

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

**WRIT PETITION NO.4516 OF 2025  
WITH  
WRIT PETITION NO.4576 OF 2025  
WITH  
WRIT PETITION NO.4786 OF 2025**

Nippon Life India Asset Management Limited,  
Mumbai

.. Petitioner

Versus

Deputy Commissioner Income-tax  
Central Circle 3(4), Mumbai & Ors

.. Respondents

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***Mr. Niraj Seth, Gunjan Kakad, Balasaheb S. Yewale, Rupali Vasaikar***, with Mr. & , Advocates for the Petitioner.

***Mr. N. C. Ranganayakulu***, Advocates for the Respondents.

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

**DATE: APRIL 7, 2026**

**P. C.**

**1.** Rule. Respondents waive service. With the consent of parties,  
Rule made returnable forthwith and heard finally.

**2.** By these Petitions under Article 226 of the Constitution of India, the Petitioner challenges the validity of the Notices dated 30<sup>th</sup> August 2024 issued under Section 153C of the Income Tax Act, 1961 (for short “***the I. T. Act***”) for the three years, as well as the Notices dated 14<sup>th</sup> July 2025 issued under Section 143(2) of the I. T. Act and the orders on objections dated 3<sup>rd</sup> February 2026.

**3.** Brief facts of the case are that the Petitioner is a company engaged in the business of providing services as an investment manager to Nippon India Mutual Fund (earlier known as Reliance Mutual Fund) and provides portfolio management and advisory services to its clients. A search and seizure operation under Section 132 of the I.T. Act was conducted on 3<sup>rd</sup> February 2021 in the case of Mr. Samir Modi and Ms. Shivani Modi, wherein residential premises of one Shri Sandeep Arora (alias Karan Arora), Managing Director of M/s. High Ground Enterprises Limited (HGEL), at B-907, Whispering Heights, Mind Space, Malad (West), Mumbai – 400 064 was covered. Based on the material allegedly seized from the premises of Shri Sandeep Arora on 6<sup>th</sup> February 2021, Respondent No. 2, i.e., the Assessing Officer of the searched person, recorded a

Satisfaction Note on 3<sup>rd</sup> July 2024, which was sent by email to the Assessing Officer of the Petitioner on the same day. Thereafter, the Petitioner's Assessing Officer recorded satisfaction on 29<sup>th</sup> August 2024 and issued notices under Section 153C of the I. T. Act to the Petitioner on 30<sup>th</sup> August 2024 for all the three years.

4. Although various contentions have been raised in these Petitions, in our view, they can be disposed of on the ground as to whether the proceedings are barred by limitation due to the delay in recording the Satisfaction Note.

5. The contention raised by Mr. Sheth, the learned Counsel appearing for the Petitioner, was that the proceedings are barred by limitation. In this regard, he placed heavy reliance on the decision of the Hon'ble Supreme Court in ***Commissioner of Income-tax-III V/S Calcutta Knitwears [2014] 362 ITR 673 (SC)***. He submitted that the Hon'ble Supreme Court has categorically held that the Satisfaction Note must be recorded "immediately" after the completion of the assessment proceedings of the searched person. He pointed out that the search, which forms the basis of the present proceeding, was concluded in February 2021.

The assessment on the searched persons, namely, Mr. Samir Modi and Ms. Shivani Modi, were concluded on 27<sup>th</sup> September 2022 and 26<sup>th</sup> September 2022 respectively. However, the Satisfaction Note by the Assessing Officer of the searched persons was recorded only on 3<sup>rd</sup> July 2024, i.e., after 21 months from the conclusion of the assessment of the searched persons. He further submitted that the Satisfaction Note of the Assessing Officer of the Petitioner i.e., Respondent No.1, is dated 29<sup>th</sup> August 2024. He also relied upon the CBDT Circular No.24/2015 dated 31<sup>st</sup> December 2015, which clarifies that though in ***Calcutta Knitwears (supra)***, the Hon'ble Supreme Court was considering the provisions of Section 158BD of the I. T. Act, the ratio laid down therein equally applied to proceedings under Section 153C of the I. T. Act. To buttress his argument regarding the meaning of "immediately", he relied upon the decision of the Delhi High Court in ***CIT v/s. Bharat Bhushan Jain* [[2015] 61 taxmann.com 89 (Delhi)/[2015] 370 ITR 695 (Delhi)]** and the Gujarat High Court in ***Pr. CIT v/s. Jitendra H. Modi HUF* [[2018] 92 taxmann.com 510 (Gujarat)/[2018] 403 ITR 110 (Gujarat)]**, wherein delays of 9 to 15 months were held to be fatal.

