

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“B” BENCH, DELHI**

**BEFORE SHRI M BALAGANESH, ACCOUNTANT MEMBER &  
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

**ITA No.9135/Del/2025  
(Assessment Year: 2016-17)**

Sunwhite Realty Private Limited, A-115, Office No.301, Old No.51, 3 <sup>rd</sup> Floor, Gali No. 1, Model Town – II, Delhi – 110009	Vs.	DCIT, Central Circle-6 NCC DIT(S) Jhandewalan Extension, New Delhi – 110055
स्थायीलेखासं./जीआइआरसं./PAN/GIR No: AAWCS3240H		
Appellant	..	Respondent

Appellant by :	Sh. Sandeep Goel, Adv.
Respondent by :	Sh. Shrikant Namdeo, CIT, DR

Date of Hearing	05.05.2026
Date of Pronouncement	30.06.2026

**ORDER**

**PER ANUBHAV SHARMA, JM:**

This appeal preferred by the assessee against the order dated 19.12.2025 of Ld. Commissioner of Income Tax (Appeals)-24 Delhi (hereinafter referred to as the First Appellate Authority or ‘the ld. FAA’ for short) in DIN & Order No: ITBA/APL/M/250/2025-26/1083898810(1)

arising out of the assessment order dated 23.12.2021 u/s 153C r.w.s 143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') passed by DCIT, CC-6, New Delhi, for AY: 2016-17.

2. On hearing both sides we find that vide ground No. 2 assessee has challenged the assumption of jurisdiction of concluding assessment u/s 153C of the Act being initiated on the basis of a consolidated satisfaction note which as per the Ld. Counsel has been considered in the case of Vinay Home Pvt. Ltd. in ITA No. 2459/Del/2025 order dated 06.02.2026 and the Coordinate Bench has held that the same is vitiated.

3. Ld. DR has heavily relied the impugned orders and submitted that the satisfaction note sufficiently discloses the material facts and consolidated approval does not vitiate the assessment orders pass on merits.

4. In this context, we find that at page No. 3 of the assessment order itself satisfaction note recorded for AY: 2011-12 to 2017-18 is reproduced. We find that the same satisfaction note was relied in the case of M/s Vinay Homes Pvt. Ltd. in its assessment order dated 28.12.2021 in regard to AY: 2016-17 and the Coordinate Bench in its order dated 06.02.2026 has considered this satisfaction note to have been not recorded in accordance with law and held that the assumption of jurisdiction was vitiated. The

satisfaction note in the case of Vinay Home Pvt. Ltd. was also in the background of same search assessment proceeding in the case of Ashish Begwani group of cases, as for completeness we reproduce the relevant part of the order in the case of Vinay Home Pvt. Ltd. (supra):

“5. Heard the contentions of both the parties and perused the material available on record. It was the claim of the assessee that the “Satisfaction Note” recorded in the case of persons searched as reproduced at page 3 of the assessment order referred certain documents and the Excel Sheet however, nowhere in the “Satisfaction Note”, it is specified as to which entry pertained to the assessee. The assessee also claimed that the “Satisfaction Note” of the AO of the assessee is reproduced at page 4 of the assessment order, wherein again a reference is made of the Excel Sheet available at page 8 of the Annexure A-1 found from the premises of Nishant at 9-41(2), 2nd Floor, Kotla Mubarakpur, New Delhi however, nowhere in the “Satisfaction Note”, it is observed by the AO that these documents “belonged to” or “pertained to” the assessee and further nowhere in the “Satisfaction Note”, any amount is mentioned nor a reference of each assessment year is made to which such entry pertained to and common “Satisfaction Note” for all Assessment Years i.e. from AY 2011-12 to 2017-18 was recorded and thus, the “Satisfaction Note” is defective.

6. Reliance is placed on the judgement of the Hon’ble Karnataka High Court in the case of DCIT vs Sunil Kumar Sharma [2024] 469 ITR 197 (Karnataka) which was confirmed by the Hon’ble Apex Court by dismissing the SLP.

