

आयकर अपीलीय अधिकरण "बी" न्यायपीठ पुणे में ।
IN THE INCOME TAX APPELLATE TRIBUNAL "B" BENCH, PUNE

BEFORE SHRI R.K. PANDA, VICE PRESIDENT
AND
MS. ASTHA CHANDRA, JUDICIAL MEMBER

आयकर अपील सं. / ITA Nos.837, 835 & 836/PUN/2025
निर्धारण वर्ष / Assessment Years : 2016-17, 2017-18 & 2018-19

Wockhardt Limited, D-4, MIDC, Chikalthana, Aurangabad-431006 PAN : AAACW2472M	Vs.	Assistant Commissioner of Income Tax, Central Circle-2(1), Pune
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

Assessee by :	Shri Manthan Shah
Department by :	Shri Amit Bobde
Date of hearing :	13-08-2025
Date of Pronouncement :	10-11-2025

आदेश / ORDER

PER ASTHA CHANDRA, JM :

The above three captioned appeals filed by the assessee are directed against the separate order(s) all dated 27.01.2025 of the Ld. Commissioner of Income Tax (Appeals)-12, Pune [**"CIT(A)"**] pertaining to Assessment Years (**"AYs"**) 2016-17, 2017-18 and 2018-19. Since, the issue(s) involved are identical, these were heard together and are being disposed of by this common order.

ITA No. 837/PUN/2025, AY 2016-17

2. Briefly stated, the facts of the case are that the assessee is a company engaged in the business of manufacturing and trading of pharmaceutical products. A search and seizure action u/s 132 of the Income Tax Act, 1961 (**the "Act"**) was carried out on 16.12.2020 in the case of International Foundation for Medical Education and Research, Ahmedabad (**"IFMER"**). During the search action as per the statement of Shri Parth Dipakbhai Dave, President of IFMER recorded on oath u/s 132(4) of the Act on 16.12.2020 and evidences found and seized during the course of search action, Shri Parth Dipakbhai Dave, admitted that IFMER received unrestricted grant from Wockhardt Limited (the assessee in the instant case) in paper to organize conference, seminars and CME's.

Factually, the funds received were used to provide freebies to the doctors and medical practitioners. A satisfaction note by the Assessing Officer of IFMER in whose hands the material was seized was recorded on 02.02.2022 stating that the material was relevant to the case of Wockhardt Ltd., the assessee company and it was communicated to the then Assessing Officer of the assessee i.e. the DCIT, Circle-1, Aurangabad (“**the Ld. AO-Aurangabad**”). Pursuant thereto, the Ld. AO-Aurangabad recorded his satisfaction note in the case of the assessee on 23.03.2022. Consequently, notice u/s 153C of the Act was issued and served upon the assessee on 24.03.2022 by the Ld. AO-Aurangabad requiring the assessee to file the return of income for the relevant AYs involved. In response to the said notice, the assessee filed return of income u/s 153C of the Act on 13.04.2022 for the respective AYs. Thereafter, the Pr. Commissioner of Income Tax, Nashik transferred the case of the assessee from the Ld. AO-Aurangabad to the ACIT, Circle-2(1), Pune (“**the Ld. AO**”) vide transfer order passed u/s 127 of the Act, dated 16.11.2022. During the assessment proceedings u/s 153C of the Act, statutory notice(s) u/s 143(2)/142(1) of the Act along with questionnaire were issued and served upon the assessee calling for various details, in response to which the assessee submitted its reply from time to time. Dissatisfied with the submissions of the assessee, the Ld. AO proceeded to pass the order u/s 153C of the Act on 30.03.2023 making disallowance in respect of educational grants provided to IFMER amounting to Rs.1,75,68,000/-. The relevant observations and findings of the Ld. AO is as under :

“Thus, in guise of the use of funds for Medical Education the funds were used for providing freebies to doctors like travel, stay etc. It is clear that the grant was not utilized for the purposes of Medical Education of doctors as claimed. This shows that the grants are nothing but a façade used to camouflage the freebies provided to doctors as quid pro quo for the business provided to the assessee company in the form of increased prescriptions of its medicines by such doctors and thereby increased sales for it.

(c) Thus, there is clearly documented violation of the Medical Council of India Guidelines. Also with respect to other two emails shared by the employees of the assessee with IFMER containing list of doctors attending the CME, the assessee submits that these were provided for Visa, etc. as consulates require details of sponsors of the events/ seminars, etc. The response of the assessee is far from satisfactory. If indeed the grant was unrestricted, it is IFMER which is the sponsor of the CME/event/ seminar and not the assessee. IFMER could have itself provided letters for Visa, obtained insurance, etc. which is not the case. The list of doctors provided by the assessee clearly establish that the assessee handled everything ie provided list of doctors for CME/ events, approved the budget, approved the itinerary and IFMER only sent request letter for unrestricted educational grant on paper. If the grants were unrestricted, the assessee had no business communicating name of particular doctors and even be concerned with

arrangement of visa, etc. as claimed by the assessee. The only reason the assessee has provided the name(s) of the doctors, is clear, i.e. the intention of the assessee has always been to send specific doctors for CME, etc. at its own sponsorship and cost and only a façade of educational grant which is unrestricted only on paper has been created.

On taking a holistic view of the facts on record of violations of Medical Council of India Guidelines, which were required to be explained, the submission of the assessee company is found to be completely inadequate and is not found to give any plausible justification for the claim of expenditure in the hands of the assessee company. It is settled law that the onus of providing justification for the claim of any expenditure is on the claimant which in this case is the assessee. It is seen that the assessee company has given advances to the IFMER Trust purportedly for organizing Medical Education Programmes for Doctors. It was admitted on behalf of the Trust by its Chief Trustee that he did not organize any Medical Conferences and the funds were expended on instruction of the assessee company received through its employees on providing freebies to doctors. The Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (the regulations) further amended on 10/12/2009, prohibits the medical practitioners and their professional associations from taking any gift, travel facility, hospitality, cash or monetary grant from the pharmaceutical and allied health sector industries. It is further seen that Circular No 05/20212 issued by the CBDT, New Delhi prohibits the allowance of expenditure which is in violation of the aforesaid regulations. The assessee company has neither denied the existence of the violations pointed out nor has it given any justification for claim of the expenditure in the background of the violations done at its behest. Therefore, the submission is found to be without any substance and is not found to be plausible. The intention of the assessee is clearly to create a façade of giving Grants for Medical Conferences and in the guise to provide freebies to doctors. By entering in this arrangement the assessee company has avoided the disallowance of the expenditure mandated under explanation (1) to Sec 37(1) of the IT Act. The Hon'ble Supreme Court in the case of M/s Apex Laboratories Pvt. Ltd [135 Taxmann.com 286(SC)]has taken note of the following in Para (34):

