



2024:DHG:2303-DB



* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Order reserved on: 20 March, 2024
Order pronounced on: 22 March, 2024

+ W.P.(C) 4264/2024 & CM Nos. 17433/2024 & 17435/2024

INDIAN NATIONAL CONGRESS Petitioner

Through: Dr. A. M. Singhvi, Mr. Vivek Tankha, Mr. A. S. Chandhiok & Mr. P.C. Sen, Sr. Advs. with Mr. Prasanna, Mr. Amit Bhandari, Mr. Siddharth S., Mr. Vipul Tiwari, Mr. Inder Singh, Ms. Simran Kohli, Ms. Vidhushi Keshari, Mr. Kanishka Singh, Mr. Nikhil Bhalla & Ms. Swati Arya, Advs.

versus

DEPUTY COMMISSIONER OF INCOME TAX CENTRAL -
19 & ANR. Respondents

Through: Mr. Zoheb Hossain, SSC with Mr. Vipul Agrawal, SSC with Mr. Sanjeev Menon, Ms. Sakshi Shairwal & Mr. Vivek Gurnani, Advs.

+ W.P.(C) 4265/2024 & CM Nos. 17436/2024 & 17438/2024

INDIAN NATIONAL CONGRESS Petitioner

Through: Dr. A. M. Singhvi, Mr. Vivek Tankha, Mr. A. S. Chandhiok, Mr. P. C. Sen, Sr. Advs. with Mr. Prasanna, Mr. Amit Bhandari, Mr. Siddharth S., Mr. Vipul Tiwari, Mr. Inder Singh, Ms. Simran Kohli, Ms. Vidhushi Keshari, Mr. Kanishka Singh, Mr. Nikhil Bhalla & Ms. Swati



2024:DHG:2303-DE



Arya, Advs.

versus

DEPUTY COMMISSIONER OF INCOME TAX CENTRAL -
19 & ORS. Respondents

Through: Mr. Zoheb Hossain, SSC with
Mr. Vipul Agrawal, SSC, Mr.
Sanjeev Menon, Ms. Sakshi
Shairwal & Mr. Vivek Gurnani,
Advs.

+ W.P.(C) 4268/2024 and CM APPLs. 17446/2024 & 17448/2024

INDIAN NATIONAL CONGRESS Petitioner

Through: Dr. A. M. Singhvi, Mr. Vivek
Tankha, Mr. A. S. Chandhiok,
Mr. P. C. Sen, Sr. Advs. with
Mr. Prasanna, Mr. Amit
Bhandari, Mr. Siddharth S., Mr.
Vipul Tiwari, Mr. Inder Singh,
Ms. Simran Kohli, Ms. Vidhushi
Keshari, Mr. Kanishka Singh,
Mr. Nikhil Bhalla & Ms. Swati
Arya, Advs.

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DEPUTY COMMISSIONER OF INCOME TAX CENTRAL -
19 & ORS. Respondents

Through: Mr. Zoheb Hossain, SSC with
Mr. Vipul Agrawal, SSC, Mr.
Sanjeev Menon, Ms. Sakshi
Shairwal & Mr. Vivek Gurnani,
Advs.

CORAM:
HON'BLE MR. JUSTICE YASHWANT VARMA
HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR
KAURAV

ORDER

YASHWANT VARMA, J.



1. These three writ petitions pertaining to **Assessment Year¹ 2014-15** [W.P.(C) 4268/2024], AY 2015-16 [W.P.(C) 4265/2024], and AY 2016-17 [W.P.(C) 4264/2024], lay challenge to the initiation of proceedings under Section 153C of the **Income Tax Act, 1961²** and thus impugn the notice dated 07 March 2023 referable to that provision. The petitioner, in addition, also impugns the orders dated 22 September 2023 as well as 01 March 2024 and 06 March 2024 passed by the respondents disposing of various objections which came to be submitted by the petitioner. For the sake of convenience, reference to facts and the position of material before us would be as appearing on W.P.(C) 4268/2024 being Item 93 on our board when we reserved orders.

2. The Section 153C action is based on searches which were conducted upon four individuals in April, 2019. According to the writ petitioner, on the basis of the material which was gathered in the course of those searches, the **Assessing Officer³** of the searched persons also drew corresponding Satisfaction Notes for initiation of proceedings against the petitioner in terms of Section 153C of the Act on various dates the details whereof are set out in a tabular form as under:-

Sr. No.	Date of supply of satisfaction notes	Date of satisfaction note	Particulars	Recorded by whom	Assessment Years
i)	30.6.2023	6.3.2023	Common satisfaction note	Deputy Commissioner of Income Tax, Central Circle-19,	2014-15 to 2020-21

¹ AY

² Act

³ AO



				New Delhi (AO of the Assessee)	
ii)	26.9.2023	19.2.2023/ 20.02.2023	4 separate satisfaction notes recorded by AO of the searched person namely Praveen Kakkar, R.K. Miglani and Others group	Deputy Commissioner of Income Tax, Central Circle-19, New Delhi (AO of searched person)	2014-15 to 2020-21
iii)	26.9.2023	20.2.2023	Satisfaction notes recorded by AO of the searched person namely M/s Megha Engineering and Infrastructure Ltd. (MEIL group)	Deputy Commissioner of Income Tax, Central Circle-19, New Delhi (AO of searched person)	2014-15 to 2020-21

3. Dr. Singhvi, learned senior counsel appearing in support of the instant writ petitions has raised the following submissions in support of the challenge to the initiation of action under Section 153C. Dr. Singhvi submitted that in terms of the impugned notices, the respondent seeks to undertake an assessment pertaining to AYs' 2014-15 to 2020-21. It was his submission that the assessment which is proposed to be undertaken for AYs 2014-15, 2015-16 and 2016-17 would be barred by the period of limitation as raised by virtue of the First Proviso to Section 153C of the Act. It was his contention that assessment under Section 153C of the Act could have at best covered the period of AYs' 2017-18 to 2020-21 and the three additional AYs namely 2014-15,



2015-16 and 2016-17 would be barred by limitation. The aforesaid submission proceeds on the premise that in light of the satisfaction recorded, the action under Section 153C of the Act could have extended only to six AYs' and that period undisputedly terminating on AY 2017-18.

4. The aforesaid submission additionally proceeds on the basis that since the AO had failed to invoke Section 153A, the ten permissible block assessment years which could be opened up by virtue of the definition of "*relevant assessment year*" would not apply. It was the submission of Dr. Singhvi that in the absence of the AO having alluded to the Fourth Proviso of Section 153A and having recorded satisfaction of income exceeding INR 50 lakhs having possibly escaped assessment for each of the relevant AY or AYs' would constitute a sufficient ground for the impugned notices and proceedings being quashed.

5. It was also the submission of Dr. Singhvi that Section 153C obliges the AO to make specific reference to the incriminating material that may have been found in respect of each of the AYs' in respect of which proceedings under Section 153C are proposed to be initiated. According to learned senior counsel, in the absence of an explicit reference to the incriminating material or asset that may have been discovered year wise and a failure to establish a connection between such material and the total income of each of the six AYs', invalidates the initiation of action under Section 153C of the Act.

6. It was then submitted by Dr. Singhvi that a combined Satisfaction Note as drawn by the AO in the present case would not



satisfy the statutory requirements of Section 153C of the Act. According to learned senior counsel, for the purposes of undertaking an assessment in respect of the relevant AY or AYs' based on material gathered in the course of the search, the AO is obliged to draw a Satisfaction Note independently in respect of each of the AYs'. According to Dr. Singhvi, this would be the position which would flow from the judgment rendered by the Supreme Court in **Commissioner of Income Tax- III, Pune vs. Singhad Technical Education Society**⁴.

