

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "C": NEW DELHI
BEFORE SHRI C. N. PRASAD, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA Nos. 2506, 2507 & 2508/Del/2023
(AYs: 2013-14 to 2015-16)

Zenith Portfolio and Insurance Advisors Pvt. Ltd, 408, 4 th Floor, DLF Tower-A, Jasola, New delhi-110025	Vs.	DCIT, Central Circle-03, Delhi
(Appellant)		(Respondent)
PAN:AAACZ3752D		

Assessee by :	Dr. Rakesh Gupta, Adv Shri Somil Agarwal, Adv Shri Saksham Agrwal, Adv
Revenue by:	Shri Dayainder Singh Sidhu, CIT DR
Date of Hearing	06/01/2026
Date of pronouncement	12/01/2026

O R D E R

PER M. BALAGANESH, A. M.:

1. These appeals in ITA Nos. 2506, 2507 & 2508/Del/2023 for AYs 2013-14 to 2015-16, arises out of the order of the Commissioner of Income Tax (Appeals)-23, New Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 16.08.2023 against the order of assessment passed u/s 153C of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 31.03.2023 by the Assessing Officer, ACIT, Central Circle-3, Delhi (hereinafter referred to as 'Id. AO'). Identical issues are involved in all these appeals and hence they are taken up together and disposed of by this common order for the sake of convenience. With the consent of both the parties, the facts of AY 2013-14 are taken up for adjudication and the decision rendered thereon shall apply mutatis mutandis for other two AYs also in view of identical facts except with variance in figures.

2. Apart from regular grounds, we find that assessee has raised the additional grounds on 10-1-2024 challenging the validity of assessment on the ground that the satisfaction note dated 17-12-2021 under section 153C of the Act and approval granted under section 153D of the Act dated 30-3-2023 does not contain DIN and accordingly the entire assessment proceedings would get vitiated. At the time of hearing, the Learned AR submitted that he has been instructed to state that the additional grounds raised on 10-1-2024 are not to be pressed. Hence they are not even admitted herein.

3. Further we find that the assessee had raised the following additional grounds on 08-07-2024 which are as under:-

“3. That having regard to the facts and circumstances of the case, impugned assessment order dated 31-03-2023 is bad in law in view of the latest judgment of Hon’ble High Court of Delhi in the case of Pr.CIT vs Ojjus Medicare Pvt. Ltd. and Ors, ITA No. 52/2024 and Ors dated 03-04-2024 in which Hon’ble Court have held that 6 years for reopening the case would be the immediately preceding six assessment year from the assessment year in which books of account, etc. pertaining to the assessee company were handed over to the AO of assessee company. Since, admittedly, in the instant case, books of account were handed over to the AO of assessee company in AY 2022-23, hence preceding six years period would not cover the year under consideration.

4. That having regard to the facts and circumstances of the case, assessment for the impugned assessment year could not have been initiated and finalized under Section 153C.”

4. We find that these additional grounds go to the root of the matter and being a purely legal issue and the facts relevant for its adjudication are already on record, in the light of decision of Hon’ble Supreme Court in the case of NTPC Ltd. reported in 229 ITR 383 (SC), we are inclined to admit the aforesaid additional grounds and take up the same first for adjudication.

5. We have heard the rival submissions and perused the materials available on record. The original return of income for the assessment year 2013-14 was filed by the assessee company on 26-09-2013 declaring total income of Rs. 5,01,890/-. Thereafter, a search and seizure operation was undertaken in Dinesh