"It is also a known principle that what cannot be done directly, cannot be achieved indirectly. As was said in Fox v. Bishop of Chester that it is a:

"Well-known principle of law that the provisions of an Act of Parliament shall not be evaded by shift or contrivance"

And that :

"To carry out effectually the object of a Statute, it must be construed as to defeat all attempts to do, or avoid doing, in an indirect or circuitous manner that which it has prohibited or enjoined"

Therefore, the assessee company's act of routing the expenses through IFMER does not exempt the assessee company from the disallowance envisaged under explanation (1) to Sec 37(1) of the IT Act. The Hon'ble Supreme Court has conclusively held that since acceptance of freebies by medical practitioners was punishable as per Circular issued by Medical Council of India under MCI regulations, 2002, gifting of such freebies by pharmaceutical company to medical practitioners would also be prohibited by law and thus, expenditure incurred in distribution of such freebies would not be allowed as a deduction in terms of Explanation 1 to section 37(1) of the Act. The Hon'ble Supreme Court has further held-

.....
.....

36. In the present case too, the incentives (or "freebies") given by Apex, to the doctors, had a direct result of exposing the recipients to the odium of sanctions, leading to a ban on their practice of medicine. Those sanctions are mandated by law, as they are embodied in the code of conduct and ethics, which are normative, and have legally binding effect. The conceded participation of the assessee- Le., the provider or donor- was plainly prohibited, as far as their receipt by the medical practitioners was concerned. That medical practitioners were forbidden from accepting such gifts, or "freebies" was no less a prohibition on the part of their giver, or donor, i.e., Apex."

The decision of the Hon'ble Supreme Court has now become the law of land which not only prohibits medical practitioners from accepting freebies but also provider or donor from providing or giving freebies. In light of the above findings and discussion grants provided by the assessee to IFMER considered as freebies to the medical professionals shall be inadmissible under section 37(1) of the Income Tax Act being an expense prohibited by law and which are against public policy as per the MCI Regulations in view of the CBDT Circular No 05/2012 and the Supreme Court's decision in the case of M/s Apex Laboratories Pvt. Ltd [135 Taxmann.com 286(SC)]. Therefore, the entire amount of Rs 1,75,68,000/- appearing in the ledger as provided to IFMER is added back as inadmissible expenditure under section 37(1) of the Act."

3. Aggrieved, the assessee preferred an appeal before the Ld. CIT(A). Before the Ld. CIT(A), the assessee challenged the validity of the impugned assessment order passed by the Ld. AO being bad in law on the ground that a consolidated satisfaction note dated 23.03.2022 has been recorded by the Ld. AO for AYs 2015-16 to 2020-21. The Ld. CIT(A) rejected the contention of the assessee holding that the proceedings u/s 153C of the Act for the relevant AY are valid proceedings by observing as under :

"5.2 Vide grounds 1 to 5, the appellant has challenged the validity of the proceedings u/s 153C. The main argument put forward by the appellant is that the satisfaction note recorded for initiating the proceedings u/s 153C is a consolidated satisfaction note for different assessment years which is not a valid satisfaction note in the eyes of law. The appellant has relied on the recent ruling of Hon'ble Karnataka High Court in DCIT Vs Sunil Kumar Sharma (2024) 159 taxmann.com 179 and the decision of the jurisdictional tribunal in the case of Shri Rajendra Rameshlal Gugale Vs PCIT (ITA No. 1676/PUN/2024) and other decisions.

5.3 I have considered the submissions of the appellant and the facts of the case. In this regard, it is important to understand what is the meaning of a consolidated satisfaction note for different assessment years as explained by different Courts/Tribunal. In the case of Renu Singh & Pradeep Singh Vs. ACIT Central Circle-3, Delhi, Hon'ble Delhi Tribunal (ITA Nos. 2806 & 2810/Del/2024), the Hon'ble tribunal while dealing with the issue of a consolidated satisfaction note has held as under:

Mere drawing of a perfunctory satisfaction without meeting basic ingredients of providing some tangible & descript information and application of mind thereon has no standing in law and would not confer drastic jurisdiction of assessment u/s 153C of the Act on a person other than searched person. The jurisdiction assumed based on such lackadaisical 'satisfaction note beset with vital infirmities cannot be countenanced in law. The objection raised on behalf of the assessee towards lack of jurisdiction based on cryptic

and non-descript satisfaction thus deserves to be sustained. While recording a consolidated 'satisfaction note' is not a bar in law per se as rightly contended on behalf of the revenue, but however in the same vain the documents/assets searched need to be specified against each year covered in the satisfaction note to depict application of mind and initiation of action 153C of the Act qua such assessment years...

5.4 Whether proper satisfaction has been recorded is essentially a mixed question of fact and law. Question of law being based on the legal principle of application of mind by the AO so that no prejudice is caused to the assessee. Thus, the main requirement of a satisfaction note is that it should show application of mind by the AO. The application of mind is shown by quantifying the unaccounted transaction/income separately for each year and identifying the seized documents/assets on which the reliance is placed for each year. There is no bar of recording satisfaction together for several years provided the unaccounted transaction/income is identified/quantified separately for separate years and seized material/other relevant documents are identified for each year.

5.5 In the present case, the AO has separately quantified the unaccounted transaction/income in the satisfaction note as:

Copies of the emails stored in the back up taken in Hard Disk Drive seized from IFMER evidencing that funds of Rs. 1,10,13,000/- Rs 2,19,70,814/- and Rs. 1,63,22,000/- for A.Y 2016-17, 2017-18 and 2018-19 respectively claimed to have been given for organizing Medical Conferences and Education programs were actually for providing freebies to the doctors.....

5.6 The AO in the satisfaction note has made a reference to the various emails and the statement of the president of IFMER Shri Parth Dave recorded during the search to draw a satisfaction with regard to the modus operandi of the entire operation of distributing the freebies to doctors using IFMER as a front. After being clear about the modus operandi, the AO has quantified the amount of payment made to IFMER based on the ledger account for each assessment years i.e. A.Y2016-17, 2017-18, 2018-19. The satisfaction note is a detailed note clearly specifying the details of the seized material on the basis of which action u/s 153C is proposed, nature and description of the seized material and other details. It is not a perfunctory satisfaction note. It clearly shows application of mind by the AO.