7. On careful consideration of the facts, we find that AO has recorded his satisfaction where in the “Satisfaction Note” as reproduced at page 4 and 5 of the assessment order, a table is given however, nowhere in the “Satisfaction Note”, it is stated that which entry belonged to the assessee and relates to which assessment year. It is further observed that AO has referred tabulated certain entries at page 10 of the assessment order which were alleged as belonged to the assessee of accommodation entries of loans taken during the year under appeal. These loans were taken through banking channels and all the necessary evidences were filed before lower authorities, thus they could not be held as unexplained credits. The Co-ordinate Bench of ITAT Delhi, under identical circumstances in the case of Gulshan Homes and Infrastructure P. Ltd. vs DCIT in ITA No.1595/Del/2025 dated 30.09.2025 [Delhi Trib.] by following the judgement of Hon’ble Karnataka High Court in the case of Sunil Kumar Sharma (supra) and further of the Jurisdictional High Court in the case of Saksham Commodities vs ITO [2024] 161 taxmann.com 458 (Delhi) has held that the jurisdiction assumed u/s 153C is defective and quashed the order. The relevant observations of the Co-ordinate Bench are reproduced as under:-

“16. Now let us come to the satisfaction note recorded by the Learned AO of the assessee herein. The Learned AO of the assessee herein recorded satisfaction note on 15-12-2022 assuming jurisdiction under section 153C of the Act which

is enclosed in Pages 5 to 15 of the Paper Book. It is pertinent to note that the Learned AO of the assessee had recorded single and consolidated satisfaction note for Assessment Years 2015- 16 to 2021-22. For the sake of convenience, the last paragraph of the satisfaction note dated 15-12-2022 recorded by the Learned AO of the assessee herein is reproduced below:-

“The above satisfaction notes recorded as the AO of the person searched has been placed on record. As AO of the person other than the searched person, I have also examined the above referred seized material and the contents of the same. After examining the entries in these documents, I am satisfied that these documents pertain to M/s Gulshan Homes and Infrastructure Pvt. Ltd. and entries appearing therein have a bearing on the determination of the income of M/s Gulshan Homes and Infrastructure Pvt. Ltd. In view of the same, I am satisfied that it is a fit case for initiating proceeding under Section 153C r.w.s. Section 153A of the I.T Act, 1961 for the assessment years 2015-16 to 2021-22.”

17. From the above, it could be seen that the Learned AO of the assessee herein had recorded consolidated satisfaction note for the Assessment Years 2015-16 to 2021-22. Whether recording of consolidated satisfaction note for various assessment years would prove fatal to the assumption of jurisdiction of the Learned AO and consequential framing of assessments under section 153C of the Act was subject matter of consideration by the Hon’ble Karnataka High Court in the case of DCIT vs Sunil Kumar Sharma reported in 159 taxmann.com 179 (Karnataka) dated 22-1-2024, wherein it was held 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.

17.1. We find that the Special Leave Petition filed by the revenue before the Hon’ble Supreme Court against the aforesaid judgement was dismissed which is reported in 165 taxmann.com 846 (SC). The relevant portion of the Head Notes and the order of Hon’ble Apex Court is reproduced hereunder:-

“Section 153C, read with sections 132, 153 and 153A, of the Income-tax Act, 1961 - Search and seizure - Assessment of any other persons (General principles) - Assessment years 2012-13 to 2018-19 - High Court held that satisfaction note is required to be recorded under section 153C for each assessment year and where a consolidated satisfaction note had been recorded for different assessment years, it would vitiate entire assessment proceedings - Whether SLP filed against impugned order of High Court was to be dismissed - Held, yes [Para 3] [In favour of assessee]

ORDER

1. Delay condoned.
2. Heard the learned Senior Counsel appearing for the appellants.
3. We are not inclined to interfere with the impugned judgment and order passed by the High Court of Karnataka at Bengaluru in Writ Appeal No. 831/2022 (T-IT) dated 22-01-2024/ Deputy Commissioner of Income-tax v. Sunil Kumar Sharma [2024] 159 taxmann.com 179 (Karnataka).
4. The Special Leave Petition is dismissed.
5. Pending application(s), if any, shall stand disposed of.

