

Rajib Mukhopadhyay-2017-2018 vs Deputy Commissioner Of Income Tax, ...

ID: F2J-C-2533 Court: Bombay High Court

Case: WRIT PETITION NO.3193 OF 2025 Date: 2026-06-24

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Bombay High Court Rajib Mukhopadhyay-2017-2018 vs Deputy Commissioner Of Income Tax, ... on 24 June, 2026 Author: B. P. Colabawalla Bench: B. P. Colabawalla 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc

IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO.3193 OF 2025 (for A.Y. 2015-16)

Rajib Mukhopadhyay .. Petitioner

Versus

Deputy Commissioner of Digitally signed by Income Tax, Circle - 42(3)(1), Mumbai & Ors. .. Respondents UTKARSH UTKARSH KAKASAHEB KAKASAHEB BHALERAU BHALERAU Date: 2026.06.30 12:56:57 +0530

WITH WRIT PETITION NO.2178 OF 2025 (for A.Y. 2016-17)

Rajib Mukhopadhyay .. Petitioner

Versus

Deputy Commissioner of Income Tax, Circle - 42(3)(1), Mumbai & Ors. .. Respondents

WITH

WRIT PETITION NO.2179 OF 2025 (for A.Y. 2017-18)

Rajib Mukhopadhyay .. Petitioner

Versus

Deputy Commissioner of Income Tax, Circle - 42(3)(1), Mumbai & Ors. .. Respondents

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WITH WRIT PETITION NO.2226 OF 2025 (for A.Y. 2018-19)

Rajib Mukhopadhyay .. Petitioner

Versus

Deputy Commissioner of Income Tax, Circle - 42(3)(1), Mumbai & Ors. .. Respondents

WITH WRIT PETITION NO.2237 OF 2025 (for A.Y. 2021-22) Rajib Mukhopadhyay .. Petitioner

Versus

Deputy Commissioner of Income Tax, Circle - 42(3)(1), Mumbai & Ors. .. Respondents

Mr. Dharan V. Gandhi, Advocate for the Petitioner.

Mr. N. C. Ranganayakulu, Advocate for the Respondent/ Revenue.

CORAM : B. P. COLABAWALLA & FIRDOSH P. POONIWALLA, JJ.

DATE : JUNE 24, 2026

P. C.

1. Rule in all the above Writ Petitions. Respondents waive service. With the consent of parties, Rule made returnable forthwith in all the above Writ Petitions and heard finally. Page 2 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc

2. These five Writ Petitions are filed by the same Petitioner though for different Assessment Years. The Assessment Year in question in the present batch of Petitions are A.Y. 2015-16, A.Y. 2016-17, A.Y. 2017-18, A.Y. 2018-19 and A.Y. 2021-22. Since, the parties are common and common issues are involved, all the Petitions are being disposed of by this common consolidated order.

3. For convenience, Writ Petition No. 2178 of 2025 relating to A.Y. 2016-17 is taken as the lead matter. The facts are, therefore, being noted from the Petition for A.Y. 2016-17, save and except where a separate reference is necessary.

4. The Petitioner is an individual Assessee under the Income Tax Act, 1961 ('the IT Act'). For A.Y. 2016-17, the Petitioner filed his Return of Income on 18th July 2016 declaring total income of Rs.64,14,760/-. A search came to be carried out at the residence of the Petitioner on 03rd February 2021 as part of the search proceedings in the case of Mr. Samir Modi and Indofil Industries Limited. The said search was temporarily concluded on 05th February 2021. Prohibitory orders were placed on the almirah of the Petitioner and on the personal lockers Page 3 of 15 JUNE 24, 2026 Utkarsh 3 to

7. wp.2178,2179,2226,2237, 3193 of 2025.doc of the Petitioner. The search proceedings were resumed and completed on 27th February 2021. Bank lockers in the name of the Petitioner were also searched. During the course of such search, cash was found from the premises of the Petitioner and from the locker of the Petitioner, and jewellery was also found from the locker. The same were seized.

5. Thereafter, nothing happened for nearly three years insofar as the personal assessments of the Petitioner are concerned. The Petitioner subsequently received a Notice dated 10 th August 2023 under Section 153C of the IT Act for A.Y. 2015-16 till A.Y. 2021-22. In response thereto, the Petitioner filed returns under protest disclosing the same income as originally returned. The Petitioner also sought copies of the satisfaction note, seized documents, statements relied upon, investigation report and approval for initiation of proceedings under Section 153C.

6. In the meanwhile, the case of the Petitioner came to be transferred under Section 127(2) of the IT Act from Respondent No.1 to Respondent No.2. Thereafter, Notices under Sections 143(2) and 142(1) were issued. Eventually, on 08th February 2024, the Petitioner was furnished copies of the satisfaction notes. The first satisfaction note is Page 4 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc dated 03rd August 2023 and is recorded by the Assessing Officer of the searched person. The second satisfaction note is dated 10 th August 2023 and is recorded by the Jurisdictional Assessing Officer of the Petitioner.

