Ltd., (supra) and thus, the grounds taken by the assessee are rejected.

14. Coming back to the additions made by the A.O. towards disallowance of Travels and Tours Expenses and Vehicle Hire Charges. The A.O. has made 10% ad-hoc disallowance of Travels and Tours expenses only on the ground that, some of the bills were submitted by the assessee are in the name of M/s. United Rail Road Consultants Pvt. Ltd., which were used by the assessee company by changing the name or striking off the name of M/s. United Rail Road Consultants Pvt. Ltd. Except this, the A.O. has not made any observation with regard to the genuineness of the expenditure claimed by the assessee and also bills and vouchers supported by in respect of Travels and Tours Expenses. The assessee has explained the reasons for submitting the bills in the name of M/s. United Rail Road Consultants Pvt. Ltd. and as per the explanation of the assessee, because, of the amalgamation of the assessee company with M/s. United Rail Road Consultants Pvt. Ltd. with appointed date 15.01.2015, the bills and vouchers

have been changed and the same have been used to record the expenditure. Since the A.O. has not doubted the expenditure incurred by the assessee under the head Travels and Tours and Vehicle Hire Charges, the ad-hoc disallowance made by the A.O. @ 10% cannot be upheld. The Ld. CIT(A), without considering the relevant facts, simply sustained the addition made by the A.O. Thus, we set aside the findings of the Ld. CIT(A) on this issue and direct the A.O. to delete the addition made towards ad-hoc disallowance of Travels and Tours Expenditure and Vehicle Hire Charges.

15. Coming back to the disallowance of Site and Other Expenses for Rs. 19,43,388/-. The A.O. claims that the assessee has debited Site and Other Expenses under the head 'other Expenses' and also claimed very same expenditure under the head 'Cost of execution'. The A.O. has not given as to how he has reached to the above conclusion and what is the basis for said observation. It was the argument of the learned counsel for the assessee that there is no double claim of any expenditure as claimed by the A.O. and whatever expenditure debited under the head 'other expenses' is different from the expenditure debited under the head 'Cost of

Execution'. Since there are contradictory facts in respect of expenditure debited under the head Site and Other Expenses, in our considered view, this issue needs to be verified by the A.O. in light of the arguments of the assessee along with any other evidence that may be filed in support of its claim. Thus, we set aside the findings of the Ld. CIT(A) on this issue and restore the issue back to the file of the A.O. with a direction to verify the claim of the assessee and decide the issue in accordance with law.

16. In the result, the appeal filed by the assessee is partly allowed for statistical purposes.

Order pronounced in the Open Court on 19th December, 2025.

Sd/- श्री विजय पाल राव (VIJAY PAL RAO) उपाध्यक्ष /VICE PRESIDENT	Sd/- (मंजूनाथ जी) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER
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Hyderabad, dated 19.12.2025.
TYNM/sps

आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Unique Rail Road Consultants Private Limited, C/o. P. Murali and Co., Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500082.
2.	राजस्व/ The Revenue	:	The Deputy Commissioner of Income-tax, Central Circle – 1(3), Hyderabad.
3.	The Principal Commissioner of Income Tax, Hyderabad.		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad