

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

WRIT PETITION 4990 OF 2025

Clear Channel India Private Limited

.. Petitioner

Versus

Deputy Commissioner of Income Tax,
Circle – 1(1)(1), Mumbai & Ors.

.. Respondents

Mr.Dharan Gandhi a/w Aanchal Vyas, Advocates for the
Petitioner.

Mr. N. C. Ranganayakulu, Advocate for the Respondents.

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

DATE : FEBRUARY 17, 2026

P. C.

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

2. By this Petition under Article 226 of the Constitution of India, the Petitioner challenges the validity of the notice dated 30th March 2025 issued under Section 153C of the Income Tax Act, 1961 ("**the IT Act**") for the A.Y.2016-17.

3. Brief facts of the case are as under:-

- (a) The Petitioner is a company engaged in the business of advertising. Apparently, a search and seizure operation under Section 132 of the IT Act was conducted on 3rd February 2021 in the case of Mr. Samir Modi and Ms. Shivani Modi. Concurrently, a search was conducted on 6th February 2021 at the residential premises of one Shri Sandeep Arora.
- (b) Based on the material allegedly seized during the search on Shri Sandeep Arora, the Assessing Officer of the searched person recorded a satisfaction note on 27th June 2024. Consequently, the impugned notice under Section 153C of the IT Act was issued to the Petitioner on 30th March 2025.

4. Although various contentions have been raised in the Petition, for the purpose of the present adjudication, we are addressing only two contentions viz., (i) Whether the proceedings are barred by limitation due to the delay in recording the satisfaction note? and (ii) Whether the satisfaction note is invalid for want of a Document Identification Number (DIN)?

5. The first contention raised by Mr. Gandhi, the learned Counsel 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 time limit for completion of assessment of the searched person expired on 31st March 2023. It is not disputed that assessment of the searched party was concluded by such date. However, the satisfaction note by the Assessing Officer of the searched person was recorded only on 27th June 2024, i.e., after a delay of approximately 15 months from the conclusion of the assessment of the searched person. He further submitted that the satisfaction note of the Assessing Officer of the Petitioner i.e., Respondent No.1, is undated. He also relied upon the CBDT Circular No.24/2015 dated 31st December 2015, which clarifies that the ratio of *Calcutta Knitwears (supra)* applies to proceedings under Section 153C of the IT Act. To buttress his argument regarding the meaning of "immediately", Mr. Gandhi relied

upon the decision of the Delhi High Court in ***CIT V/S Bharat Bhushan Jain [(2015) 370 ITR 695 (Delhi)]*** and the Gujarat High Court in ***Pr. CIT V/S Jitendra H. Modi HUF [(2018) 403 ITR 110 (Gujarat)]***, wherein delays of 9 to 15 months were held to be fatal.

6. On the second issue, Mr. Gandhi submitted that the satisfaction note provided to the Petitioner does not bear a DIN. He relied upon the CBDT Circular No. 19/2019 dated 14th August 2019 and the decision of this Court in ***Ashok Commercial Enterprises V/S Assistant Commissioner of Income Taxation [(2023) 459 ITR 100 (Bombay)]*** and ***Sanjay Nathalal Shah V/S Assistant Commissioner of Income Tax [(2026) 182 taxmann.com 847 (Bombay)]*** to contend that any communication, including a satisfaction note, issued without a DIN is non-est in law. For all these reasons, Mr. Gandhi submitted that the notice dated 30th March 2025 [issued under Section 153C] ought to be quashed and set aside.

7. Per contra, Mr. Ranganayakulu, the learned Counsel for the Respondents, opposed the Petition. Regarding the issue of limitation, he referred to the affidavit-in-reply and submitted that the notice was issued within a reasonable time, which is what the Hon'ble Supreme

Court has laid down in the case of *Calcutta Knitwears (supra)*. He contended that the volume of data seized was massive, requiring time for analysis, and therefore, the delay should be condoned. He submitted that a reasonable window should be given to the Department to record satisfaction and that the words “immediately thereafter” should not be strictly construed.