5.7 Thus, even through the satisfaction note has been written combined for all the years, the document in the form of ledger account for separate years and the quantification has been done separately for separate years. Thus, the satisfaction note clearly shows application of mind by the AO and in substance it cannot be regarded as a combined/consolidated satisfaction note. The form of the satisfaction note may be that of a combined satisfaction note but in substance it is a separate satisfaction note for each year. As regards the case laws relied upon by the applicant, the facts of those cases are distinguishable from the peculiar facts of the appellant, hence not applicable.

In view of the above, the proceedings u/s 153C for the year under consideration are held to be valid. Hence ground nos. 1 to 5 raised by the appellant do not sustain, hence dismissed.”

4. Dissatisfied, the assessee is in appeal before the Tribunal raising the following grounds of appeal :

“On the facts and the circumstances of the case and in law, ld. CIT(A) pursuant to order of learned AO :

General :

1. erred in calculating the total loss under normal provisions of the Act at INR 88,28,09,541.

Addition under section 153C cannot be made basis a consolidated satisfaction note:

2. ought to have appreciated that the assessment order passed by the learned AO is bad in law and hence liable to be quashed as the same is passed based on the consolidated satisfaction note dated 23 March 2022 recorded by the Deputy Commissioner of Income Tax, Circle-1, Aurangabad ('learned Aurangabad AO')

Addition in the absence of incriminating material:

3. ought to have appreciated that the addition of INR 1,75,68,000 was not based on incriminating material unearthed during the search and therefore liable to be deleted.

Disallowance of unrestricted educational grant provided to International Foundation for Medical Education and Research (IFMER), Ahmedabad

4. erred in confirming disallowance of expenses incurred for unrestricted educational grant provided to IFMER, by holding that the said grants were utilized for the purpose of providing freebies to the healthcare professionals such as travel, stay, etc. which are prohibited as per The Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (MCI Regulations) and not deductible under Explanation 1 to section 37(1) of the Act read with CBDT Circular No. 5 of 2012 merely based on statement recorded Mr. Parth Dave trustee of IFMER, wherein he had not stated that grants have been received for providing freebies to healthcare professionals

The Appellant hereby reserves the right to add to, alter or amplify the above grounds of appeal."

5. Apart from grounds raised on merits of the case, in ground No. 2 by way of a legal ground, the assessee has challenged the validity of the impugned assessment order itself being bad in law and hence liable to be quashed on the ground that a consolidated satisfaction note has been recorded by the Ld. AO-Aurangabad. At the outset, the Ld. AR submitted that his arguments are confined to this legal ground as the other ground(s) on merit is covered against the assessee by the decision of the Hon'ble Supreme Court and thus may be dismissed. We, therefore, proceed to decide this legal ground raised by the assessee.

6. Referring to pages 50 and 51 of the paper book containing the Proforma for recording satisfaction u/s 153C of the Act, the Ld. AR submitted that at column No. 7 of the said Proforma, the Ld. AO has mentioned the assessment years involved as AY 2015-16 to AY 2020-21.

7. Referring to pages 65 to 67 of the paper book, the Ld. AR drew our attention to the satisfaction note recorded by the Ld. AO wherein the assessment years are stated as AY 2015-16 to 2021-22 and that the notice u/s 153C is being issued for AY 2015-16 to 2020-21. Thus, it is evident that a combined satisfaction note has been issued for the AYs 2015-16 to 2020-21 under consideration in the instant appeal(s).

8. The Ld. AR filed a legal paper book and relying on the various decisions mentioned below, he submitted that addition u/s 153C cannot be made on the basis of a consolidated satisfaction note :

- i. DCIT vs. Sunil Kumar Sharma (2024) 159 taxmann.com 179 (Kar.), SLP dismissed in 165 taxmann.com 846
- ii. Shri Rajendra Rameshlal Gugale vs. PCIT (ITA No. 1676/Pun. /2024) (Pune)
- iii. ACIT vs. Subhash Jivraj Jain (ITA No. 1690/Pun. /2024) & (CO No.29/PUN/2025) (Pune)
- iv. Renu Singh vs. ACIT (2024) (ITANO. 2806/Del./2024) (Del.)
- v. M/S Aashrya Developers (P) Ltd vs. ACIT, Faribdabad (2024) (ITA No. 3461 to 3464/Del./2023) (Del.)
- vi. Maheshwari Coal Benefication & Infrastructure (P.) Ltd. vs. DCIT (2025) 171 taxamnn.com 842 (Nag.)
- vii. Blue Ocean Travels Pvt Ltd vs. DCIT (ITA No.3281,3282/Del/2024) (Del.)

9. The Ld. DR, on the other hand, strongly relied on the order of the Ld. CIT(A) and the Ld. AO. He filed a detailed written submission raising the various contentions in support of the validity of the satisfaction note recorded by the Ld. AO which is summarized as under :

“6.1 In view of the above discussion, the following is concluded -

- i. *There is no bar in law against consolidated satisfaction note.*
- ii. *Even a consolidated satisfaction note is valid if fulfils statutory requirements of section 153C and principles of natural justice.*
- iii. *Section 153C is a machinery provision and should be interpreted in a manner which makes the machinery workable. It must be construed in a manner that will advance the object behind the provisions and not in manner that a charge of tax is defeated.*

- iv. *The decision of Delhi High Court in Indian National Congress (supra) is the only direct decision which specifically deals with the issue of satisfaction note.*
- v. *The Satisfaction Note recorded by the AO in the present case displays proper application of mind by the AO where seized material is properly analyzed and correlated with the relevant AYrs."*

9.1 The Ld. DR submitted that the form of satisfaction note has not been mandated by law but its substance should conform to the established legal and judicial norms. Suppose there is a separate satisfaction note for all the relevant AYs but none of them establishes link between the seized material and determination of the total income of the assessee, then it cannot be said to be as per law. However, a single consolidated satisfaction note which links the seized material with the determination of the total income of the other person for different AYs would be legal and valid.