6. Per contra, Mr. Ranganayakulu, the learned Counsel for the

Respondents, opposed the Petition. He referred to the affidavit-in-reply dated 30<sup>th</sup> March 2026 and submitted that the notice was issued within a reasonable time. He contended that the Assessing Officer of the Petitioner received the Satisfaction Note on 3<sup>rd</sup> July 2024 and recorded satisfaction on 29<sup>th</sup> August 2024 and issued a Notice under Section 153C of the I. T. Act on 30<sup>th</sup> August 2024. Therefore, there was no delay insofar as the Assessing Officer of the Petitioner was concerned. In this regard, the learned counsel for the Revenue relied upon a decision of the High Court of Punjab and Haryana in ***Bhupinder Singh Kapur v/s Income-tax Officer [2025] 175 taxmann.com 689.***

7. In rejoinder, Mr. Sheth pointed out that the period of delay has to be computed from the date of passing of the assessment order in the case of the searched persons and the date when the Assessing Officer of the searched person issued the Satisfaction Note. When the Assessing Officer of the other person records his satisfaction is irrelevant. In the present case, the assessment of the searched persons were concluded on 26<sup>th</sup> and 27<sup>th</sup> September 2022, the Assessing Officer of the searched persons ought to have recorded his satisfaction under Section 153C of the I. T. Act “immediately” thereafter, whereas such satisfaction was recorded only on

3<sup>rd</sup> July 2024. He submitted that this could not be regarded as “immediately” after conclusion of the assessment proceedings, thus, rendering the proceedings under Section 153C invalid.

8. We have considered the rival submissions and perused the material available on record. The issue raised for our consideration is whether the Satisfaction Note was recorded within the time frame contemplated by law. The Hon'ble Supreme Court in ***Calcutta Knitwears (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)*

9. 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.

**10.** The CBDT Circular No.24/2015 dated 31<sup>st</sup> December 2015 explicitly states that the ratio of the Hon'ble Supreme Court in ***Calcutta Knitweaves (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<sup>th</sup> 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 Knitwears (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.

**11.** In the present case, the search was conducted in February 2021. The assessment of the searched persons was completed on 26<sup>th</sup> and 27<sup>th</sup> September 2022. The Satisfaction Note was recorded on 3<sup>rd</sup> July 2024. Hence, there is a delay of approximately 21 months from the date of assessment order of the searched persons. We are of the considered view that a delay of 21 months cannot be construed as "immediately" after the assessment proceedings of the searched persons was concluded. 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 in the case of the searched person. Accordingly, we hold that the proceedings are barred by limitation.

**12.** For completeness, we may mention that in his affidavit dated 11<sup>th</sup> March 2026, Respondent No. 1, that is, the Assessing Officer of the Petitioner, had taken the stand that HGEL was the searched party. The assessment order passed in the case of HGEL was also exhibited to the said affidavit. On perusal of the assessment order, it was noted by us that the said order was passed under Section 153C of the I. T. Act and not under Section 153A of the I. T. Act. Therefore, HGEL could not be a “searched person”. When this was pointed out to the learned Counsel for the Respondents, he has filed another affidavit dated 30<sup>th</sup> March 2026 wherein it is clarified that in the earlier affidavit, HGEL was referred to as the searched party due to an inadvertent mistake and a bona fide error arising from misappreciation / mixing up of records pertaining to proceedings under Section 153A and 153C of the I. T. Act. It has now been admitted / clarified that (a) Mr. Samir Modi and Ms. Shivani Modi are the searched persons; (b) the assessments in their cases were completed on 27<sup>th</sup> September 2022 and 26<sup>th</sup> September 2022 respectively, and their assessment orders have been exhibited to the affidavit; and (c) there is a

delay of 21 months and 6 days. The stand taken in the earlier affidavit, namely, that HGEL was the searched person has been withdrawn. Therefore, we do not have to delve further into this aspect. However, we feel that care must be taken while filing affidavits, and statements on oath should not be made lightly or irresponsibly. In view of the unconditional apology tendered by the deponent in the fresh affidavit, we say no more on this aspect.

**13.** In view of the above, the impugned notices and the consequential proceedings cannot be sustained. The Writ Petitions are accordingly allowed and the impugned notices under Section 153C and the consequential notices and orders impugned herein are quashed.

**14.** Since we have allowed the Petitions on the aforesaid issue, we leave open the other contentions raised in the Petitions to be considered later, if the need so arises.

**15.** Rule is made absolute in the aforesaid terms, and the Writ Petitions are also disposed of in terms thereof. However, there shall be no order as to costs.

**16.** 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.]**