7. It was then contended that the commencement of proceedings under Section 153C of the Act against the writ petitioner has been inordinately delayed and consequently the notices and the proceedings are liable to be quashed based on the principles enunciated by the Supreme Court in **Commissioner of Income Tax-III vs. Calcutta Knitwears, Ludhiana**⁵ read along with the Circular issued by the **Central Board of Direct Taxes**⁶ dated 31 December 2015.

8. Taking us through the decision in *Calcutta Knitwears*, Dr. Singhvi submitted that the Supreme Court had clearly held that the satisfaction liable to be recorded in the case of a person other than the one searched could have been drawn either at the time of or along with the initiation of proceedings against the searched person, alternatively in the course of assessment proceedings or "*immediately after*" the assessment proceedings had been completed. According to Dr. Singhvi, the recordal of satisfaction on the dates indicated above and the issuance of notices on 07 March 2023 would clearly not qualify or be

⁴ (2018) 11 SCC 490

⁵ (2014) 6 SCC 444

⁶ CBDT



compliant with the expression “*immediately after*” as the Supreme Court had observed. According to learned senior counsel, it was the aforesaid principles enunciated in *Calcutta Knitwears* which ultimately came to be accepted by the CBDT itself as would be evident from a reading of Circular No. 24/2015 which is reproduced hereinbelow:-

“CIRCULAR NO.24/2015 [F.NO.279/MISC./140/2015/ITJ]

SECTION 153C, READ WITH SECTION 158BD, OF THE
INCOME-TAX ACT, 1961 - SEARCH AND SEIZURE -
ASSESSMENT OF INCOME IN CASE OF OTHER PERSON -
RECORDING OF SATISFACTION NOTE UNDER SECTION
158BD/153C OF SAID ACT

CIRCULAR NO.24/2015 [F.NO.279/MISC./140/2015/ITJ], DATED
31-12-2015

The issue of recording of satisfaction for the purposes of section 158BD/53C has been subject matter of litigation.

2. The Hon'ble Supreme Court in the case of M/s Calcutta Knitwears in its detailed judgment in Civil Appeal No. 3958 of 2014 dated 12-3-2014 [2014] 43 taxmann.com 446 (SC) (available in NJRS at 2014-LL-03 12-51) has laid down that for the purpose of section 158BD of the Act. recording of a satisfaction note is a prerequisite and the satisfaction note must be prepared by the AO before he transmits the record to the other AO who has jurisdiction over such other person u/s 158BD. The Hon'ble Court held that "the satisfaction note could be prepared at any of the following stages:

(a) at the time of or along with the initiation of proceedings against the searched person under section 158BC of the Act: or

(b) in the course of the assessment proceedings under section 158BC of the Act: or

(c) immediately after the assessment proceedings are completed under section 158BC of the Act of the searched person.

3. Several High Courts have held that the provisions of section 153C of the Act are substantially similar/pari-materia to the provisions of section 158BD of the Act and therefore, the above guidelines of the Hon'ble SC, apply to proceedings u/s 153C of the IT Act, for the purposes of assessment of income of other than the searched person. This view has been accepted by CBDT.



4. The guidelines of the Hon'ble Supreme Court as referred to in para 2 above, with regard to recording of satisfaction note, may be brought to the notice of all for strict compliance. It is further clarified that even if the AO of the searched person and the "other person" is one and the same. then also he is required to record his satisfaction as has been held by the Courts.

5. In view of the above, filing of appeals on the issue of recording of satisfaction note should also be decided in the light of the above judgment. Accordingly, the Board hereby directs that pending litigation with regard to recording of satisfaction note under section 158BD/153C should be withdrawn/not pressed if it does not meet the guidelines laid down by the Apex Court.”

9. Dr. Singhvi has also relied upon certain decisions rendered by this Court, the Gujarat High Court, as well as the **Income Tax Appellate Tribunal**⁷ to submit that an inordinate delay in commencement of proceedings under Section 153C of the Act would itself be sufficient for proceedings being invalidated. The aforesaid submission was also sought to be supplemented by way of the following chart:-

Sr. No.	Particulars	418 ITR 25 (Guj) Anil Kumar Gopikrishan Agarwal	370 ITR (Del) Bharat Bhushan Jain	337 ITR 217 (Del) Radhey shyam Bansal	ITA No. 1384 and 1385/Pune/2016 Kewal Kumar Jain
i)	Search conducted u/s 132 of the Act	04.09.2023	03.08.2000	30.08.2000	29.07.2003
ii)	Order u/s 153A/158BC of the Act in case of searched	29.07.2016 (Order of Settlement Commission)	29.08.2002	29.08.2002	27.03.2006

⁷ ITAT



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	party				
iii)	Satisfaction note recorded by AO of searched person (Designation of AO of searched person)	25.04.2017	-	-	30.05.2007 (Addl. CIT, Central Range -2 Pune)
iv)	Satisfaction note recorded by AO of other person (Designation of AO of other person)	08.02.2018	15.07.2003	15.07.2003	15.06.2007
v)	Date of handing over of seized documents from AO of searched person to AO of other person				15.06.2007
vi)	Notice issue u/s 153C / 158BD of the Act	08.02.2018	31.03.2004	22.03.2004	18.02.2008
vii)	Reply to notice u/s 153C of the Act	01.05.2018	-	-	25.02.2008
viii)	Other u/s 153C/	-	31.03.2006	-	30.12.2008



	158BD r/w 143(3)				
ix)	REMARK S	Gap of Eight Months cannot be said to be recorded immediately after the assessment proceedings (Para 20.8)	A delay ranging between 10 months or one-and-half years cannot be considered contemporaneous to assessment proceedings (para 6)	Notice u/s 158BD issued after delay of 19 months is belated. (Para 6 & 29)	That assessment of searched person was completed on 27.03.2006, then the handing over of seized documents by Assessing Officer of searched person to the jurisdictional Assessing Officer of assessee on 15.06.2017 is belated.

10. Having heard, Dr. Singhvi, who appeared for the petitioners as well as Mr. Hossain, learned counsel representing the respondents, we note that undisputedly insofar as AYs 2014-15, 2015-16 and 2016-17 are concerned, final assessment orders had come to be framed in respect of the petitioner in December 2018. These petitions are, therefore, undisputedly not concerned with abated assessments.

11. Section 153C firstly contemplates the abatement of all inconclusive assessments and which may have been pending finalization on the date of commencement of action under the aforesaid provision. Insofar as “concluded assessments” are concerned [and that expression being meant to describe those cases where regular



assessment may have either been concluded or where the time for initiating action under Sections 143 or 153 would have passed], the AO must be satisfied that any money, bullion, jewellery, valuable article or thing belonging to or any books of account, documents seized or requisition pertaining to a person other than the searched person found in the course of the search would have a bearing on the determination of the total income of that person for six assessment years or the relevant assessment year or years as defined in Section 153A of the Act.

12. The argument of the proceedings being barred by limitation clearly falters and fails to impress us bearing in mind the indubitable position of the 153C power to assess or to reassess being available to be invoked either for six assessment years immediately preceding the assessment year relevant to the previous year in which the search was conducted as well as for the relevant assessment year or years as defined in Section 153A. Explanation 1 as placed in Section 153A defines the phrase “*relevant assessment year*” in the following words:-

“Explanation 1.— For the purposes of this sub-section, the expression “*relevant assessment year*” shall mean an assessment year preceding the assessment year relevant to the previous year in which search is conducted or requisition is made which falls beyond six assessment years but not later than ten assessment years from the end of the assessment year relevant to the previous year in which search is conducted or requisition is made.”