9.2 Referring to the decision of the Hon'ble Delhi High Court in the case of Indian National Congress (INC) Vs. Deputy Commissioner of Income Tax (2024) 463 ITR 431 (Delhi), the Ld. DR submitted as under :

"4.5 The principle of substance over form in relation to satisfaction note u/s 153C has been upheld by Delhi High Court in the case of Indian National Congress(INC) Vs. Deputy Commissioner of Income Tax[2024] 463 ITR 431 (Delhi) (Annexure-4 of the PB) wherein the Hon. High Court has specifically dealt with the issue of Separate Vs. Consolidated Satisfaction Note (relevant paras 22-26). The Delhi High Court upheld the validity of a consolidated satisfaction note covering multiple years. In that case, notices under Section 153C were issued to the assessee for seven assessment years on the basis of materials seized in an earlier search. The assessee argued, inter alia, that the AO's satisfaction note was invalid because it was "common" to all years and did not record year-wise satisfaction. The High Court emphatically rejected this contention. It held that a composite satisfaction note suffices under Section 153C if it contains adequate particulars of the incriminating material and links them to the block of relevant years. The Court reasoned that since Section 153C (like Section 153A) empowers the AO to assess a block period, the law does not envisage separate satisfaction notes for each year.

4.5.1 The Hon. Delhi High Court underscored that the satisfaction note is merely the foundation to initiate proceedings, and as long as it "includes sufficient particulars of the incriminating material relevant to the block of AYs, the same would.. satisfy the statutory requirement". In the INC case(supra), the composite note detailed the seized evidence and specifically identified the assessment years to which that evidence pertained (AY 2014-15 up to AY 2020-21). This met the dual jurisdictional prerequisites: the material was connected to the assessee and pertinent to those AYs, thus justifying the issue of Section 153C notices for those years. The High Court concluded that such a common satisfaction note "clearly does not appear to be an anathema" under the Act. What would be impermissible is if the note were vague or lacking any nexus to particular years but not the mere fact that it is consolidated. The Indian National Congress (supra) ruling is a

strong affirmation that substance prevail over form in interpreting Section 153C.

4.6 The assessee in this case has relied upon the decision of Karnataka High Court in the case of Deputy Commissioner of Income Tax Vs. Sunil Kumar Sharma [2024] 159 taxmann.com 179 [22-01-2024](Annexure-1 of the PB). It is seen that it is Division bench decision of Karnataka High Court in the case of one, Shri. Sunil Kumar Sharma. This decision flows from single judge decision of Karnataka high court in the case of same assessee reported as Sunil Kumar Sharma vs. Deputy Commissioner of Income-tax [2023] 146 taxmann.com 553 (Karnataka)/[2022] 448 ITR 485 (Karnataka). These cases are related to 153C proceedings. The assessee first approached the Karnataka High Court against notices issued u/s 153C in writ petitions nos. 9937 to 9939, 9945 & 9946 of 2022. The issue involved were related to

1. *Inadmissibility of Evidence:* The court's primary and most detailed finding was that the entire case was built on loose sheets and diaries which, following the Supreme Court's ruling in CBI vs. V.C. Shukla, were held to be inadmissible as evidence.

2. *Gross Violation of Section 127:* There was a clear violation of the principles of natural justice in the transfer of the case, as no reasonable opportunity was provided to the assessee.

3. *Incorrect Invocation of Section 153C:* The court found that the assessee was the "searched person," not an "other person," rendering the very invocation of Section 153C legally untenable from the start.

The issue of separate satisfaction note vs Consolidated satisfaction note was not discussed at all in the decision of the Hon. High Court before the Single Judge. The Single Judge in Sunil Kumar Sharma vs. Deputy Commissioner of Income-tax [2023] 146 taxmann.com 553 (Karnataka)/[2022] 448 ITR 485 (Karnataka) allowed the writ petitions. Against this decision of the Single Judge, the Income Tax department filed writ petitions before the Division Bench of Karnataka High Court which was decided by the Division bench and is reported as Deputy Commissioner of Income Tax Vs. Sunil Kumar Sharma[2024] 159 taxmann.com 179 [21-01-2024] (Annexure-1 of the PB) and which has been relied upon by the assessee. In this case, the Hon. High Court decided the writ petitions nos. 830 to 834 of 2022 filed by the department against the decision of single judge in Sunil Kumar Sharma vs. Deputy Commissioner of Income-tax [2023] 146 taxmann.com 553 (Karnataka)/[2022] 448 ITR 485 (Karnataka). It affirmed the decision of single judge and on three issues of

A. *Inadmissibility of Evidence*

B. *Gross Violation of Section 127*

C *Incorrect Invocation of Section 153C.*

An analysis of the Karnataka High Court's judgment reveals that its decision rested on three fundamental and fatal flaws that vitiated the proceedings entirely, independent of the form of the satisfaction note. The specific issue of separate satisfaction note vs consolidated satisfaction note was not dealt in detail by the Hon.High Court. The observation in paragraph 53 of the High Court's judgment regarding the consolidated satisfaction note was, therefore, an obiter dictum-a passing remark made in the context of a case that was already decided on multiple, foundational legal grounds. It was not the ratio decidendi, or the binding legal reason for the decision. The court did not engage in a detailed analysis of this issue in the manner the Delhi High Court did in the INC case (supra).

4.7 It can also be argued that in the case of Deputy Commissioner of Income Tax Vs. Sunil Kumar Sharma [2024] 159 taxmann.com 179 [21-01-2024], the manner in which the satisfaction was recorded may have been fundamentally deficient, which led the Court to invalidate the proceedings. The High Court's brief observation was that a consolidated note "had been recorded for different assessment years, which...vitiates the entire assessment proceedings". However, the judgment does not detail whether the consolidated note in that case failed to link material to specific years or had other omissions. It is quite possible that the substance of the note was found lacking (for instance, it might not have identified any year-wise nexus of material), prompting the Court to fault its form. In contrast, where a composite note does enumerate the incriminating documents and correlates each to a particular year's income (as in the INC case), the mischief that concerned the Karnataka High Court is not present. Thus, the outcome in Sunil Kumar Sharma turned on the facts of that case and does not automatically dictate that no composite note can ever be valid.

4.8 The assessee has also mentioned that the above decision of Division bench of Karnataka High Court in Deputy Commissioner of Income Tax Vs. Sunil Kumar Sharma 2024] 159 taxmann.com 179 [21-01-2024] has been affirmed by the Supreme Court in Deputy Commissioner of Income Tax Vs. Sunil Kumar Sharma [2024] 469 ITR 271 (SC) (21-10-2024) (Annexure-2 of the PB). However, it is seen that the Hon Supreme Court has merely dismissed the SLP of the department via a non-speaking order. The legal effect of such a dismissal is well-settled. It does not constitute a declaration of law under Article 141 of the Constitution and does not imply that the Supreme Court has approved the reasoning of the High Court. It merely signifies that the Court, in the exercise of its discretionary jurisdiction, declined to interfere in that specific case, likely due to the manifest and multiple other illegalities present. Therefore, the SC's dismissal of SLP in Sunil Kumar Sharma (supra) does not elevate the Karnataka HC's obiter dictum into a binding national precedent. It leaves the legal position open, where the reasoned and direct judgment of the Delhi High Court in INC(supra) remains the most persuasive and applicable authority. The Delhi High Court in INC (supra) expressly disagreed with the notion that "there cannot be a common satisfaction note for all seven assessment years," distinguishing the facts and affirming that one note can serve if it meets the statutory preconditions."