7. The challenge in these Petitions is to the Notices issued under Section 153C of the IT Act for the aforesaid Assessment Years. Since identical questions arise in all the Petitions, it would be sufficient to note the broad submissions.

8. Mr. Gandhi, the learned counsel appearing for the Petitioner, submitted four principal contentions.

(a) First, it is submitted that the entire basis of the impugned proceedings itself demonstrates that the Petitioner was searched. The residence of the Petitioner and the bank locker of the Petitioner were searched, and the incriminating material relied upon by the Department is the jewellery and cash seized from the Petitioner's residence and bank locker. In such circumstances, according to the Petitioner, Section 153A ought to have been invoked and not Section 153C which applies to a person other than the person searched. Accordingly, the Notices under Section 153C, it was argued, are without jurisdiction. Page 5 of 15

JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc (b) Secondly, and without prejudice to the above, it is submitted that even assuming Section 153C could otherwise be invoked, the satisfaction note is delayed and therefore, barred in law. It is submitted that the assessment of the searched party stood completed on or about 27th September 2022, whereas the satisfaction note of the Assessing Officer of the searched person was recorded only on 03rd August 2023, namely after nearly 10 months. In this regard, reliance was placed on the judgment of the Hon'ble Supreme Court in the case of Commissioner of Income-tax-III V/S Calcutta Knitweaves [(2014) 362 ITR 673 (SC)], and the decisions of this Court in Clear Channel India (P.) Ltd. V/S Deputy Commissioner of Income-tax [(2026) 184 taxmann.com 434 (Bom)] and Nippon Life India Asset Management Ltd. V/S Deputy Commissioner of Income-tax [in Writ Petition No.4516 of 2025 decided on 07th April 2026]. (c) Thirdly, it is submitted that the satisfaction note is without a DIN. Relying on the judgment of this Court in Ashok Commercial Enterprises V/S Assistant Commissioner of Income-tax [(2023) 459 ITR 100 (Bom)] and the decision in Clear Channel India (P). Ltd (supra), it is submitted Page 6 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc that the satisfaction note is invalid and deemed to have never been issued. (d) Fourthly, it is submitted that the seized assets, namely the cash and jewellery which form the very basis of the alleged satisfaction, were never transferred to the Jurisdictional Assessing Officer of the Petitioner. It is submitted that sine qua non for issuing Notice under Section 153C of the IT Act is that the incriminating material, document or assets must be handed over to the Assessing Officer having jurisdiction over such other person. In the absence of such transfer, assumption of jurisdiction under Section 153C is vitiated.

9. Per contra, the learned counsel appearing on behalf of the Revenue relied upon the affidavit-in-reply of one Shri Manulal Baitha, Deputy Commissioner of Income-tax, Central Circle-3(4), Mumbai affirmed on 07th October 2024, to oppose the Petitions. Insofar as the Petitioner's contention on Section 153A is concerned, the affidavit states that no search warrant was issued in the name of the Petitioner, and therefore, the Petitioner is a person other than the searched person, and therefore, Notices are rightly issued under Section 153C of the IT Act. On the aspect of delayed recording of the satisfaction note, the affidavit Page 7 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc and the submissions on behalf of the Revenue proceed on the basis that the note was recorded within 10 months, and therefore, there was reasonable compliance with the requirement in law. On this aspect, reliance was placed on the decision of the Punjab and Haryana High Court in case of Bhupinder Singh Kapur V/S Income-tax Officer [(2025) 175 taxmann.com 689]. On the DIN objection, the Revenue contends in the affidavit that the satisfaction note is merely a document prepared by the Assessing Officer and kept on file and, unless demanded, it is not required to be provided. According to the Revenue, therefore, there is no requirement to have a DIN on such satisfaction note.

10. In rejoinder, the learned counsel for the Petitioner submits that it is inconceivable that the residence of a person or his bank locker can be entered and searched without a warrant in the name of such person. It is submitted that the Revenue's own affidavit, while asserting absence of warrant in the Petitioner's name, in fact gives rise to an even more serious jurisdictional challenge, namely that the search at the premises and bank locker of the Petitioner would itself be without jurisdiction. In fact, he submitted, that in the present Petition, search proceeding at the residence and bank locker of the Petitioner is also Page 8 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc challenged. He further argued that the wordings of Section 153A of the IT Act are clear to the effect that it applies to a person where a search is initiated and would therefore, have been the correct provisions in the present case. He further submitted that this Court in Clear Channel India (P). Ltd (supra) and Nippon Life India Asset Management Ltd. (supra) has already accepted the reasoning of the Delhi High Court and the Gujarat High Court that delay of 9 to 10 months does not satisfy the requirement of recording satisfaction "immediately" after completion of the assessment of the searched person. He argued that in the present case, the Revenue cannot ask for reasonable time period as in any event, the incriminating assets were the assets which were seized from the premises of the Petitioner and therefore, there could not have been any difficulty in recording any satisfaction note.