13. It would thus be wholly incorrect to read the First Proviso to Section 153C of the Act as constituting a bar of limitation or disabling the respondents from initiating assessment/reassessment for the entire block period of ten assessment years. Consequently, and in our considered opinion, the submission that the power to assess would



stretch only up to AY 2017-18 is misconceived. In light of the plain language and text in which Section 153C is couched, we are of the considered opinion that the material gathered in the course of the search would have empowered and enabled the respondent to undertake an assessment for six assessment years immediately preceding the assessment year pertaining to the previous year in which the search was conducted and would also extend to the four additional AYs' which would stand included by virtue of Explanation 1 to Section 153A of the Act. The aforesaid position cannot possibly be doubted bearing in mind Section 153C incorporating the phrase “.....and for the relevant assessment year or years referred to in sub-section (1) of section 153A”. For the purposes of understanding the meaning to be assigned to the expression relevant assessment year, we would have to necessarily travel back to Explanation 1 as placed in Section 153A. The submission, therefore, that Section 153C would only extend to six assessment years immediately preceding the AY relevant to the financial year in which the search took place is wholly untenable.

14. These aspects are in any case no longer *res integra* having been duly considered by this Court as well as the Supreme Court right from the time judgment came to be rendered in **SSP Aviation Ltd. vs. Deputy Commissioner of Income Tax**⁸ and ending with the authoritative pronouncement of the Supreme Court in **Commissioner Income Tax vs. Jasjit Singh**⁹. More importantly, the precedents rendered in the context of the First Proviso to Section 153C have unequivocally held the same not merely intended to deal with the

⁸ (2012) SCC OnLine Del 1898

⁹ 2023 SCC Online SC 1265



subject of abatement but also determinative of the relevant date for the purposes of computation of the six or the ten assessment years as the case may be. The Supreme Court in *Jasjit Singh* has explained the scope and ambit of that provision in the following terms:-

“8. In *SSP Aviation* (supra) the High Court inter alia reasoned as follows:—

“14. Now there can be a situation when during the search conducted on one person under Section 132, some documents or valuable assets or books of account belonging to some other person, in whose case the search is not conducted, may be found. In such case, the Assessing Officer has to first be satisfied under Section 153C, which provides for the assessment of income of any other person, i.e., any other person who is not covered by the search, that the books of account or other valuable article or document belongs to the other person (person other than the one searched). He shall hand over the valuable article or books of account or document to the Assessing Officer having jurisdiction over the other person. Thereafter, the Assessing Officer having jurisdiction over the other person has to proceed against him and issue notice to that person in order to assess or reassess the income of such other person in the manner contemplated by the provisions of Section 153A. Now a question may arise as to the applicability of the second proviso to Section 153A in the case of the other person, in order to examine the question of pending proceedings which have to abate. In the case of the searched person, the date with reference to which the proceedings for assessment or reassessment of any assessment year within the period of the six assessment years shall abate, is the date of initiation of the search under Section 132 or the requisition under Section 132A. For instance, in the present case, with reference to the Puri Group of Companies, such date will be 5.1.2009. However, in the case of the other person, which in the present case is the petitioner herein, such date will be the date of receiving the books of account or documents or assets seized or requisition by the Assessing Officer having jurisdiction over such other person. In the case of the other person, the question of pendency and abatement of the proceedings of assessment or reassessment to the six assessment years will be examined with reference to such date.”



9. It is evident on a plain interpretation of Section 153C(1) that the Parliamentary intent to enact the proviso was to cater not merely to the question of abatement but also with regard to the date from which the six year period was to be reckoned, in respect of which the returns were to be filed by the third party (whose premises are not searched and in respect of whom the specific provision under Section 153-C was enacted. The revenue argued that the proviso [to Section 153(c)(1)] is confined in its application to the question of abatement.

10. This Court is of the opinion that the revenue's argument is insubstantial and without merit. It is quite plausible that without the kind of interpretation which SSP Aviation adopted, the A.O. seized of the materials - of the search party, under Section 132 - would take his own time to forward the papers and materials belonging to the third party, to the concerned A.O. In that event if the date would virtually “relate back” as is sought to be contended by the revenue, (to the date of the seizure), the prejudice caused to the third party, who would be drawn into proceedings as it were unwittingly (and in many cases have no concern with it at all), is dis-proportionate. For instance, if the papers are in fact assigned under Section 153-C after a period of four years, the third party assessee's prejudice is writ large as it would have to virtually preserve the records for at latest 10 years which is not the requirement in law. Such disastrous and harsh consequences cannot be attributed to Parliament. On the other hand, a plain reading of Section 153-C supports the interpretation which this Court adopts.”

15. Though not so articulated, it appears that the contention of the respondent not being entitled to travel beyond the six assessment years immediately preceding the assessment year pertaining to the year of search proceeds perhaps on their understanding of Section 153A of the Act having not been invoked. We presume that the invocation of Section 153A was intended to refer to the Fourth Proviso as placed in that Section and which prescribes the conditions precedent for the purposes of the assessment or reassessment being undertaken for the four additional assessment years. For purposes of clarity, we extract the Fourth Proviso to Section 153A of the Act hereunder:-

“Provided also that no notice for assessment or reassessment shall be issued by the Assessing Officer for the relevant assessment year or years unless—



- (a) the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income, represented in the form of asset, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more in the relevant assessment year or in aggregate in the relevant assessment years;
- (b) the income referred to in clause (a) or part thereof has escaped assessment for such year or years; and
- (c) the search under Section 132 is initiated or requisition under Section 132-A is made on or after the 1st day of April, 2017.”

16. It must at the outset be noted that the Satisfaction Note which has been drawn in unambiguous terms, and more particularly in paragraph 140 thereof, recites that the AO was satisfied that this was a fit case for initiating proceedings under Section 153C read with Section 153A of the Act for AY 2014-15 to AY 2020-21. There is thus an explicit reference not only to Section 153A but also to the block of ten assessment years which were proposed to be made subject matter of the impugned proceedings. The submission, therefore, that Section 153A was not invoked is untenable.

17. The Satisfaction Note which straddles over 300 pages has alluded to copious material gathered in the course of the searches including inter alia, documents, loose sheets, evidence existing on electronic devices, WhatsApp chats, record of accounts maintained in Excel format as well as the statement of various individuals recorded in the course of the multiple searches. Although we have gone through the Satisfaction Note in its entirety, we desist from reproducing its contents here bearing in mind the nature of the evidence that has been alluded to therein coupled with the detailed reference that it makes to identified individuals and personages. Our hesitation to do so also flows from the fact that assessment proceedings are yet to be concluded and we would not like to cause any accidental prejudice to any party.