Tyagi group on 16-05-2018 under section 132 of the Act. In these searches, the residence of Shri Ram Avatar Agarwal was also searched. It was alleged that various incriminating documents were seized from the residence of Shri Ram Avatar Agarwal, which pertained to the assessee. After going through the documents seized and impounded, a satisfaction note dated 17-12-2021 was recorded by the Learned AO of the assessee. Prior to this recording of the satisfaction note, a notice under section 153C of the Act had been issued on 29-09-2021. In other words, the date of issuance of notice under section 153C of the Act was prior to the date of recording of satisfaction note. The return of income in response to this notice under section 153C of the Act was filed on 8-10-2021 in as much as the assessing officer was informed on this date that due to some technical error they are unable to upload the return and therefore the original return filed under section 139(1) of the Act may be treated as the return in response to notice under section 153C of the Act. The satisfaction note was made available to the assessee on 18-01-2022 and assessee filed objections on 24-01-2022. In between, on 14-01-2022, another notice under section 153C of the Act was issued to the assessee. It is the stand of the assessee that the second notice under section 153C of the Act is invalid. Finally, the assessment order under section 153C, read with section 144 of the Act was passed on 31-03-2023 determining the total income of the assessee at Rs. 1,20,90,390/- by making an addition of Rs.1,15,88,500/- on account of alleged cash payment made against purchase of properties. Later, the section under which the assessment was made has been changed to section 153C/143(3) of the Act vide order dated 23-05-2023 under section 154 of the Act.

6. The crucial point to be adjudicated is as to whether the assessment for the assessment year 2013-14 could have been taken up for assessment by initiating proceedings under section 153C of the Act in the instant case. Admittedly, the satisfaction note under section 153C of the Act was recorded on 17-12-2021. Therefore, the search assessment year for the purpose of assessee would be assessment year 2022-23 in view of the judgment of the

Hon'ble Supreme Court in the case of CIT vs Jasjit Singh reported in 458 ITR 437 (SC). Now, considering the year of search to be assessment year 2022-23, the assessments for assessment years 2013-14 to 2015-16 would fall outside the block period of 6 years in view of the decision of the Hon'ble Delhi High Court in the case of PCIT vs Ojjus Medicare Private Limited in ITA 52/2024 dated 3-4-2024. The six years that could be subject matter of search assessments under section 153C of the Act as per the decision of Hon'ble Delhi High Court in the case of Ojjus Medicare Pvt Ltd supra would be as under:-

<u>Serial No.</u>	<u>Asst Year</u>
1	2022-23
2	2021-22
3	2020-21
4	2019-20
5	2018-19
6	2017-18

Hence assessments framed for AYs 2013-14 to 2015-16 in the instant case before us would be outside the block period of 6 years and hence no assessment could be framed under section 153C of the Act. Further we find that it is not the case of the Learned AO while recording satisfaction note that he intended to reopen the 10 years preceding the assessment year in which information was received from the AO of the searched person. Either way, the Learned AO had not even quantified the undisclosed income as to whether it exceeds Rs 50 lakhs either individually or in the aggregate for the 7th to 10th assessment years and as to whether it is represented in the form of an asset. This is the primary requirement of the section mandating the Learned AO to bring his mind in the satisfaction note itself if he intends to proceed beyond the block period of 6 years. This was admittedly not done in the instant case. Infact the Learned AO had proceeded to record the satisfaction note by considering the date of search on the assessee to be 16-5-2018. This date was the date of search in Dinesh Tyagi group, whereas as far as the assessee herein is concerned, the date of

search would be the date of handing over of documents to the AO of the assessee herein by the AO of Dinesh Tyagi / Ram Avtar Agarwal, as the case may be, in view of the decision of the Hon'ble Supreme Court in the case of Jasjit Singh reported in 458 ITR 437(SC). Hence construing the date of search qua the assessee to be 17-12-2021, the Assessment Years 2013-14 to 2015-16 would be outside the block period of 6 years and accordingly, the assessments framed under section 153C of the Act would have to be quashed.

7. Further, we find that based on the very same satisfaction note recorded on 17-12-2021, this Tribunal in assessee's own case for assessment years 2016-17 to 2018-19 in ITA Nos. 2221 to 2223 /Del /2024 dated 26-9-2025 had quashed the entire search assessments by observing as under:-

“10. Considered the rival submissions and material placed on record. At the time of hearing, ld. AR made the submission with record to assumption of jurisdiction u/s 153C only and we are restricting ourselves to the same at this stage. We observe that AO has recorded the satisfaction on 17.12.2021 wherein he had recorded as under :-

“I have gone through the above mentioned seized documents and details carefully and after patently applying my mind on the same, I am satisfied that the documents seized belongs to M/s. Zenith Portfolio & Insurance Advisors Pvt. Ltd. Further, I am satisfied that the documents seized pertain to and the information contained therein relates to M/s. Zenith Portfolio & Insurance Advisors Pvt. Ltd. (PAN : AAACZ3752D). Considering the above mentioned observations and after patently applying my mind on the same, I am satisfied that these seized documents have a bearing on the determination of the total income of M/s. Zenith Portfolio & Insurance Advisors Pvt. Ltd. (PAN :AAACZ3752D) for the relevant assessment years referred to in subsection (1) section 153A of the Act and that it is a fit for initiating proceedings u/s 153A r.w.s. 153C of the Act.”

11. From the above, we observe that the AO has recorded satisfaction without indicating what are the incriminating documents found during search which belonged to the assessee and there is no reference to the assessment year under consideration and the quantum involved to initiate the proceedings for the year under consideration. He merely recorded the satisfaction in consolidated manner and there is no specific reference to the fact that satisfaction note is recorded with reference to specific incriminating material found for the year under consideration. There is no correlation of any seized document found year-wise relevant to the assessee nor it is quantified. We observe that exactly similar issue

was considered by the coordinate Bench in the case of *Olympus Realtors (P) Ltd.* (*supra*) and the same is reproduced below :-

“5.1 As we appreciate this satisfaction note recorded u/s 153C of the Act by the ld.AO, we find that this ‘Satisfaction Note’ has been recorded for all the years from AY 2010-11 to 2016-17 in consolidated manner and there is no specific reference to the fact that the Satisfaction Note is incriminating material found for impugned AY 2014-15. Ld. Counsel has relied the decision in DCIT vs. Sunil Kumar Sharma 469 ITR 197 (Kar) (para 53) as approved by Hon’ble Supreme Court in DCIT vs. Sunil Kumar Sharma 469 ITR 271 (SC) and Blue Ocean Travels P Ltd. Vs. DCIT ITA 3281/Del/2024 dt. 4.12.24 (Del)(Trib); Agni Vishnu Ventures P Ltd. Vs. DCIT 460 ITR 478 (Mad), to contend that it is necessary that the satisfaction note should be illustrative of the fact as to which AY, the alleged incriminating material belongs. Here we can observe that as settled proposition of law in CIT vs. Sinhgad Technical Education Society, (2017) 397 ITR 0344 (SC) Hon’ble Supreme Court has held that there should be document wise and year wise satisfaction note.

6. Very apparently the impugned ‘Satisfaction Note’ does not correlate any seized document year-wise to the assessee. The ‘Satisfaction Note’ does not mention as to how the vaguely referred seized documents give rise assumption of jurisdiction under section 153C of the Act, by showing that material seized during the search belongs or pertains to a assessee and is likely to have a bearing on assessee’s income. To be more precise as to how, in satisfaction note AO concluded “During the search operation undisclosed income to the tune of Rs. 33 crores has been detected in the case of M/s Olympus Realtors (P) Ltd. resulting into concealment of income.”

12. Respectfully following the above decision, we are inclined to come to a conclusion that satisfaction note recorded by the AO is vague and not as per the provisions of section 153C of the Act in order to assume the jurisdiction. Therefore, we are inclined to allow the grounds raised by the assessee i.e. 1, 2 and 6.”

8. In view of the aforesaid observations, we quash the search assessments framed under section 153C of the Act for the assessment years 2013-14 to 2015-16 for more than one reason. Accordingly, the additional grounds raised by the assessee are allowed for all the three years under consideration.

9. Since the entire assessments are quashed, the adjudication of other legal and factual grounds raised by the assessee for the three years would become academic in nature and hence they are left open.

10. In the result, all the appeals of the assessee are partly allowed.

Order pronounced in the open court on 12/01/2026.

-Sd/-
(C. N. PRASAD)
JUDICIAL MEMBER

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 12/01/2026
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi