Geeta P. Kamat v. Principal Commissioner of Income Tax-10 & Ors.

WP 3159/2019; IA 752/2019

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Director's evidence of limited control defeats personal recovery where no culpable act is linked to non-recovery.

Income-tax Act,1961: sections 179, 264

High Court of Bombay | 2-judge bench (Division Bench) | Dhiraj Singh Thakur | Abhay Ahuja

Assessment years: 2008-09, 2009-10

01 FACTS OF THE CASE

Geeta P. Kamat challenged the section 179 order of 22 December 2017 and section 264 revision order of 18 March 2019 concerning Kaizen Automation's tax dues of Rs.1404.42 lakh. Paragraph 1 identifies AYs 2008-09 and 2009-10. Bank attachment had not recovered the dues and the company was reported untraceable. She relied on the joint-venture arrangements to show that investor-nominated directors controlled finance and decisions.

Source: PDF pp.3–8, paragraphs 1–8

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished participation in company affairs from gross neglect, misfeasance or breach of duty causing non-recovery. Her evidence of limited financial and decision-making control discharged the initial burden. Attendance at board meetings did not supply contrary material establishing the required causal connection. Maganbhai Hansrajbhai Patel and Ram Prakash Singeshwar Rungta supported that distinction.

Source: PDF pp.11–15, paragraphs 14–17

03 JUDICIAL DECISION

The AO had not identified a single incident, decision or action amounting to culpable conduct with potential to cause non-recovery. Both the section 179 order and the revision order sustaining it were therefore held unsustainable and set aside.

Source: PDF pp.15–16, paragraphs 18–20

04 OUTCOME / IN WHOSE FAVOUR

The petition was allowed; IA 752/2019 was disposed of as no longer surviving. Relief concerns personal recovery from this director, not cancellation of the company's underlying assessments. Paragraph 10 prints AYs 2007-08 and 2008-09, inconsistent with the opening identification; this note follows paragraph 1 and preserves the discrepancy.

Source: PDF p.16, paragraphs 20–21; pp.3 and 9, paragraphs 1 and 10

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Non-recovery is the required connection: Failure to recover from the company triggers the director-liability inquiry but does not end it. The judgment requires examination of whether the director's gross neglect, misfeasance or breach of duty caused non-recovery; mere involvement when the business operated is not an adequate substitute. (PDF pp.11–13, paragraphs 13–16)

Document the actual distribution of control: Kamat's defence was supported by the joint-venture terms, investor dominance of the board and limits on her financial authority. The practical lesson is evidential: governance documents and actual powers can explain why non-recovery is not attributable to a director. A bare claim of being non-executive would not reproduce this record. (PDF pp.6–7, paragraph 5; pp.12–13, paragraph 15)

The authority must address the defence: Once she supplied material discharging the initial burden, the AO needed to identify culpable conduct and its link to non-recovery. Reliance on meeting attendance and the revisional authority's reliance on director status did not meet that task. This is not blanket immunity for minority directors. (PDF p.8, paragraphs 7–8; pp.13–16, paragraphs 16–19)

Personal relief leaves the company's debt distinct: The operative order sets aside the two orders against Kamat. It neither reassesses the company's taxable income nor decides liability of other directors. Her removal in September 2009 is part of the narrative, not a standalone rule extinguishing liability for an earlier relevant year. (PDF p.7, paragraph 6; p.16, paragraphs 19–21)

Source: PDF pp.11–13, paragraphs 13–16

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 16-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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