18. However, and on a prima facie examination, it is evident that the respondents appear to have collated substantial and concrete evidence warranting further scrutiny and examination under the Act. For the limited purposes of indicating the material on the basis of which we find, prima facie, that the Satisfaction Note refers to material pertaining to the three AYs' in question we set out a tabular statement with appropriate cross references:-

S.No.	Incriminating Material	PDF Page No. [Reference to W.P(C) No.4268/2024]
Search 1 - Kakkar – Miglani Group		
A.	Evidences related to use of unaccounted cash in Lok Sabha Election 2019	PDF 336
1.	Cash of Rs. 1.90 crores from premises of Lalit Kumar Chhallani along with statements recorded under Section 132(4) of the Act	PDF 337
2.	Seized mobile of Lalit Kumar Chhallani along with chats with Praveen Kakkar and statements recorded under Section 132(4) of the Act	PDF 339
3.	Excel sheet “100Note.xlsx” seized from the premises of Lalit Kumar Chhallani	PDF 342
4.	Excel file “LS.xlsx” from the laptop of Lalit Kumar Chhallani along with statements recorded under Section 132(4) of the Act	PDF 344
5.	UADA - Documents seized from premises of Prateek Joshi which show multiple accounts appear with Nagariya Vikas and AawasVibhag.	PDF 379
6.	PWD – documents seized showing PWD had contributed funds to the Petitioner.	PDF 381
7.	M/s MP Agro Nutri Foods Limited and M/s Madhya Pradesh Agro Food Industries Limited – seized material showing that the entities were involved in collection and has bearing on total income of the petitioner.	PDF 383
8.	PHE – Seized material show that unexplained funds were received from PHE department.	PDF 389



9.	Energy Department – Entry of 100 lakhs is shown against energy department in excel sheet.	PDF 391
10.	Expenses received by AICC <ul style="list-style-type: none">• Documents found that show payment of INR 17 crores to AICC• Evidences of transfer of INR 20 crores from official residence of Kamal Nath to Head Office of AICC	PDF 432 PDF 435 PDF 436
11.	Payments to Various MLAs as per “Ls.xlsx” <ul style="list-style-type: none">• Payment of INR 90 lakhs made to Mr. Digvijay Singh• Break up of payment made to various other MLAs found in the excel sheet “Ls.xlsx”• Sheet with name of the MLAs found and seized during the search on Praveen Kakkar	PDF 442 PDF 443 PDF 446 PDF 450
12.	Other Seized Material Found Various documents found at the premises of Lalit Kumar Chhallani, Himanshu Sharma, Prateek Joshi were found. Some of these documents have the heading ‘Election’. <ul style="list-style-type: none">• Document 7 – consisting of entries from 15.12.2015 upto 31.03.2016• Document 8 – consisting of entries from September, October and November 2015• Document 10 – consisting entries dated 11.06.2015 and 15.06.2015• Document 19 – consisting entries from the period of 16.06.2014 to 15.01.2015• Document 20 – showing balance as on 10.08.2015	PDF 520 PDF 525 PDF 526 PDF 527 PDF 532 PDF 533
13.	Documents found during the search on Himanshu Sharma that corroborated the details found in Excel file “LS.xlsx”	PDF 537 PDF 549
B.	Evidences related to MP Assembly Election 2018	PDF 545
14.	Files “PK AC. xlsx” and “Final 12.12.18.xlsx” found in the laptop of Lalit Chhallani seized from his residential premises <ul style="list-style-type: none">• Excel sheet found which mentions AICC has given 33 crores	PDF 545 PDF 549



	<ul style="list-style-type: none">• Sheet named “BREF” which shows updated position of receipts, expenses and cash in hand	PDF 564
15.	File “Expense.doc” containing date wise payments and receipts found at the premises of Ashwin Sharma during the search in case of Prateek Joshi	PDF 550
16.	Corroborative evidences	PDF 565
C.	Evidences related to MP Assembly Election 2013	PDF 568
17.	Note named ‘Receipts’ found from the Iphone of Himanshu Sharma seized at premises from Delhi	PDF 568
18.	File “Statement of Money Received for MP Election Candidate.docx” found from the laptop of Himanshu Sharma	PDF 570
Search 2: MEIL Group		
19.	Handwritten diary of PV Sunil seized from his residence of PV Sunil corroborated with statements <ul style="list-style-type: none">• Entry in diary showing amount of INR 3,75,00,000 paid at Akbar Road on 28.02.2019• Entry in diary showing amount of INR 2,00,00,000 paid at Akbar Road on 07.03.2019• Entry in diary showing amount of INR 1,36,00,000 paid at Akbar Road on 29.03.2019• Entry in diary showing amount of INR 1,65,00,000 on 03.04.2019 and INR 65,00,000 paid at Akbar Road on 05.04.2019• Statement dated 11.10.2019 of PV Sunil accepting he had paid amounts at 24, Akbar Road• Entry in diary showing amount of INR 6,40,00,000 paid at Akbar Road on 20.04.2019• Statement dated 12.10.2019 of PV Sinha accepting he had paid cash at Akbar Road on various dates• Entry in diary showing amount of INR 5,45,00,000 paid at Akbar Road on 22.04.2019• Entry in diary showing amount of INR	PDF 575 PDF 580 PDF 581 PDF 582 PDF 583 PDF 584 PDF 585 PDF 588 PDF 589 PDF 591 PDF 609 PDF 613



	<p>59,00,000 paid at Akbar Road on 29.04.2019</p> <ul style="list-style-type: none">• Entry in diary showing amount of INR 1,50,00,000 paid at Akbar Road on 17.09.2019• Entry in diary showing amount of INR 1,00,00,000 paid at Akbar Road on 25.09.2019• Entry in diary showing amount of INR 1,50,00,000 paid at Akbar Road on 01.10.2019	PDF 614
20.	<p>Scrap sales diary (seized from WUPPTCL Office-subsubsidiary of MEIL)</p> <ul style="list-style-type: none">• Entry in diary showing amount of INR 5,00,00,000 paid at Akbar Road on 22.08.2016• Entry in diary showing amount of INR 2,00,00,000 paid at Akbar Road on 03.09.2016• Entry in diary showing amount of INR 1,00,00,000 paid at Akbar Road on 23.09.2016• Entry in diary showing amount of INR 1,50,00,000 paid at Akbar Road on 24.09.2016• Entry in diary showing amount of INR 1,00,00,000 paid at Akbar Road 08.11.2017	PDF 617 PDF 618 PDF 619 PDF 620 PDF 620 PDF 622
21.	<p>Loose papers/sheets containing details of unaccounted cash (seized from WUPPTCL Office-subsubsidiary of MEIL)</p>	PDF 621
22.	<p>Relevant statements of – PV Sunil, Shivendra, Rajendra, Kameshwar Yadav, Baswapoorna Reddy,Ramanjneyulu. SM Moin, Rajesh Sharma, Mukesh Kr. Pandey, Chander Prakash Malhotra, TMVarghese</p>	PDF 625

19. The material which is taken note of in the Satisfaction Note makes detailed references to unaccounted transactions with respect to the Lok Sabha Elections 2019, MP Assembly Elections 2018 and MP



Assembly Elections 2013. Apart from the above there is specific reference to unaccounted for transactions pertaining to the three AYs' in question as would be evident from some of the details that we have chosen to extract hereinabove. The search documents recovered from the MEIL Group appear to indicate unaccounted transfers to the political party during AYs' 2017-18 to 2020-21. The material which forms part of the Satisfaction Note also captures details of disbursements made to candidates vying in upcoming elections together with signed receipts. There is a detailed reference to payments allegedly made to MPs'/MLAs' and candidates. The said note also carries material seeming to suggest payments and contributions made by government departments and corporations, liquor manufacturers, industry entities and individuals to the petitioner.

