

Manish Maheshwari v. Assistant Commissioner of Income Tax & Anr.

Civil Appeal No. 924 of 2007 / Civil Appeal No. 925 of 2007

[2007] 3 SCR 61 | 2007-02-23

Whether the mandatory other-person block-assessment conditions were met after a search of individuals produced material relating to a company.

158BD | 158BC | 132 | 132A | 2(31) | 260A

Two-judge bench | S.B. Sinha, J. | Markandey Katju, J.

Assessment years: See the source-scope notes; no year inferred.

Mandatory satisfaction missing; historical jurisdictional relief

Both appeals succeeded on missing satisfaction and jurisdictional compliance, not on a finding that all other-person tax additions were false. The detailed facts concern a company although the common title names Manish Maheshwari. Later checked Calcutta Knitwears and Super Malls passages preserve satisfaction while qualifying timing and same-officer transmission; do not insist on two notes or transmission to oneself in every regime. Source wording tensions and the distinct section 153C comparison are disclosed; current law and comprehensive treatment remain unverified.

01 FACTS OF THE CASE

The Court narrated Indore Construction Company's facts in the common appeals. A November 1995 search of a director and his wife yielded company-related documents. The company itself was not the searched person. A prescribed-form notice was issued in February 1996, and the purported block assessment followed in November 1996. The Tribunal rejected jurisdiction, including criticism of a roving valuation inquiry; the High Court reversed on the footing that section 158BD permitted action against the company as another person (paragraphs 3–6).

The common reported title is Manish Maheshwari, but the detailed example concerns the company. The source does not provide a complete companion-party or appeal-to-SLP mapping, and the note does not treat the individuals, company and named appellant as one legal person.

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

A company is a separate person under section 2(31). Under the historical chapter, assessment of a person other than the searched person required the searched person's AO to record satisfaction that undisclosed income belonged to the other person, the relevant seized material to be handed to the officer having jurisdiction over that other person where required, and proceedings to follow section 158BC. Those jurisdictional prerequisites had to be satisfied before the special procedure could operate against the other person (paragraphs 7–12).

On the record before it, the Court found no recorded satisfaction and no transfer of the material to the competent officer. The mechanical form did not even specify the assessee's status and referred only generally to a November search. The exceptional consequences of block assessment reinforced the need to comply with the statutory conditions (paragraphs 13–17).

The Court discussed High Court authorities recognising the distinction between an officer already having jurisdiction over the other person and one who must transmit the material to that officer. Its core holding is the missing mandatory satisfaction and jurisdictional compliance, not a rule that a company is incapable of other-person assessment because the search warrant named someone else (paragraphs 18–22).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

Both appeals were allowed without costs, and the impugned High Court judgments were set aside because the AO had not recorded the mandatory satisfaction or transferred the case/material to the officer with jurisdiction. No fresh tax computation or express remand was ordered; no underlying unexplained-investment addition was finally adjudicated on its merits (paragraph 22).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on jurisdiction

Both appeals allowed; impugned High Court judgments set aside; no costs

Final invalidation on the identified historical block-assessment prerequisites

No general immunity for another person's undisclosed income and no categorical requirement of two satisfaction notes or physical transmission to oneself. The judgment does not decide current search-assessment provisions or all later timing questions.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Audit the satisfaction record, the identified other person, the material and the officer's jurisdiction, rather than relying only on the heading of a notice. The decision should not be reduced to a demand that satisfaction must appear only inside the notice: its operative defect is failure to record it, coupled with missing jurisdictional transfer on these facts.

The actually checked Calcutta Knitwears (2014) paragraph 44 requires a note before transmission and permits the stated stages, including immediately after completion of the searched-person assessment. Super Malls (2020), in its section 153C setting, explains that a common AO can record one sufficient note and need not transmit papers to himself; substantive satisfaction remains mandatory. These are bounded related-provision comparisons, not a claim that every current search regime is identical or that Manish's missing-satisfaction finding has been excused.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and company example

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4; 5

Paragraphs: Cover; jurisdiction; 1–6

Source role: reported metadata and judicial text

2.

Topic: Warrant/notice and statutory conditions

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8; 9

Paragraphs: 5–12

Source role: judicial text

3.

Topic: Mandatory satisfaction and actual failure

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: 11–17

Source role: judicial text

4.

Topic: Officer-jurisdiction discussion and final relief

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12

Paragraphs: 18–22

Source role: judicial text

5.

Topic: Bounded later satisfaction-timing comparison

Source url: [Open cited source](#)

Pdf pages: 24; 25

Paragraphs: 42–46

Source role: judicial text

6.

Topic: Bounded later same-officer comparison under section 153C

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10; 11; 12

Paragraphs: 6–7

Source role: judicial text

HISTORICAL BLOCK PERIOD

1987-88 to 1995-96, as printed in the company facts

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.B. Sinha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 12 PDF pages; SHA-256

48e03cde909904a71cce597fca734766da601b7d54a6ee3a09687cdde9e7a7f2. Original bytes preserved.

Complete judicial paragraphs 1–22 on physical pages 3–12/SCR 63–72; headnote and quoted Tribunal/High Court passages distinguished. No adjacent judgment.

[Open cited source rendition](#)

The Court states a historical block-period span; no separate annual tax-merits disposal is inferred.

The common title is Manish Maheshwari, whereas the fully narrated factual example is Indore Construction Company. Neither identity nor the second appeal's facts are invented.; Paragraph 11 refers once to search under section 132A, despite the statutory quotation and surrounding text distinguishing search under section 132 from requisition under section 132A.; Paragraph 4 says proceedings purportedly under section 158BC were initiated, while paragraph 17 says none had been initiated. This is reported as failure of valid statutory compliance, not silently rewritten as a claim that no document was ever issued.; The reproduced warrant varies the director's middle initial; no identity correction beyond the clearly identified company and searched individuals is made.; The Tribunal's comments on section 69, valuation and additions are quoted background. The Supreme Court's final disposition rests on jurisdiction, not an independently quantified merits ruling.; Super Malls' section 153C discussion itself contains an embedded section 158BD reference. Its distinct statutory setting is preserved and not silently merged with the 1995 search regime.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 12](#)

SHA-256: 48e03cde909904a71cce597fca734766da601b7d54a6ee3a09687cdde9e7a7f2

[bounded comparison judgment - PDF pages: 27](#)

SHA-256: 5fea11d1853cf706b527ab0070922f35094ce7dc22bdcce33db3e667968b2826

[bounded comparison judgment - PDF pages: 12](#)

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