8. On the issue of DIN, Mr. Ranganayakulu relied upon a decision of the Gujarat High Court in ***Rameshkumar Tulsidas Kaneriya V/S Asstt. CIT [(2025) 477 ITR 358 (Guj)]*** to contend that a satisfaction note is an internal document and does not require a DIN. He submitted that the Circular is very clear that internal communications would not require a DIN.

9. In rejoinder, Mr. Gandhi pointed out that this Court in *Sanjay Nathalal Shah (supra)* has already considered and distinguished the said decision of the Gujarat High Court in *Rameshkumar Tulsidas Kaneriya (supra)*, holding that the binding Circular of the CBDT and the law laid down by this Court in *Ashok Commercial Enterprises (supra)* must prevail.

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 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)

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 Knitwears (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 (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)]***, 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.

14. The second issue pertains to the absence of DIN on the satisfaction note. This issue is no longer *res integra* insofar as this Court is concerned. In *Ashok Commercial Enterprises (Supra)*, this Court held as under:-

“18(d) The said Circular also applies to the satisfaction note dated 13th July 2021 issued by respondent no. 1. The satisfaction note will fall within the scope of paragraph 2 of the Circular as a communication of the specified type issued to any person. Therefore, the satisfaction note dated 13th July 2021 and the impugned order of assessment dated 28th September 2021 ought to be treated as invalid and deemed never to have been issued.”

15. The Respondents’ reliance on the Gujarat High Court decision in *Rameshkumar Tulsidas Kaneriya (supra)* is misplaced. This Court in *Sanjay Nathalal Shah (Supra)* has specifically dealt with and distinguished the said decision. Paragraph 12 of *Sanjay Nathalal Shah (supra)* states thus:-

“12. Coming to the decision of the Gujarat High Court in the case of Rameshkumar Tulsidas Kaneriya (supra) as relied upon by the Respondent, we find that firstly, the said decision is in the context of a satisfaction note and not a case of a mandatory approval or sanction. Therefore, the same is distinguishable on this ground alone. Circular No.19/2019 specifically includes approval as a correspondence. Secondly, it has been held by the Gujarat High Court that the satisfaction note is an internal communication which does not fall within the meaning of the word "communication" as contemplated in Circular No.19/2019 (supra). This finding of the Court is contrary to the findings given by this Court and those of the Madras High Court. We are therefore bound by the decision

of this Court in this regard, which has categorically held that internal communications are considered as "any other correspondence" to "any other person". Lastly, the Gujarat High Court has held that such a satisfaction note can be regularized by issuing the same with a DIN and the same would be a procedural aspect. We are afraid we cannot subscribe to the above findings for two reasons. Firstly, the regularization has to happen only in terms of Circular No.19/2019 and only in a case where the conditions of paragraph 3 are fulfilled. Secondly, we have held that not following Circular No.19/2019 cannot be simply termed as a procedural irregularity. Therefore, the decision in the case of the Gujarat High Court would not assist the case of the Revenue. Further, it is fairly settled that dismissal of SLP in limine would not amount to merger of the order of the High Court with that of the Supreme Court. If at all any support is required for this proposition, then reference can be made to the decision of the Hon'ble Supreme Court in the case of Kunhayammed v. State of Kerala [(2000) 113 Taxman 470/245 ITR 360 (SC)]."

16. Consequently, the satisfaction note, being without a DIN, is treated as invalid and deemed to have never been issued as per CBDT Circular No.19/2019.

17. In view of the above findings on limitation, as well as the absence of a DIN, the impugned notice and the consequential proceedings cannot be sustained. The Writ Petition accordingly is allowed in terms of prayer clause (a), which reads thus:-

“(a) that this Hon’ble Court may be pleased to issue a Writ of Certiorari or a Writ in the nature of Certiorari or any other appropriate Writ, Order or direction, calling for the records

of the Petitioner's case and after going into the legality and propriety thereof, to quash and set aside the said notice u/s 153C of the Act dated 30.03.2025 ("Exhibit B") the satisfaction notes ("Exhibit C") and the subsequent proceeding."

18. Since, we have allowed the Petition on the aforesaid two aspects, we leave the other contentions of the Petitioner open.

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

20. 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.]