11. Having heard the learned counsel for the parties and having perused the record, in our view these Petitions deserve to succeed for the reasons which are recorded hereunder.

12. On the issue of recording of satisfaction note, the matter is no longer res integra. This Court in Clear Channel India (P). Ltd (supra) after considering Calcutta Knitweaves (supra), the CBDT Page 9 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc Circular No.24/2015, and the decisions of the Delhi High Court and the Gujarat High Court, has held that the expression "immediately" used by the Hon'ble Supreme Court cannot be diluted into a mere "reasonable time". Relevant paragraphs of the said order are brought out hereunder :-

10. We have considered the rival submissions and perused the papers available on record. The first issue is whether the satisfaction note was recorded within the time frame contemplated by law. The Hon'ble Supreme Court in Calcutta Knitweaves (supra) has laid down the law regarding the stage at

which satisfaction must be recorded. Paragraph 44 of the said judgment reads as under:-

"44. In the result, we hold that for the purpose of Section 158BD 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 158BC of the Act; (b) along with the assessment proceedings under section 158BC of the Act; and (c) immediately after the assessment proceedings are completed under section 158BC of the Act of the searched person."

(emphasis supplied)

11. It is pertinent to note that the Hon'ble Supreme Court was dealing with the issue whether a satisfaction note can be recorded after the assessment of the searched party is completed. While answering in the affirmative, the Court added a crucial qualifier, namely, it must be done "immediately" thereafter. The term "immediately" implies a sense of urgency and proximity in time and is often understood to be as soon as possible or without delay. Therefore, the Respondents are not correct when they say that the satisfaction has to be recorded within a "reasonable time". The Supreme Court has consciously used the term "immediately" and due meaning should be given to the said term.

12. The CBDT Circular No.24/2015 dated 31st December 2015 explicitly states that the guidelines of the Hon'ble Supreme Court in Calcutta Knitweaves (supra) apply to proceedings under Section 153C of the IT Act. Therefore, the Assessing Officer of the searched person was required to record satisfaction, at the latest, immediately after the completion of the assessment of the searched person. We find support in the decision of the Delhi High Court in Bharat Bhushan Jain Page 10 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc (supra), where a delay of 10 months was held to be fatal. Similarly, the Gujarat High Court in Jitendra H. Modi HUF (supra) held that a period of 9 months could not be termed as "immediate". In Parag Rameshbhai Gathani V/S ITO [[2025] 180 taxmann.com 662 (Gujarat)/[2026] 308 Taxman 47 (Gujarat)], a delay of 22 months was held to be inordinate.

13. In the present case, the search was conducted in February 2021. The limitation for completing the assessment of the searched person (Shri Sandeep Arora) expired on 31st March 2023. It is undisputed that the assessment of the searched party was completed before such date. The satisfaction note was recorded on 27th June 2024. Hence, there is a delay of approximately 15 months from the last date for assessment of the searched person. Furthermore, the satisfaction note of the Assessing Officer of the Petitioner is undated, which further casts doubt on the timeline of events. Regarding this objection raised in the Petition, the Reply Affidavit merely states that not writing of a date on the satisfaction note by Respondent No.1 is a procedural irregularity. Moreover, the notice under section 153C is issued after a gap of about 2 years. We are of the considered view that a delay of 15 months cannot be construed as "immediately" after the assessment proceedings. The argument of the Respondents that the volume of data seized was massive, requiring time for analysis, and therefore, the delay should be condoned cannot be accepted. The Assessing Officer has been granted sufficient time by the Hon'ble Supreme Court that he can record satisfaction either at the time of, or along with the initiation of proceedings against the searched person, or along with the assessment proceedings, or immediately after the assessment proceedings are completed of the searched person. Further, this is also clarified by the Circular No.24/2015 issued by the Board itself. Accordingly, we hold that the proceedings are barred by limitation." (emphasis supplied)

13. The same principle has thereafter been reiterated by this Court in Nippon Life India Asset Management Ltd. (supra).

14. In the present case, the assessment of the searched person stood completed on or about 27 th September 2022. The satisfaction note Page 11 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc of the Assessing Officer of the searched person is dated 03 rd August 2023. This is a delay of almost 10 months. Once this Court has already concurred with the view of the Delhi High Court in Bharat Bhushan Jain (supra) and the Gujarat High Court in Jitendra H. Modi HUF (supra) that delay of 9 to 10 months does not satisfy the test of "immediately", the issue is concluded against the Revenue.