18. The Learned AR before us vehemently argued that the satisfaction note prepared by the AO of the assessee is still more audacious. The imaged messages are reproduced therein and legible copy is reproduced in para 4.2 to para 4.7 of the assessment order and the name of the assessee nowhere figures in these messages. As shown in para 4.2, the impugned images were found from the mobile phone of Shri Parveen Jain received from his son, Shri Vaibhav Jain and it shows nine names, Sita Gupta to Sanjeev Gupta- but name of the assessee is not there at all. Identical is the situation in para 4.4 of the assessment order. The Learned AR stated that it is beyond any sane comprehension that when name of the assessee is not even mentioned in the alleged seized documents, how could, the AO of the searched person, be satisfied that the alleged seized material belonged to the assessee or the alleged information pertained to the assessee. The reasons to rope in the assessee are contained in para 4.5 to para 4.10 of the assessment order. The sheets bearing the names of nine parties therein and definitely not of the assessee, was analysed by the revenue to come to the conclusion that the items denoted with 'C' were cash entries and with 'B' were bank entries. The revenue proceeded to examine the bank entries and certain individuals were found and traced on Insights and other Income-tax Database who were supposedly paying the impugned amount. Now, on examination of the matter related to Ms Sita Gupta, first out of the nine entries, the AO claimed to have detected that she had received interest from Gulshan Homes and Infrastructure Pvt Ltd -the assessee herein. The Investigation Unit thereafter and not the AO of the assessee, collected details etc. from the assessee company and as is mentioned in the para 4.15 of the assessment order, the total amount of the alleged cash receipt/ interest was interpolated which did not at all figure in the impugned seized WhatsApp chat. Noteworthy, the name of the assessee was not at all appearing in any seized material. The ld. Counsel further elaborated that the revenue has relied on a WhatsApp chat between Mr Praveen Jain and Mr Sanjeev Gupta as is mentioned in para 4.1 of the assessment order, where Mr Praveen Jain was requesting Mr Sanjeev Gupta to arrange 1/- for some Gulshan ji and not at all for the assessee company. This even does not say what is 1/- or whether it was arranged or not. It also does not at all mention whether it was cheque amount or cash amount. It is also not known whether the same was to be given only to which Gulshan ji (as the name of the assessee is conspicuously absent therein and no presumption at all could be derived that it belonging to the assessee) as loan in cash or for some property to be purchased by Mr Sanjeev Gupta from the assessee or from some other entity belonging to the group of Shri Gulshan Nagpal, if at all, it was he. However, on confrontation

by the revenue officer, Mr Sanjeev Gupta categorically stated that he did not know whether it was bank or cash.

19. The Learned AR then submitted that after receipt of the material from the AO of the searched person, the Learned AO of the assessee was required to be satisfied that the material sent by the AO of the searched person (cloned data of Shri Parveen Jain's mobile vide seized document reference Annexure A-5) or any information therein ever belonged/ pertained to the assessee herein. As against this patent position of law, the AO of the assessee has used data from the Appraisal report (para 2 of assessment order) as below in his satisfaction note:

i. Para 4- Upon this co-relation, various individuals were found and traced on Insight portal and other Income Tax database.

ii. Para 5- Sita Gupta was found to have received interest from Gulshan Homes along with TDS.....

iii. Para 8- From the TDS analysis above, it is clear that the amount of interest paid to Shikha is in 7 transactions....

iv. Para 9---further, additional evidences in the form of WhatsApp conversation between Sanjiv Gupta and Parveen Jain...

v. Para 10-- Therefore, summons were issued to Gulshan Homes on 18/08/2021 (a date definitely prior to the satisfaction note of the AO of the searched person) to provide ledger account and interest payment details to parties against whom any bank account was reflected.....The response received from Gulshan Home establishes the bank account transactions.... vi Para 11- Upon examining of various ledger accounts submitted on behalf of Gulshan Homes, the initial point of providing loan....

vii Para 12 is sufficient proof that this satisfaction note is copy of Appraisal report. It is mentioned that 'additionally AO may consider calculating the cash interest amount paid as addition in the hands of Gulshan...' and 'the monthly interest and date of payment of principle amount is mentioned above for the perusal of AO'.

viii—Para13- it is clear that the sheet found is summary of undisclosed investments facilitated of various clients by Parveen in Gulshan Homes and he himself has invested through wife Seema Jain and person known as Mama..

ix. Para 14 – Further, Sh. Gulshan Nagpal was called on 16/09/2021 (a date definitely prior to the satisfaction note of AO of the searched person) for personal examination u/s 131(1A)...

