IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

R/SPECIAL CIVIL APPLICATION NO. 5039 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5003 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5084 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5100 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5102 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5129 of 2024
With
R/SPECIAL CIVIL APPLICATION NO. 5153 of 2024

FOR APPROVAL AND SIGNATURE:

HONOURABLE MR. JUSTICE A.S. SUPEHIA
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

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Approved for Reporting	Yes	No

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VIRAT ALLOYS PRIVATE LIMITED
Versus
OFFICE OF THE ASSISTANT COMMISSIONER OF INCOME TAX CIRCLE , GANDHINAGAR

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Appearance:
MR. JAIMIN R DAVE(7022) for the Petitioner(s) No. 1
MS HIRVA R DAVE(10742) for the Petitioner(s) No. 1
MS MAITHILI D MEHTA(3206) for the Respondent(s) No. 1

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CORAM: **HONOURABLE MR. JUSTICE A.S. SUPEHIA**
and
HONOURABLE MR. JUSTICE PRANAV TRIVEDI

Date : 22/12/2025
COMMON ORAL JUDGMENT
(PER : HONOURABLE MR. JUSTICE A.S. SUPEHIA)

1. Since a very short issue is involved in the matter, the captioned petitions are taken up for final hearing.

2. **RULE**. Learned Senior Standing Counsel, Ms. Maithili Mehta waives service of notice of admission.

3. The pleadings in Special Civil Application No.5039 of 2024 are complete, hence the same is taken up as a lead matter. The prayer reads thus:-

> *"8(a) Your Lordships may be pleased to quash and set aside the notice dated 24.06.2022 issued under Section 153C of the Income Tax Act, 1961 for A.Y 2015-16 and all the consequential proceedings carried out in pursuance of impugned notice for A.Y. 2015-16.*
>
> *(b) Pending hearing and final disposal of this petition, your Lordships may be pleased to stay further proceedings initiated by respondent pursuant to the impugned notice dated 24.06.2022 issued under Section 153C of the Income Tax Act, 1961 for A.Y. 2015-16.*
> ****"*

4. By way of the present petitions filed under Article 226 of the Constitution of India, the petitioner-company seeks to challenge the notice dated 24.06.2022 issued under Section 153C of the Income Tax Act, 1961 (for short 'IT Act') for the A.Y. 2015-16.

5. The facts of the case are that on 09.03.2017 the petitioner-company filed its revised return of income for the A.Y 2015-16 declaring its income of Rs. Nil. On 25.06.2018, a search was carried out in case of M/s.World Window Group, in exercise of powers conferred under Section 132 of the IT Act. It is the case of the petitioner-Company that it has not undertaken any kind of business or transaction with M/s World Window Group more particularly, between the period of F.Y 2012-13 to F.Y. 2018-19. The petitioner-company was issued notice dated 24.06.2022 under Section 153(C) of the IT Act and accordingly, the petitioner-company filed its reply on 22.07.2022.

6. At the outset, learned advocate Mr. Jaimin Dave for the petitioner-company has submitted that the impugned notice under Section 153(C) of the IT Act is required to be quashed and set aside, in view of the decision

of the Supreme Court in the case of CIT Vs. Calcutta Knitwears [2014] 362 ITR 673 as well as the Central Board of Direct Taxes Circular No.24 of 2015 dated 31.12.2015, since the respondent for the first time on 31.05.2024 has communicated the satisfaction note. It is submitted that the satisfaction note of the searched person i.e. M/s.World Window Group was recorded on 06.05.2022 and the petitioner-company has been conveyed the satisfaction note on 30.05.2024, i.e. beyond the reasonable period of limitation. In support of his submissions he has placed reliance on the decision of this Court dated 18.11.2025 passed in Special Civil Application No. 3734 of 2025 and allied matters.

7. Per Contra, learned Senior Standing Counsel Ms.Maithili D. Mehta for the respondent has submitted that as per her instructions, the satisfaction note of the petitioner was recorded on 17.05.2022. It is submitted that after the search was conducted in the case of M/s World Window Group on 25.06.2018, and the Assessing Officer has recorded the satisfaction note on 06.05.2022 and the materials were forwarded to the jurisdictional Assessing Officer and accordingly, the satisfaction note was recorded on 23.06.2022. However, she has fairly contended that upon perusal of satisfaction note of the Assessing Officer of the petitioner, the same does not bear any date. She has submitted that the same was communicated to the petitioner-company on 30.05.2024.

8. We have heard learned advocates appearing for the respective parties at length.

9. The aforesaid dates are undisputed between the parties. The search was conducted on M/s World Window Group on 25.06.2018 and a satisfaction note was recorded on 06.05.2022 of the searched person. It is

the case of the respondent that the Assessing Officer of the searched person forwarded the materials to the jurisdictional Assessing Officer of present petitioner-company on 17.05.2022 and he recorded the satisfaction note on 23.06.2022. We have perused the satisfaction note recorded by the Assessing Officer of the present petitioner-company. It is apparent and admitted by the respondent that the satisfaction note recorded by the Assessing Officer of the petitioner does not bear any date. It is also established on record and not disputed that the said satisfaction note was supplied to the petitioner-company on 30.05.2024, i.e. after a period of two years. No explanation is coming forward about the intervening period of delay.

10. Keeping in mind the aforenoted established facts, we may, at the outset, refer to the decision of the Supreme Court in the case of Calcutta Knitwears (supra). The Supreme Court in the said case, while examining the provisions of Section 158BC of the Act (now Section 153A of the Act), has held 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."*
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> *(16) In view of the aforesaid decision of the Supreme Court, the respondent-department issued Circular No.24/2015 in light of the provisions of Section 153C of the Act clarifying the recording of the satisfaction note at three stages. The said Circular is incorporated as under :*
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> *"CIRCULAR NO.24 of 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 THE 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 158BDI153C 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 of2014 dated 12.3.2014(available in NJRS at 2014-LL-0312-51) 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 uls 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. "*
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> *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.*
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> *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.*
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> *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 judgement. Accordingly, the Board hereby directs that pending litigation with regard to recording of satisfaction note under section 158BD 1153C should be withdrawn/not pressed if it does not meet the guidelines laid down by the Apex Court."*

11. Thus, as per the Circular of the respondent- Department, the judgment of the Supreme Court in the case of **Calcutta Knitwears (supra)** and the recording of the satisfaction note in three stages apply to

the proceedings under Section 153C of the Act.

12. Thus, in the instant case, it is established that the satisfaction note of the jurisdictional Assessing Officer of the petitioner-company does not bear any date and over and above the same, it is also established that it has been supplied to the petitioner on 31.05.2024 i.e. after passage of more than two years. Hence, on both the counts, the impugned notice dated 24.06.2022 issued under Section 153(C) of the IT Act for the A.Y. 2015-16 becomes vulnerable, hence the impugned notice along with all the consequential proceedings are hereby quashed and set aside. Accordingly, the captioned petitions stand ***allowed***. Rule is made absolute. No order as to costs.

(A. S. SUPEHIA, J)

(PRANAV TRIVEDI,J)

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