20. The petitioner has woefully failed to establish that the material which forms the bedrock for recordal of satisfaction is not founded on any data, material evidence or documentation pertaining to AYs' 2014-15, 2015-16 and 2016-17. In fact no submission in this respect was either addressed or iterated. We note that the cumulative impact of the material which had been gathered in the course of the search and which was also duly noticed in the Satisfaction Note has also been collated in the form of a chart which stands extracted in the Section 142(1) notice dated 01 March 2024. The said chart is extracted hereinbelow:-

AY	Amount (in Crores)
2020-21	Rs. 12.70
2019-20	Rs. 348.78
2018-19	Rs. 4.19
2017-18	Rs. 6.27



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2016-17	Rs. 32.44
2015-16	Rs. 39.77
2014-15	Rs. 79.72

As is manifest from the above, there is specific reference to unaccounted transactions pertaining to AYs 2014-15, 2015-16 and 2016-17. The aforesaid chart correlates with the material which stands noticed and forms part of the Satisfaction Note. More importantly, the amounts identified as relevant to the AYs' in question ex facie meet the prerequisites set out in the Fourth Proviso to Section 153A. We also take into consideration the indubitable fact that the cumulative figure attributed to income which has allegedly escaped assessment would stand at approximately INR 520 crores.

21. That then takes us to the argument of invocation of the Fourth Proviso to Section 153A. In our considered opinion, the Fourth Proviso mandates that the AO must have in his possession material which reveals that income exceeding INR 50 lakhs or more has escaped assessment in the relevant AY or AYs. Clauses (a), (b) and (c) as placed in the Fourth Proviso thus constitute pre-conditions which must be found to be satisfied before an assessment or re-assessment exercise may come to be initiated for the entire block period of ten assessment years. As we view the computation exercise undertaken by the respondent and which stands represented in the shape of the chart which has been extracted hereinabove, it is evident that the prescription of INR 50 lakhs in the aggregate stands duly satisfied. The aforesaid chart is itself based on the evidence taken note of in the Satisfaction Note and thus constituting material in the possession of the jurisdictional AO and forming the basis for formation of opinion. A



reading of the Satisfaction Note also leads us to the irresistible conclusion that the escaped income as estimated would qualify the pre-conditions that stand constructed by virtue of the Fourth Proviso when viewed from the point of quantum as well as non-disclosure. Once the aforesaid position is accepted, it becomes apparent that the argument of limitation would disintegrate.

22. Another submission which was addressed by Dr. Singhvi was with respect to a combined Satisfaction Note having been prepared for all AYs in question without explicit reference to year wise incriminating material and taking into consideration material that was gathered and collected in the course of four different searches. We find ourselves unable to sustain that submission bearing in mind the indubitable fact that Section 153C of the Act represents the power conferred upon the AO to commence a process of assessment or reassessment for a block period of ten assessment years in the maximum. The procedure as prescribed in Section 153C is part of a distinct statutory regime pertaining to search assessments which came to be introduced in the Act by virtue of Finance Act, 2003 and intended to act as a substitute to the procedure which was otherwise envisaged under Chapter XIV-B.

23. For the purposes of invoking Section 153C of the Act it is incumbent upon the AO to be satisfied that the material gathered in the course of the search and pertaining to the non-searched person would have a bearing on the determination of the total income of such other person either for six AYs' or for the relevant AY or AYs'. Since the provision itself requires and enables the AO to undertake an assessment for a block period of ten years, it would clearly not be incumbent upon



it to draw separate or independent satisfaction notes for each AY. A composite Satisfaction Note would suffice the requirements of Section 153C of the Act provided it embody details of the material gathered in the course of the search and pertaining to the AYs forming part of the block as a whole. As long as the common Satisfaction Note includes sufficient particulars of the incriminating material relevant to the block of AYs', the same would, in our considered opinion, satisfy the statutory requirement as imposed by the Act. *Singhad Technical Education Society* as also the decision of the Supreme Court in **Principal Commissioner of Income Tax, Central-3 vs. Abhisar Buildwell P. Ltd**¹⁰ speak of incriminating material being found and which may impact the estimation of income likely to have escaped assessment for a particular AY. As we read and go through the Satisfaction Note as well as the orders disposing of objections, it is manifest that the respondent has rested its decision on incriminating material found for AYs 2014-15, 2015-16, 2016-17 and stretching up to AY 2020-21.

24. The provision only requires the AO to be satisfied that the material collated and handed over is likely to have an impact on the total income for the relevant AY or AYs'. While an assessment would necessarily have to be made in respect of each of the relevant AY or AYs', we find ourselves unable to read Section 153A or 153C as mandating separate Satisfaction Notes being drawn for each assessment year. Our conclusion in this respect stands fortified from the language of Section 153A(1)(a) which contemplates a notice being issued calling upon the person to furnish a return of income for each of the six AYs'

¹⁰ (2024) 2 SCC 433



or the relevant AY or AYs'. This too appears to suggest that while the notice could be composite and based on a common satisfaction note which encapsulates the incriminating material pertaining to the AYs' in question, it is only returns which must and mandatorily be filed separately.

25. Regard must be had to the indubitable fact that the Satisfaction Note merely forms the foundation for initiation of action and which would enable us to evaluate whether an opinion has been validly formed. As long as it rests on incriminating material which pertains to the AYs' in question, the same would qualify the requirement of Section 153C. We deem it apposite to observe that while it would be imperative for the Satisfaction Note to refer to the material pertaining to the AYs' which are sought to be reopened, a consolidated Satisfaction Note clearly does not appear to be an anathema provided it rests on material which pertains to the AYs' which are sought to be reopened.

26. We in this respect also bear in mind the lucid explanation of the procedure liable to be adopted under Sections 153A and 153C as came to be enunciated by the Court in **Commissioner of Income Tax (Central) -III Vs. Kabul Chawla**¹¹

“37. On a conspectus of section 153A(1) of the Act, read with the provisos thereto, and in the light of the law explained in the aforementioned decisions, the legal position that emerges is as under:

(i) Once a search takes place under section 132 of the Act, notice under section 153A(1) will have to be mandatorily issued to the person searched requiring him to file returns for six assessment years immediately preceding the previous year relevant to the assessment year in which the search takes place.

¹¹ 2015 SCC OnLine Del 11555



(ii) Assessments and reassessments pending on the date of the search shall abate. The total income for such assessment years will have to be computed by the Assessing Officers as a fresh exercise.

(iii) The Assessing Officer will exercise normal assessment powers in respect of the six years previous to the relevant assessment year in which the search takes place. The Assessing Officer has the power to assess and reassess the "total income" of the aforementioned six years in separate assessment orders for each of the six years. In other words, there will be only one assessment order in respect of each of the six assessment years "in which both the disclosed and the undisclosed income would be brought to tax".

(iv) Although section 153A does not say that additions should be strictly made on the basis of evidence found in the course of the search, or other post-search material or information available with the Assessing Officer which can be related to the evidence found, it does not mean that the assessment "can be arbitrary or made without any relevance or nexus with the seized material. Obviously, an assessment has to be made under this section only on the basis of the seized material."

(v) In the absence of any incriminating material, the completed assessment can be reiterated and the abated assessment or reassessment can be made. The word "assess" in section 153A is relatable to abated proceedings (i.e., those pending on the date of search) and the word "reassess" to the completed assessment proceedings.

(vi) In so far as the pending assessments are concerned, the jurisdiction to make the original assessment and the assessment under section 153A merges into one. Only one assessment shall be made separately for each assessment year on the basis of the findings of the search and any other material existing or brought on the record of the Assessing Officer.

(vii) Completed assessments can be interfered with by the Assessing Officer while making the assessment under section 153A only on the basis of some incriminating material unearthed during the course of search or requisition of documents or undisclosed income or property discovered in the course of search which were not produced or not already disclosed or made known in the course of original assessment."