10. We have heard the Ld. Representatives of the parties, perused the material on records, written submission(s) and paper book(s) filed by the parties as well as various decisions cited before us. In the instant case, the only issue to be decided by us is the validity of assessment on account of combined satisfaction note. We find that the satisfaction note recorded by the Assessing Officer of the search party i.e. IFMER, a copy of which is placed at pages 50 and 51 of the paper book reads as under :

**PROFORMA FOR RECORDING SATISFACTION UNDER SECTION
153C OF THE INCOME TAX ACT, 1961**

(To be filled by the Assessing Officer of the person referred to in section 153A)

1	Name of the group searched	International Foundation for Medical Education & Research (IFMER), B-167, Kalpan Tenement, Vatva Road, Isanpur- 382443 PAN: AABT10137P
2	Name and PAN of the person referred to in Section 153A	International Foundation for Medical Education & Research (IFMER), B-167, Kalpan Tenement, Vatva Road, Isanpur- 382443 PAN: AABT10137P
3	Date of initiation of search in the case of the person referred to in Section 153A	16/12/2020
4	Name, address and PAN of the person in whose case action under section 153C is proposed	Wockhardt Ltd, AAACW2472M
5	(a) Specific details of the seized material on the basis of which action under section 153C is proposed	Copies of Emails stored in the Back Up taken in Hard Disk Seized From IFMER evidencing that funds of Rs4,93,05,814/- claimed to have been given for organizing Medical Conferences & Education Programmes were actually for providing Free BUs to the Doctors.
	(b) Description of the seized material	As per S.No 5 , above
	(c) Address of premise/ place from where such material was seized	International Foundation for Medical Education & Research (IFMER), B-167, Kalpan Tenement, Vatva Road, Isanpur- 382443
	(d) Date of seizure of such material	16/1/2020
	(e) Particulars of the	Vide Panchnama dated 17/1/2/2020


Certified true copy
Mihir Joshi
M.No.: 602938

	relevant Panchanama	
	(f) Relationship of the person referred in Sr. No. 4 with the person referred to in Sr. No.2	IFMER & Wockhardt Limited are having contractual relat
6	Satisfaction of the Assessing Officer of the person referred to in section 153A that the seized material referred to in S. No.5 pertains to the to the person referred to in Serial No. 4	As per annexure
7	Assessment Years involved	A.Y. 2015-16 to A.Y. 2020-21

Date :02/02/2022
Place: Pune

(Ashutosh Mishra)
Asst. Commissioner of Income Tax,
Central Circle -2(1)Pune

Certified true copy
Mihir Joshi
M.No.: 602938

11. Further, the satisfaction note recorded by the Ld. AO-Aurangabad a copy of which is placed at pages 65 to 67 to the paper book reads as under:

SATISFACTION OF THE ASSESSING OFFICER OF WOCKHARDT LIMITED i.e. THE PERSON IN WHOSE CASE ACTION UNDER SECTION 153C IS PROPOSED

NAME OF THE ASSESSEE	M/s WORKHARDT LIMITED
PAN	AAACW2472M
AY	2015-16 to 2021-22

A search & seizure action u/s 132 of the Income Tax Act, 1961 was carried out in the case of International Foundation for Medical Education and Research (IFMER), Ahmedabad on 16.12.2020. The IFMER is a trust which claims that it is a certified scientific organization working in avenues of promoting and conducting medical education and research. It also claimed that it works on conducting medical education and research. It also claimed that it works on uplifting primary and secondary care in India by disseminating medical education in several therapeutic areas robust care by means of print, online and face to face media. Several medical professional attended these medical conferences wherein they acquired both with time tested medicine and also new formulations.

2. Shri Parth Dipakbhai Dave, President of IFMER was confronted with all the evidences found and seized during search action. In his statement recorded on oath u/s 132(4) of the Income Tax Act, 1961. Shri Parth Dipakbhai Dave made following admission in his statement:

- (a) That the trust IFMER received unrestricted grant from Wockhardt Ltd on paper to organize conferences, seminars and CMEs. Factually, the funds received were used to provide freebies to doctors and medical practitioners.
- (b) While replying to Q No.15 it is stated that "Doctors are restricted to receive any type of freebies, gifts, vouchers or sponsorship to attend any national or international conferences and individual companies' national and international conferences by Medical Council of India but MCI doesn't restrict NGO's to sponsor doctors in above said activities. So there comes the role of NGO, where interested organization or companies instruct NGO's to give a letter to company asking for unrestricted medical education grant for either of the aforesaid mentioned purposes. Then companies provided grant to trust IFMER. Some received unrestricted grant on paper but it remains completely restricted medical grant because the corresponding grant giving company itself gives us the notification for the payments to be done. They provide the details of the parties to whom the payment is to be made as the part of attachment. Then we transfer the money to the corresponding parties. These parties include travels agencies, other NGO's medical education bodies, hospitals, doctors and third parties who provides prepaid card. After the payment to directed parties, role of IFMER is completed. All the further arrangements are done by corresponding companies, who is giving grant to trust."
- (c) In response to question no. 10, he stated that only his family members are trustees and except him, all others are dormant and they do not know about the activities of the trust. Trust does not have proper office and it runs its activities from his residential premises. All activities are carried solely by him except during the time period FY 2015-16 to FY 2016-17 when there was an employee name Parth Patel for helping him in daily routine work.
- (d) In response to question no. 26 of his statement, he stated that there was no direct role played by IFMER in the activities of pharmaceutical companies. This was all done by pharma companies themselves and only bills were raised in the name of IFMER. After receiving fund from Assessee Company and other concerns, as per the instructions of the companies, payments were made to the vendors.
- (e) Again, in response to question no. 28 of his statement, he expressed his inability to provide the details procedure of selection of attendees, criteria for selection of audience, etc. as all things were decided by the assessee company only bills were raised in the name of the trust.