(emphasis supplied by us)

20. The Learned AR submitted that that the Learned AO of the assessee was only required to be satisfied vis-a vis the seized material handed over by the AO of the searched person without any reference to any other information or document even if in his possession received from any source. The satisfaction note based upon the appraisal report, data on Insight Portal regarding TDS of third parties, statements of Shri Gulshan Nagpal etc. and therefore, is legally untenable and void ab initio. Moreover, this is not a satisfaction note to initiate any proceedings under section 153C of the Act but conclusions regarding undisclosed income drawn in a firm language. The Hon'ble Supreme Court in Oryx Fisheries Pvt. Ltd in Civil Appeal No. of 2010 (Arising out of Special Leave Petition (C) No.27615/08) on 29-10-2010 has held that:-

“28. It is no doubt true that at the stage of show cause, the person proceeded against must be told the charges against him so that he can take his defence and prove his innocence. It is obvious that at that stage the authority issuing the charge- sheet, cannot, instead of telling him the charges, confront him with definite conclusions of his alleged guilt. If that is done, as has been done in this instant case, the entire proceeding initiated by the show cause notice gets vitiated by unfairness and bias and the subsequent proceeding become an idle ceremony.

29. the stage of show cause notice itself. Such a close mind is inconsistent with the scheme of Rule 43 which is set out below. The aforesaid rule has been framed in exercise of the power conferred under Section 33 of The Marine Products Export Development Authority Act, 1972 and as such that Rule is statutory in nature.

31. It is of course true that the show cause notice cannot be read hyper-technically and it is well settled that it is to be read reasonably. But one thing is clear that while reading a show-cause notice the person who is subject to it must get an impression that he will get an effective opportunity to rebut the allegations contained in the show cause notice and prove his innocence. If on a reasonable reading of a show-cause notice a person of ordinary prudence gets the feeling that his reply to the show cause notice will be an empty ceremony and he will merely knock his head against the impenetrable wall of prejudged opinion, such a show cause notice does not commence a fair procedure especially when it is issued in a quasi- judicial proceeding under a statutory regulation which promises to give the person proceeded against a reasonable opportunity of defence.” The ld. Counsel stated further that in fact, in the present case, the assessment order is substantially repetition of the satisfaction note. Gravamen of the above is that the AO was unable to arrive at the requisite satisfaction, solely based upon the seized material received but relied upon the external material which makes the entire proceedings bad in law ab initio.”

21. In view of the aforesaid observations and respectfully following the various judicial precedents relied upon hereinabove, we hold that the Learned AO had invalidly assumed jurisdiction under section 153C of the Act for more than one reason as detailed supra and hence the entire search assessment is hereby declared as void ab initio. Accordingly, the Ground Nos. 1,2,3,4,5,8 & 9 raised by the assessee are allowed.”

8. As observed above, the facts of the present case are identical to the facts of the aforesaid case thus by respectfully following the same, we hold that the AO has assumed the jurisdiction in the case of the assessee on the basis of invalid and defective satisfaction note and, therefore, the proceedings initiated based on such defective satisfaction note and consequent order passed is invalid and thus quashed. Accordingly, Ground of appeal No.1 raised by the assessee is allowed.”

3. In the light of aforesaid we sustain the ground No. 2. The appeal is allowed the impugned assessment is quashed.

Order pronounced in the open court on 30.06.2026

Sd/-  
(M Balaganesh)  
ACCOUNTANT MEMBER

Sd/-  
(Anubhav Sharma)  
JUDICIAL MEMBER

Dated 30.06.2026  
Rohit, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR

ITAT NEW DELHI