27. That leaves us only to evaluate the argument of inordinate delay. The submission of Dr. Singhvi essentially proceeded on the basis of



Calcutta Knitweaves and the expression ‘*immediately after*’ appearing in paragraph 41 of the report. We deem it apposite to extract paragraphs 35, 37, 38 and 41 of the said judgment hereinbelow:-

“35. Having said that, let us revert to the discussion of Section 158-BD of the Act. The said provision is a machinery provision and inserted in the statute book for the purpose of carrying out assessments of a person other than the searched person under Sections 132 or 132-A of the Act. Under Section 158-BD of the Act, if an officer is satisfied that there exists any undisclosed income which may belong to any other person other than the searched person under Sections 132 or 132-A of the Act, after recording such satisfaction, may transmit the records/documents/chits/papers, etc. to the assessing officer having jurisdiction over such other person. After receipt of the aforesaid satisfaction and upon examination of the said other documents relating to such other person, the jurisdictional assessing officer may proceed to issue a notice for the purpose of completion of the assessments under Section 158-BD of the Act, the other provisions of Chapter XIV-B shall apply.

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37. The Tribunal and the High Court are of the opinion that it could only be prepared by the assessing officer during the course of the assessment proceedings under Section 158-BC of the Act and not after the completion of the said proceedings. The courts below have relied upon the limitation period provided in Section 158-BE(2)(b) of the Act in respect of the assessment proceedings initiated under Section 158-BD i.e. two years from the end of the month in which the notice under Chapter XIV-B was served on such other person in respect of search initiated or books of account or other documents or any assets are requisitioned on or after 1-1-1997. We would examine whether the Tribunal or the High Court are justified in coming to the aforesaid conclusion.

38. We would certainly say that before initiating proceedings under Section 158-BD of the Act, the assessing officer who has initiated proceedings for completion of the assessments under Section 158-BC of the Act should be satisfied that there is an undisclosed income which has been traced out when a person was searched under Section 132 or the books of accounts were requisitioned under Section 132-A of the Act. This is in contrast to the provisions of Section 148 of the Act where recording of reasons in writing are a sine qua non. Under Section 158-BD the existence of cogent and demonstrative material is germane to the



assessing officers' satisfaction in concluding that the seized documents belong to a person other than the searched person is necessary for initiation of action under Section 158-BD. The bare reading of the provision indicates that the satisfaction note could be prepared by the assessing officer either at the time of initiating proceedings for completion of assessment of a searched person under Section 158-BC of the Act or during the stage of the assessment proceedings. It does not mean that after completion of the assessment, the assessing officer cannot prepare the satisfaction note to the effect that there exists income tax belonging to any person other than the searched person in respect of whom a search was made under Section 132 or requisition of books of accounts was made under Section 132-A of the Act. The language of the provision is clear and unambiguous. The legislature has not imposed any embargo on the assessing officer in respect of the stage of proceedings during which the satisfaction is to be reached and recorded in respect of the person other than the searched person.

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41. In the result, we hold that for the purpose of Section 158-BD of the Act a satisfaction note is sine qua non and must be prepared by the assessing officer before he transmits the records to the other assessing officer who has jurisdiction over such other person. The satisfaction note could be prepared at either of the following stages:

(a) at the time of or along with the initiation of proceedings against the searched person under Section 158-BC of the Act;

(b) along with the assessment proceedings under Section 158-BC of the Act; and

(c) immediately after the assessment proceedings are completed under Section 158-BC of the Act of the searched person.”

28. It becomes pertinent to note that *Calcutta Knitweaves* was principally concerned with the correctness of the decision of the ITAT and the High Court which had held that since the Satisfaction Note had been prepared after proceedings under Section 158BC of the Act had been brought to a close, the same would be contrary to the mandate of Section 158BD of the Act. It becomes pertinent to note that Section 158BC which stood comprised in Chapter XIV-B and was part of the family of provisions dealing with block assessments had envisaged a



procedure for parallel assessments being undertaken in respect of the person searched. Chapter XIV-B as it stood at the relevant time contemplated and envisaged two separate and parallel assessments being undertaken, one in respect of undisclosed income based on material gathered in the course of the search and a regular assessment based on the return that may have been filed. Section 158BD of the Act empowered the AO to proceed against a person other than one searched and in respect of whom it may have found from material and documents gathered in the course thereof that income pertaining to that person had been discovered. It was while examining the correctness of the view expressed by the ITAT as well as the High Court that the Supreme Court spoke of the three stages at which a Satisfaction Note could have been prepared.

29. The observations as appearing in paragraph 41 of the report are thus liable to be construed bearing in mind the intent of the Supreme Court to overrule the view which was taken by the ITAT and the High Court, namely of the AO not being entitled to record its satisfaction after completion of assessment proceedings in respect of the searched person.

30. The question which, however, stands posited for our consideration is whether the Supreme Court when it used the expression “*immediately after*” intended it to be taken in its literal sense and assessments being liable to be annulled on this score alone. We note that an identical question fell for consideration of a Division



Bench of our Court in **Commissioner of Income Tax vs Sudhir Dhingra**¹². The Court in *Sudhir Dhingra* observed as under:-

“17. The application of Calcutta Knitweaves was the subject matter of a recently decided case, i.e., CIT v. V. K. Narang HUF (I. T. A. No. 1064 of 2009, decided on January 8, 2015) (2015) 372 ITR 333 (Delhi) where it was observed that (page 336):

"Having regard to the decision in Manish Maheshwari v. Asst. CIT (2007) 289 ITR 341 (SC) this court is of the opinion that the satisfaction note in the present case meets with the requirements of law. So far as the question of delay is concerned, the court is of the opinion that in the facts and circumstances of the present case, it cannot be held that there was any delay in recording the satisfaction note. The assessment of the searched person was completed on December 31, 2001. The satisfaction note was recorded on May 30, 2002, i.e., just about five months after the date of completion of the searched person. Notice was issued on June 3, 2002, immediately after the satisfaction note was recorded to the present assessee.

Having regard to the declaration of law made by the Supreme Court which specified three possible points in time when notice under section 158BD can be issued to third party/assessee, on the basis of material found on the premises of the searched person, the period of five months spent by the Assessing Officer of the searched person in finalizing the satisfaction note, can be said to have been proximate to the assessment proceedings. We also recollect the decision of this court in CIT v. Raghubir Singh Garg (I. T. A. No. 1420 of 2010, decided on August 27, 2014) (2015) 4 ITR-OL 256 (Delhi). In that case, the search took place on August 29, 2002, and the satisfaction note was recorded on January 16, 2003, i.e., within a period of four-and-half months. The court was of the opinion that the satisfaction note could be upheld. Following the said decision it is held that there was no delay in issuance of notice under section 158BD in the facts of the case."

18. In light of the aforementioned position of law this court finds that the delay of 5 months in the issuing of notice by the

¹² 2015 SCC Online Del 7108



Assessing Officer in the present appeals cannot be unreasonable. Accordingly, the impugned orders of the Income-tax Appellate Tribunal dated April 4, 2008, and April 17, 2009, is set aside on this aspect. The satisfaction note is held to be validly issued and within a reasonable time. In the light of the above observations of the Supreme Court in *Calcutta Knitweaves*, particularly the contextual facts discussed (i.e., completion of the searched party's assessment on March 31, 2005, satisfaction note under section 158BD issued on July 15, 2005, and notice issued on February 10, 2006) it cannot be said that the delay in issuing the notice (although the satisfaction note was recorded within reasonable time) was fatal to the block assessment against the present assessee.”