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Mihir Joshi
M.No.: 602938

3. On analysis of the seized digital data related to IFMER trust and its president "Parth Dave", various email and excel sheet, related to Wockhardt Ltd were found. It was also found that Parth Dipakbhai Dave was using two email addresses for the communication with the pharma companies. An email was intercepted during the search action which was sent by Mr. Parth Dave, President of IFMER from email address npocrmindia@gmail.com to Mr. Abhijit Pandit on his email address apandit@wockhardt.com. Mr. Abhijit Pandit is an employee of Wockhardt Limited. In this email, Shri Parth Dave has requested for unrestricted education grant from the assessee company. The trust IFMER has received bill and travel itinerary for CME meet at Singapore from a travel agency named La Vida Travels. On the instruction of Mr. Parth Dave an email was sent to Mr. Abhijit Pandit for getting approval for the payment to the travel agency. The copy of bills and travel itinerary were seized during the search action and handed over to the undersigned. The travel itinerary revealed that package was for 5 days and 4 nights. In these 5 days, the CME conference was only for 3 hours on 3rd day. Further, the emails intercepted during the search action revealed that the name of the doctors for conference was also decided by Assessee Company itself. The copies of intercepted emails are handed over to the undersigned. On perusal of the emails, it is observed that an email was sent by Shri Manoj Sharma an employee of Wockhardt Limited from email address manojs@wockhardt.com to Parth Patel, President of IFMER. In this email a list of doctors along with their contact details were attached who attended the CME. Thereafter, another email was intercepted which was sent by Mr. Manoj Sharma to Parth Patel containing list of doctors along with their contact details who would attend the Resync meet. Copies of emails stored in the back up taken in Hard Disk Drive seized from IFMER evidencing that funds of Rs.1,10,13,000/-, Rs.2,19,70,814/- & Rs.1,63,22,000/- for AY 2016-17, 2017-18 & 2018-19 respectively claimed to have been given for organizing Medical Conferences & Education Programs were actually for providing Free bees to the doctors.

4. Considering the facts and circumstances mentioned above the ACIT, Central Circle-2(1), Pune satisfied that the above seized material pertains to M/s Wockhardt Limited and has a bearing on determination of its total income and is a fit case for initiation of proceedings u/s 153C of the Income Tax Act, 1961. Hence, copy of the seized material is handed over to the Assessing Officer of M/s Wockhardt Limited for taking necessary action u/s 153C of the Income Tax Act, 1961 for AY 2015-16 to 2021-22.

5. Accordingly, the ACIT, Central Circle-2(1), Pune recorded his satisfaction in the case of M/s Wockhardt Limited and forwarded the same to the undersigned for taking necessary action u/s 153C of the Income Tax Act, 1961 for AY 2015-16 to 2021-22, being the jurisdictional assessing officer of the assessee. The ACIT, Central Circle-2(1), Pune forwarded his satisfaction vide letter dated 03.02.2022 which has been received by this office on 11.02.2020. However, on verification it is seen that as far as the Wockhardt Limited is concerned, the notices u/s 153C is required to be issued for AY 2015-16 to 2020-21 & notice u/s 143(2) for AY 2021-22. As the incriminating papers pertains to these years. It is also seen that funds have been paid as freebies to the doctors in the guise of medical research.

6. First of all it is seen that IFMER specially created for advancing free Bees to the doctors in the guise of advancing medical education and training. This method of providing free bees is created as MCI and other government agencies has banned payments of fee bees to the doctors by the Pharma Companies. It is seen that IFMER has demanded unrestricted grant from Wockhardt Limited which was provided. After the receipt of the grant, IFMER has not utilized the money received for any research.

Certified true copy
Mihir Joshi

M.No.: 602938

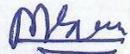
or conference. The money is paid to various travel agencies by IFMER has not utilized the money received for any research or conference. The money is paid to various travel agencies by IFMER as per the direction of Wockhardt Limited. The evidence of such directions have been found in the seized material. The bill for various doctors tour to Singapore is paid by IFMER as per the order given by the concerned employee of the Wockhardt Limited. Details of facts are narrated in Para 3 of this satisfaction note. In the statement of Shri Parth Dipakbhai Dave, President of IFMER recorded on oath u/s 132(4) on 16.12.2020. While recording the statement he was asked the question regarding the modus operandi utilized for giving free bees in the guise of medical research. The evidences and material found and seized during the course of search action are kept on record. After verification of all these documents received, satisfaction of assessing officer and statement u/s 132 of the Act, it was seen that the claim of the trust to be engaged in organizing conferences, seminars, continuous medical education etc. was totally wrong and it was used by the Pharma companies as a medium to provide free bees to the doctors and medical practitioners. Further, it was also noticed that Wockhardt Limited is one of the Pharma Company who has used IFMER to distribute free bees to the doctors. It has given unrestricted grant on paper to organize conferences, seminars and CMEs; however, it was not used for purpose as shown in the books of account. Actually, grant was utilized to provide free bees to doctors and medical practitioners. On perusal of information available, it is noticed that the assessee company has claimed an expense of Rs.4,93,05,814/- on organizing conferences, seminars, continuous medical education etc. However, it is clear that the assessee company was claiming these expenses in the name of organizing conferences, seminars, continuous medical education etc. on paper only. In reality, it was being used for providing free bees to the doctor through the trust. As per the CBDT guidelines, free bees provided to doctors are not admissible expenses.

7. I agree with the satisfaction recorded by the Assessing Officer of International Foundation for Medical Education & Research (IFMER). The copies of emails stored as Back up in Hard Disk Drive seized from IFMER during the search action pertains to and information contained therein relates to M/s Wockhardt Limited. The undersigned is having the jurisdiction over the assessee M/s Wockhardt Limited.

8. In view of the above, I agree with the satisfaction recorded by the Assessing Officer of International Foundation for Medical Education & Research (IFMER) that above mentioned seized material in the form of emails stored in Hard Disk Drive pertains to and information contained therein relates to M/s Wockhardt Limited. Further, **I am satisfied that the above mentioned seized materials have bearing on the determination of the total income of M/s Wockhardt Limited.** Therefore, M/s Wockhardt Limited is a fit case for assessment u/s 153C of the Act. Accordingly, notice u/s 153C is being issued for AY 2015-16 to 2020-21 and notice u/s 143(2) for AY 2021-22 being relevant to search year.

Date:23.03.2022
Place: Aurangabad


(UDAY KAKNE)
Deputy Commissioner of Income Tax
Circle-1, Aurangabad


Certified true copy
Mihir Joshi
M.No.: 602938

12. From the perusal of the above, it is evident that the satisfaction note has been prepared for AYs 2015-16 to 2020-21 on a consolidated basis.