15. We are unable to accept the contention of the Revenue that recording of satisfaction within 10 months constitutes reasonable compliance, in light of what has been discussed above. Further, the above principle will apply with more force in the present case as the incriminating assets which are relied upon to issue notice under Section 153C of the IT Act were infact, seized from the premises and locker of the Petitioner. Thus, there was no great application of mind required in this regard to record a satisfaction that such assets belong to the Petitioner. Secondly, this Court has already found acceptance with the view taken by the Delhi and Gujarat High Courts and, in substance, has not accepted the view taken by the Punjab and Haryana High Court. In this regard, it would be relevant to note paragraph 10 of the decision in case of Nippon Life India Asset Management Ltd. (supra):-

"10. The CBDT Circular No.24/2015 dated 31st December 2015 explicitly states that the ratio of the Hon'ble Supreme Court in Calcutta Knitweaves Page 12 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc (supra) applies to proceedings under Section 153C of the I. T. Act.

Therefore, the Assessing Officer of the searched persons was required to record satisfaction, at the latest, "immediately" after the completion of the assessment of the searched persons. In this regard, we find support in the decision of the Delhi High Court in Bharat Bhushan Jain (supra), where a delay of 10 months was held to be fatal. Similarly, the Gujarat High Court in Jitendra H. Modi HUF (supra) held that a period of 9 months could not be termed as "immediate". In Parag Rameshbhai Gathani v/s ITO [2025] 180 taxmann.com 662 (Gujarat)/ [2026] 308 taxman 47 (Gujarat)], a delay of 22 months was held to be inordinate. Even, this Court, in the case of Clear Channel India Private Limited v/s Deputy Commissioner of Income Tax, Circle-1(1)(1), Mumbai & Ors (Writ Petition No.4990 of 2025 dated 17 th February 2026), after relying upon the decisions of the Delhi High Court as well as the Gujarat High Court referred to above, held that a delay of 15 months in preparing the Satisfaction Note by the Assessing Officer of the searched person was inordinate and could not be termed as "immediately" after the Assessment Proceedings of the searched person was concluded. Hence, we are unable to agree with the Revenue's contention that the Assessing Officer of the Petitioner having acted immediately after receiving the Satisfaction Note from the Assessing Officer of the searched person, the proceedings are not barred by limitation. The time limit has to be computed from the date of the assessment order in the case of the searched persons. As far as the reliance placed by the Revenue on the judgment of the Punjab and Haryana High Court in the case of Bhupinder Singh Kapur (supra) is concerned, we find that the said decision is of no assistance to the Revenue. Firstly, in the said decision, the delay of preparing the Satisfaction Note was of 9 months whereas in the facts of the present case the delay is of 21 months. Even if we were to assume that the delay of 9 months could be construed (not that we are in any way affirming the view of the Punjab and Haryana High Court) as being "immediately" after the Assessment Proceedings of the searched person is concluded as laid down by the Hon'ble Supreme Court in Calcutta Knitweaves (supra), the same would be wholly inapplicable to the facts of the present case. Hence, the reliance placed on the aforesaid decision of Bhupinder Singh Kapur (supra), by the Revenue is wholly misplaced." (emphasis supplied)

16. We, therefore, hold that the satisfaction note having been recorded almost 10 months after completion of the assessment of the searched person, the jurisdictional condition as explained in Calcutta Page 13 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc Knitwears (supra) is not fulfilled. The impugned notices issued under Section 153C are liable to be quashed on this ground alone.

17. In view of the aforesaid conclusion, we do not consider it necessary to go into the other contentions urged on behalf of the Petitioner including the contention whether the Petitioner would be governed by Section 153A or 153C of the IT Act. All such contentions are expressly kept open for the parties to agitate, should the need so arise in any appropriate future proceedings.

18. Accordingly, all the five Writ Petitions are allowed.

19. The Notices issued under Section 153C of the Income Tax Act, 1961 in the case of the Petitioner for A.Y. 2015-16, A.Y. 2016-17, A.Y. 2017-18, A.Y. 2018-19 and A.Y. 2021-22, as impugned in the present Petitions are quashed and set aside.

20. Rule is made absolute in the aforesaid terms and all the above Writ Petitions are also disposed of in terms thereof. However, there shall be no order as to costs. Page 14 of 15 JUNE 24, 2026 Utkarsh 3 to 7. wp.2178,2179,2226,2237, 3193 of 2025.doc

21. This order will be digitally signed by the Private Secretary/ Personal Assistant of this Court. All concerned will act on production by fax or email of a digitally signed copy of this order. [FIRDOSH P. POONIWALLA, J.] [B. P. COLABAWALLA, J.] Page 15 of 15 JUNE 24, 2026 Utkarsh