31. As would be evident from the aforesaid passages, the Court chose to adopt the principle of unreasonable delay in initiation of proceedings. It thus appears to have taken the position that as long as proceedings are initiated within a reasonable period from the closure of assessment of the searched person, a failure to take “immediate” action would not be fatal to the assessment. It is thus evident that *Calcutta Knitweaves* and the expression “*immediately after*” as appearing therein has not been construed or understood as being an expression of inflexible hues. What appears to have been frowned upon is inordinate delay. The question of whether delay is inordinate and consequently warranting quashing of the assessment proceedings itself, would inevitably be a question of fact which would have to be answered in the facts and circumstances of each case. We would also and necessarily have to bear in consideration the scope, extent and complexity of the investigation and enquiry which may have preceded the initiation of proceedings under Section 153C. However, we find ourselves unconvinced to hold in favour of the petitioner on this score for reasons which follow.

32. It would be pertinent to recall Dr. Singhvi’s submission in this respect who had referred to the date when the AO of the searched



person had recorded its satisfaction [19 and 20 February 2023] even though the assessment of the searched persons had been completed a year and a half earlier. The Section 153C notices came to be issued thereafter on 07 March 2023.

33. The respondent in its order under Section 142(1) dated 01 March 2024 has referred to the flow of proceedings in the form of a chart which is extracted hereinbelow:-

Sr. No.	Date of notice	u/s	Compliance by assessee	
			Reply dated	Remarks
i)	7.3.2023	153C	5.4.2023	Requesting for satisfaction note and related documents as stated in para 4 to 6 of the Reply
ii)	28.6.2023/ 30.6.2023	Communication along with satisfaction note running into 307 sheets recorded by your good self as AO of the assessee on 6.3.2023 (No seized material / statements / panchnamas were supplied)	---	---
iii)	4.8.2023	142(1)	17.8.2023	Returns of income filed declaring Nil income in response to notices dated 7.3.2023 u/s 153C of the Act
			31.8.2023	i) It was submitted that there is no independent satisfaction note prepared for each of the assessment years. It was also submitted that it is



				<p>trite law that, there cannot be a common satisfaction note for all seven assessment years and, satisfaction note must be an independent satisfaction note satisfying the statutory preconditions provided in the Act for each of the assessment years. Reliance was placed on the judgment of Hon'ble Apex Court in the case of CIT v. Singhad Technical Education Society reported in 397 ITR 344</p> <p>ii) It was thus submitted that if the documents seized did not establish any correlation, document wise with any of the assessment years then section 153C of the Act could not be validly invoked.</p> <p>iii) It was further submitted that such kin of common, general and vague satisfaction note, admittedly stated to be bulky, could not be made a basis for assuming jurisdiction under section 153C of the Act.</p> <p>iv) It was also</p>
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				<p>requested to satisfy the burden imposed by establishing not only that the documents alleged to be relating/pertaining to the assessee are 'incriminating' but must also be shown that such documents seized establish correlation document wise with the assessment years under consideration.</p> <p>v) It was therefore, requested to provide a separate satisfaction notes discharging the ingredients provided in section 153C of the Act and in absence thereof the present proceedings are illegal, invalid and therefore untenable and unsustainable in law and therefore may be dropped.</p>
iv)	22.9.2023	142(1) along with following materials i) Copy of satisfaction note dated 19.2.2023 recorded by the learned Deputy Commissioner of Income Tax, Central Circle-19, New Delhi i.e. AO of the searched assessee namely Praveen Kakkar, R.K. Miglani & others group	4.10.2023	i) It was submitted that contain satisfaction notes recorded by the Assessing Officer of the searched persons for Assessment Years 2014-15 to 2020-21. A copy of enclosures relied upon documents and copy of relevant part of statements attached.



		<p>(comprising of 147 sheets)</p> <p>ii) Copy of satisfaction note dated 19.2.2023 recorded by the learned Deputy Commissioner of Income Tax, Central Circle-19, New Delhi i.e. AO of the searched assessee namely Praveen Kakkar, R.K. Migalni & others group (comprising of 147 sheets)</p> <p>iii) Copy of satisfaction note dated 19.2.2023 recorded by the learned Deputy Commission of Income Tax, Central Circle-19, New Delhi i.e. AO of the searched assessee namely Praveen Kakkar, R.K. Miglani & others group (comprising of 44 sheets)</p> <p>iv) Copy of satisfaction note dated 20.2.2023 recorded by the learned Deputy Commission of Income Tax, Central Circle-19, New Delhi i.e. AO of the searched assessee namely Praveen Kakkar, R.K. Miglani & others group (comprising of 81 sheets) v) Copy of satisfaction note dated 20.2.2023 recorded by</p>		<p>ii) It was submitted that enclosures were partial copies and relied upon documents and partial copies of statements.</p> <p>iii) It was thus submitted that satisfaction note satisfying the statutory preconditions provided in the Act for each of the assessment years separately.</p> <p>iv) It was also submitted that complete enclosures, complete copy of relied upon and complete statements be provided was not met.</p>
			4.10.2023	<p>Further it was also submitted that the information apparently to voluminous and bulky and thus requires considerable time i.e. three-month time.</p>



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		the learned Deputy Commission of Income Tax, Central Circle-19, New Delhi i.e. AO of the searched assessee namely M/s Megha Engineering & Infrastructure Ltd. (MEIL group (comprising of 81 sheets)		
v)	9.10.2023	142(1)	1.11.2023	<p>i) It was submitted that satisfaction notes recorded both by the Assessing Officer of the searched persons and Assessing Officer of the assessee as supplied do not contain any DIN No. and therefore such satisfaction notes are contrary to CBDT Circular No.19/2019 and therefore not in accordance with law. Reliance is placed on the judgment of Hon'ble Bombay High Court in the case of Ashok Commercial Enterprises v. ACIT in Writ Petition 2595/2021 dated 4.9.2023</p> <p>ii) It was also submitted that in absence of satisfaction notes for each of the Assessment years satisfying the statutory</p>



				<p>preconditions in the Act recorded both by the Assessing Officer of the searched persons and the Assessing Officer of the assessee; the present proceedings are illegal, invalid and therefore untenable and unsustainable in law and therefore may kindly be dropped.</p> <p>iii) It was further submitted that complete enclosures, complete copies of relied upon documents and complete copies of statements may also be supplied to enable the assessee to furnish its objections in a holistic manner.</p> <p>iv) Moreover it was submitted and as stated above that the information apparent to voluminous and bulky and would require considerable time i.e three month and you only provided less than about a month's time which is not sufficient to furnish its objections, having regarding to the statutory time limit under the Act.</p>
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vi)	9.11.2023	142(1)	6.12.2023	i) It was submitted that aforesaid observations are in complete disregard of the mandatory Circular No.19/2019 dated 14.8.2019 issued by Central Board of Direct Taxes, as interpreted by the judgment of Hon'ble High Court of Bombay in the case of Ashok Commercial Enterprises vs. ACIT reported in 334 CTR 757 and decision of Hon'ble Pune Bench of Income Tax Appellate Tribunal in the case of BVG India Ltd. v. DCIT in IT (SS) A.No. 11/Pun/20323 dated 19.10.2023. A copy of the judgment of Hon'ble High Court of Bombay in the case of Ashok Commercial Enterprises (Supra) is placed at pages 14 to 39 of this Reply and decision of Pune Bench of Hon'ble Income Tax Appellate Tribunal in the case of BVG India Ltd. (Supra) is placed at pages 40 to 78 of this Reply. ii) It was further submitted that in light of the aforesaid decision, non mention of DIN on
vii)	14.11.2023	143(2)	6.12.2023	