13. Perusal of the various decisions on the impugned issue cited by the Ld. AR, reveals that the Court(s)/Tribunal(s) have consistently taken a view

that the Assessing Officer has to record the satisfaction note relevant to each assessment year involved. We find that the Hon'ble Karnataka High Court in the case of Sunil Kumar Sharma (supra) held that satisfaction note is required to be recorded u/s 153C for each assessment year and consolidated satisfaction note recorded for the different assessment years would vitiate the entire assessment proceedings. The SLP filed by the Revenue against the said decision of the Hon'ble Karnataka High Court has been dismissed by the Hon'ble Supreme Court vide order dated 20.08.2024 in the case of Sunil Kumar Sharma reported in (2024) 165 taxmann.com 846 (SC).

14. We also find that an identical issue had come up before the Co-ordinate Bench of the Pune Tribunal in the case of Shri Rajendra Rameshlal Gugale Vs. PCIT (ITA No. 1676/PUN/2024) wherein the Tribunal vide its order dated 30.12.2024 quashed the entire assessment proceedings on the ground of a consolidated satisfaction note being not in accordance with law. The relevant observations and findings of the Tribunal in the said case (supra) is reproduced below :

"8.4. Thus, a common satisfaction note has been recorded for assessment years 2012-2013 to 2018-2019 on the basis of search at the premises of Dhamale Group of cases. Admittedly, there is no satisfaction recorded on the basis of search at the premises of Shri Sachin Nahar.

8.5. We find the Hon'ble Karnataka High Court in the case of DCIT vs. Sunil Kumar Sharma (supra) has held that satisfaction note is required to be recorded u/sec.153C for each assessment year and hence, a consolidated satisfaction note recorded for different assessment years would vitiate the entire assessment proceedings. The relevant observations of Hon'ble High Court reads as under :

"53. Further, satisfaction note is required to be recorded under section 153C of the IT Act for each Assessment Year and in the impugned proceedings, a consolidated satisfaction note has been recorded for different Assessment Years, which also vitiates the entire assessment proceedings. In view of all these findings, it is said that the appeals do not have any substance for seeking intervention as sought for by the appellant/ Revenue."

8.6. We find when the Revenue challenged the above order of the Hon'ble Karnataka High Court in the case of DCIT vs. Sunil Kumar Sharma (supra), the Hon'ble Supreme Court in SLP (Civil) Diary No.21526 of 2024 vide order dated 20th August, 2024 dismissed the SLP filed by the Revenue.

8.7. Since in the instant case a consolidated satisfaction note has been prepared for assessment years 2012-2013 to 2018-2019, therefore, the consolidation satisfaction note being not in accordance with law, therefore, the entire assessment proceedings is liable to be quashed. We hold accordingly and quash the assessment."

15. Further, following the decision of the Hon'ble Karnataka High Court in the case of DCIT Vs. Sunil Kumar Sharma (supra) and also considering the decision of Hon'ble Delhi High Court in the case of Indian National Congress (supra), the Pune Tribunal in a recent decision in the case of ACIT Vs. Subhash Jivraj Jain (supra) held that the consolidated satisfaction note recorded for the different years would vitiate the entire assessment proceedings. The relevant observations and findings of the Tribunal is reproduced below :

“18. We have heard the rival arguments made by both the sides, perused the orders of the Assessing Officer and Ld. CIT(A) and the paper book filed on behalf of both sides. We have also considered the various decisions cited before us by both sides. We find the Assessing Officer in the instant case, on the basis of information obtained that certain documents / loose papers pertaining to or information contained in papers / documents related to the assessee Subhash Jivraj Jain were found during the course of search on 26.09.2017 in the case of Yuvraj Dhamale group of cases, issued notice u/s 153C of the Act on the basis of satisfaction note dated 30.04.2021. We find the Assessing Officer completed the assessment determining the total income of Rs.201,38,624/- by making addition of Rs.2,11,00,000/- the details of which are already given in the preceding paragraphs. We find the Ld. CIT(A) deleted the addition, the reasons of which have already been reproduced in the preceding paragraphs. It is the submission of the Ld. Counsel for the assessee that 153C proceedings are not valid on account of combined satisfaction note issued for different assessment years and therefore the CO filed by the assessee should be allowed.

19. A perusal of the satisfaction note issued by the Assessing Officer dated 30.04.2021, copy of which is placed at pages 1 and 2 of the paper book shows that the Assessing Officer has recorded the satisfaction note as under:

“Satisfaction note for initiating proceedings u/s 153C of the IT Act, 1961 in case of Shri Subhash Jivraj Jain

A. The search and seizure action u/s 132 of act was conducted in case of Shri Yuvraj Sitaram Dhamale and M/s Wellbuild Merchants Pvt Ltd at residential premise of at residential premise of Shri Pravin Gawali at 35/10, Shivajirao Kadam nagar, Ambegaon pathar, near Raje chowk, Pune. During the search proceedings, several incriminating materials and documents were seized. While examining the documents and seized material at the time of finalizing the assessment in case of Shri Yuvraj Sitaram Dhamale and M/s Wellbuild Merchants Pvt Ltd, it was noted that the certain documents/loose papers pertain to or the information contained in papers/documents related to Assessee i.e. Shri Subhash Jivraj Jain.

B. A satisfaction note was drawn by the AO during the proceeding's u/s 153A in case of Shri Yuvraj Sitaram Dhamale and M/s Wellbuild Merchants Pvt Ltd that Information contained in documents/papers/materials relates to Shri Subhash Jivraj Jain. The details of seized documents are as below:

The loose papers containing noting regarding the investment, interest and total amount against the name of some persons has been seized as per page no 38 to 40 of Bundle no 55. As per entry on page no 38, Shri Subhash Jivraj Jain has given loan (directly or indirectly through his partnership firm M/s GM Rajdhan buildcon) of Rs.1,49,89,395/- in

cheque and received interest of Rs.31,06,879/- in cash from M/s Wellbuild Merchants Pvt Ltd.

C. On examination of the seized material and the facts of the case, I am satisfied that entries on page no.38 of Bundle no-55 seized during the course of search proceedings in case of Shri Yuvraj Sitaram Dhamale and M/s Wellbuild Merchants Pvt Ltd at residential premise of at residential premise of Shri Pravin Gawali at 35/10, Shivajinagar Kadam nagar, Ambegaon pathar, near Raje chowk, Pune relates to Assessee and it has a bearing on determination of total income in case of Assessee for six assessment years immediately preceding the AY 2018-19 and for AY 2018-19.