				<p>the satisfaction notes but mentioning DIN on the covering letters of the communication to the assessee is not in compliance of the mandatory CBDT Circular No.19/2019 dated 14.8.2019 and therefore having regard to the said, the present satisfaction notes are illegal and therefore shall be treated as invalid and shall be deemed to have never been issued.</p> <p>iii) Having regard to the aforesaid the present proceedings being non-est, invalid and therefore may kindly be dropped, more particularly in view of binding judgment of Hon'ble Delhi High Court in the case of CIT v. Brandix Mauritius Holdings Ltd. reported in 456 ITR 34</p> <p>iv) It was submitted that assessee hastens to add here that the satisfaction notes as supplied are common satisfaction notes for all seven assessment years namely Assessment years 2014-15 to 2020-21 and therefore contrary of</p>
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				<p>judgment of Apex Court in the case of CIT v. Singhad Technical Education Society reported in 397 ITR 344. It is thus reiterated to satisfy the burden imposed by establishing not only that the documents alleged to be relating/pertaining to the assessee are 'incriminating' but must also be shown that such document wise with the assessment years under consideration</p> <p>v) It was again requested that the following material be supplied to enable the assessee to furnish its objections:</p> <p>i) Copy of panchnamas prepared on the searched persons:</p> <p>ii) Copy of documents seized from the searched persona and, relied upon in the satisfaction note allegedly pertaining to assessee or containing any information allegedly relating to assessee; and</p> <p>iii) Copies of statements recorded of the searched</p>
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				person, if any, in respect of above alleged documents seized from the search persons.
viii)	5.1.2024/ 6.1.2024	142(1) along with following materials AY 2014-15 dated 6.1.2024 (comprising of 58 sheets) AY 2015-16 dated 5.1.2024 (comprising of 251 sheets) AY 2016-17 dated 5.1.2024 (comprising of 252 sheets) AY 2017-18 dated 5.1.2024 (comprising of 317 sheets) AY 2018-19 dated 5.1.2024 (comprising of 317 sheets) AY 2019-20 dated 5.1.2024 (comprising of 320 sheets) AY 2020-21 dated 5.1.2024 (comprising of 317 sheets)	22.1.2024	<p>i) It was submitted that as per proviso to section 153C the date of search would be substituted by the date of receiving the books of accounts or documents or the assets allegedly belonging to the assessee and seized in the course of search of the searched persons. Reliance was placed on the following judgments: -458 ITR 437 (SC) CIT v. Jasjit Singh - 380 ITR 612 (Del) CIT v. RRJ Securities Ltd.</p> <p>ii) It was submitted that assessee hastens to add here that the satisfaction notes as supplied are common satisfaction notes for all seven assessment years namely Assessment years 2014-15 to 2020-21 and therefore contrary to judgment of Apex Court in the case of CIT v. Singhad Technical Education Society</p>



				<p>reported in 397 ITR 344. It is thus reiterated to satisfy the burden imposed by establishing not only that the documents alleged to be relating/pertaining to the assessee are 'incriminating' but must also be shown that such documents seized establish correlation documents seized establish correlation document wise with assessment years under consideration</p> <p>iii) It was again requested that the following material be supplied to enable the assessee to furnish its objections;</p> <p>i) Copy of panchnamas prepared on the search persons;</p> <p>ii) Copy of documents seized from the searched person and, relied upon in the satisfaction note allegedly pertaining to assessee or containing any information allegedly relating to the assessee; and</p> <p>iii) Copies of statements recorded of the searched</p>
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				person, if any, in respect of above alleged documents seized from the search persons
ix)	16.1.2024	Additional Satisfaction notes for Assessment year 2017-18 recorded on 12.1.2024 by the learned Deputy Commissioner of Income Tax, Central Circle-1(4), Bangalore i.e. AO of the searched assessee namely Mr. D.K. Shivakumar	---	---
x)	17.1.2024	142(1) of the Act AY 2014-15 dated 17.1.2024 (comprising of 42 sheets) AY 2015-16 dated 17.1.2024 (comprising of 42 sheets) AY 2016-17 dated 17.1.2024 (comprising of 42 sheets) AY 2017-18 dated 17.1.2024 (comprising of 43 sheets) AY 2018-19 dated 17.1.2024 (comprising of 43 sheets) AY 2019-20 dated 17.1.2024 (comprising of 42 sheets) AY 2020-21 dated 17.1.2024 (comprising of 42 sheets)	29.1.2024	29.1.2024 It was submitted that kindly dispose of the objections raised in reply dated 22.1.2024
xi)	31.1.2024	142(1) of the Act AY 2014-15 dated	12.2.2024	12.2.2024 It was also



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		31.1.2024 (comprising of 22 sheets) AY 2015-16 dated 31.1.2024 (comprising of 22 sheets) AY 2016-17 dated 31.1.2024 (comprising of 22 sheets) AY 2017-18 dated 31.1.2024 (comprising of 23 sheets) AY 2018-19 dated 31.1.2024 (comprising of 23 sheets) AY 2019-20 dated 31.1.2024 (comprising of 22 sheets) AY 2020-21 dated 31.1.2024 (comprising of 23 sheets)		submitted that the information apparently to voluminous and bulky and thus require considerable time i.e. two weeks time
xii)	8.2.2024	Additional Satisfaction notes for Assessment year 2014-15 and 2016-17 recorded on 6.2.2024 by the learned Deputy Commissioner of Income Tax, Central Circle-2(3), Bengaluru i.e AO of the searched assessee namely Mr. Kempareddy Govindaraj	---	---
xiii)	16.2.2024	142(1) of the Act	---	---



		AY 2014-15 dated 16.2.2024 (comprising of 5 sheets) AY 2015-16 dated 16.2.2024 (comprising of 5 sheets) AY 2016-17 dated 16.2.2024 (comprising of 5 sheets) AY 2017-18 dated 16.2.2024 (comprising of 5 sheets) AY 2018-19 dated 16.2.2024 (comprising of 5 sheets) AY 2019-20 dated 16.2.2024 (comprising of 5 sheets) AY 2020-21 dated 16.2.2024 (comprising of 5 sheets)		
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34. As is manifest from the above, while the Section 153C notice was issued on 07 March 2023, the Satisfaction Note appears to have been provided to the petitioner on 28 and 30 June 2023. These writ petitions came to be preferred long thereafter on 19 March 2024. We take note of the statutory timeframes stipulated under Section 153B of the Act for completion of assessment proceedings and more particularly the Second and Third Proviso's which mandate assessment itself being



completed within twelve months from the time when the books of account or material is handed over to the AO of the non-searched person. This would mean that in the present case and taking the date of handing over or recordal of satisfaction as constituting the date from which that period is liable to be reckoned, the assessment is liable to be completed by 31 March 2024.

35. The writ petitioner has thus chosen to approach this Court only a few days before the time for completion of assessment would expire and at the proverbial fag end of the proceedings. We consequently find no justification to interdict the assessment proceedings at this belated stage by invoking our jurisdiction under Article 226 of the Constitution. However and whether the asserted delay in commencement of proceedings would be fatal to the assessment itself is a question that we leave open to be urged at an appropriate juncture.

36. Accordingly and subject to the aforesaid observations, we dismiss these writ petitions. All pending applications shall stand disposed of.

YASHWANT VARMA, J

PURUSHAINDR KUMAR KAURAV, J

MARCH 22, 2024

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