Hence, in view of the provision of section 153C of the Income Tax Act, 1961 it is necessary to initiate proceedings u/s 153C rws 153A of the Income Tax Act, 1961 for A. Yrs 2012-13 to A.Y. 2018-19.

Date: 30/04/2021
Place: Pune

Sd/-
(Swapnil Sharadrao Patil)
Joint Commissioner of Income Tax (OSD),
Central Circle 2(3), Pune

20. Thus, it is seen that the Assessing Officer has passed a combined satisfaction note for various assessment years. We find the Hon'ble Karnataka High Court in the case of DCIT v. Sunil Kumar Sharma (supra) has held that satisfaction note is required to be recorded u/s 153C of the IT Act, 1961 for each assessment year and hence, a consolidated satisfaction note recorded for different assessment years would vitiate the entire assessment proceedings. The relevant observations of Hon'ble High Court read as under:

“53. Further, satisfaction note is required to be recorded under section 153C of the IT Act for each Assessment Year and in the impugned proceedings, a consolidated satisfaction note has been recorded for different Assessment Years, which also vitiates the entire assessment proceedings. In view of all these findings, it is said that the appeals do not have any substance for seeking intervention as sought for by the appellant/ Revenue.”

21. We find when the Revenue challenged the above order of the Hon'ble Karnataka High Court in the case of DCIT vs. Sunil Kumar Sharma (supra), the Hon'ble Supreme Court in SLP (Civil) Diary No.21526 of 2024 vide order dated 20th August, 2024 dismissed the SLP filed by the Revenue.

22. We find following the above decision, the Co-ordinate Bench of the Tribunal in the case of Shri Rajendra Rameshlal Gugale vs. PCIT vide ITA No.1676/PUN/2024 for assessment year 2017-18, order dated 30.12.2024 has quashed the assessment proceedings by observing as under:

“8.7. Since in the instant case a consolidated satisfaction note has been prepared for assessment years 2012-2013 to 2018-2019, therefore, the consolidation satisfaction note being not in accordance with law, therefore, the entire assessment proceedings is liable to be quashed. We hold accordingly and quash the assessment.”

23. So far as the decision of the Hon'ble Delhi High Court in the case of Indian National Congress vs. DCIT (supra) relied on by Ld. DR is concerned, we find no doubt there is a favourable decision in favour of the Revenue on the issue of combined satisfaction. However, it has been held in various decisions that when there are two views possible on an issue and there is no decision of the jurisdictional High Court on that issue, then the view which is favourable to the assessee has to be adopted. We find the Hon'ble Supreme

Court in the case of CIT vs. Naga Hills Tea Co. Ltd. (1973) 89 ITR 236 (SC) at page 240 has observed as under:

“If a provision of a taxing statute can be reasonably interpreted in two ways, that interpretation which is favourable to the assessee, has got to be accepted. This is a well-accepted view of law.”

24. Further, the Hon'ble Supreme Court recently in the case of M/s. A.P. Electrical Equipment Corporation vs. The Tahsildar & Ors. (supra) has held that if two decisions of this Court appear inconsistent with each other, the High Courts are not to follow one and overlook the other, but should try to reconcile and follow that decision whose facts appear more in accord with those of the case at hand. Following the above principle and considering the fact that the Hon'ble Supreme Court has dismissed the SLP filed by the Revenue in the case of DCIT vs. Sunil Kumar Sharma (supra), therefore, we follow the decision of the Hon'ble Karnataka High Court in the case of DCIT vs. Sunil Kumar Sharma (supra) and hold that the satisfaction note is required to be recorded u/s 153C for each assessment year and a consolidated satisfaction note recorded for different assessment years would vitiate the entire assessment proceedings. Since in the instant case a consolidated satisfaction note has been prepared for assessment years 2012-13 to 2018-19, therefore, such consolidated satisfaction note being not in accordance with law, the entire assessment proceedings are liable to be quashed. We hold and direct accordingly.”

16. Based on the factual matrix of the case and the legal position enumerated above and respectfully following the decision(s) (supra) of the Co-ordinate Bench of the Tribunal in the case of Shri Rajendra Rameshlal Gugale and Subhash Jivraj Jain (to which both the present members are parties), we hold that the assessment proceedings initiated u/s 153C of the Act on account of combined satisfaction note recorded for AYs 2015-16 to 2020-21 are not valid in law and thus stand quashed. Ground No. 2 raised by the assessee is accordingly allowed.

17. Ground No. 1 is general in nature.

18. Ground No. 2 is not pressed/argued and in view of our decision on ground No. 2, it is rendered academic in nature.

19. Ground No. 4 is covered against the assessee by the decision of the Hon'ble Supreme Court in the case of Apex Laboratories Pvt. Ltd. Vs. DCIT, (2022) 442 ITR 1 (SC), dated 22.02.2022. This ground is therefore dismissed.

20. In the result, the appeal of the assessee is partly allowed.

ITA Nos. 835 & 836/PUN/2025, AYs 2017-18 & 2018-19

21. Both the sides are unanimous in stating that the facts and the grounds raised by the assessee in these two captioned appeals for AYs 2017-18 and 2018-19 are identical to the grounds raised by the assessee in appeal for AY 2016-17 except the variance in amount of the addition. Vide our above order for AY 2016-17, we have allowed the appeal in favour of the assessee quashing the assessment framed u/s 153C on account of combined satisfaction note. Following the similar reasoning, the legal ground (ground No. 2) raised by the assessee in appeal for AYs 2017-18 and 2018-19 are also allowed. In ground No. 4, the assessee has challenged the levy of interest u/s 234B in both the appeals for AYs 2017-18 and 2018-19 which is consequential in nature and accordingly the Ld. AO is directed to grant consequential relief to the assessee in respect of the same. Ground No. 1 is general in nature and ground No. 3 is on merit which we hereby dismiss for the same reason mentioned above for AY 2016-17.

22. To sum up, all the appeals of the assessee for AYs 2016-17, 2017-18 and 2018-19 (ITA Nos. 837, 835 & 836/PUN/2025) are partly allowed.

Order pronounced in the open court on 10th November, 2025.

Sd/-
(R.K. Panda)
VICE PRESIDENT

Sd/-
(Astha Chandra)
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 10th November, 2025.

रवि

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "बी" बेंच,
पुणे / DR, ITAT, "B" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.
//सत्यापित प्रति// True Copy//

आदेशानुसार / BY ORDER,

वरिष्ठ निजी सचिव / Sr. Private Secretary
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune