

Commissioner of Income Tax-III v. M/s. Calcutta Knitwears, Ludhiana

Civil Appeal No. 3958 of 2014 and connected proceedings (full list below)

[2014] 5 SCR 855 | 2014-03-12

At what stage must the searched-person Assessing Officer record satisfaction under section 158BD, and does section 158BE prevent a satisfaction note prepared after completion of the searched-person assessment?

158BD | 158BC | 158BE(2)(b)

Two-judge bench | H. L. Dattu, J. | S. A. Bobde, J.

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

Mandatory satisfaction; remand under the historical block regime

This is a historical section 158BD decision. Satisfaction must be recorded before transmission, and the post-assessment stage is immediately after completion. The 34 civil appeals were remanded, with individual validity and missing-note questions unresolved; SLP(C) 7741/2013 was only de-tagged. No automatic extension to later search regimes, current law or the Income-tax Act, 2025 is certified.

01 FACTS OF THE CASE

A search of two Bhatia Group premises on 5 February 2003 produced documents considered to concern the undisclosed income of Calcutta Knitwears, a hosiery manufacturer. After the searched-person assessment was completed on 30 March 2005, the officer recorded a satisfaction note on 15 July 2005 and transmitted the material to the firm's jurisdictional officer. A section 158BD notice followed for the block period 1 April 1996 to 5 February 2003. The firm returned nil income and challenged jurisdiction and timing. The officer assessed Rs.21,76,916 as unexplained investment and profit on 8 February 2008. The Commissioner (Appeals) rejected the notice challenge but deleted additions; on Revenue's appeal and the firm's cross-objections, the Tribunal invalidated the assumption of jurisdiction because satisfaction post-dated the searched-person assessment. The Punjab and Haryana High Court affirmed that view on 20 July 2010. The common timing question reached the Supreme Court with 33 companion civil appeals (paragraphs 3-17 and 43).

Source: [reported judgment / paragraphs 6-17; 43 / PDF pages 8, 9, 10, 11, 24 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished charging provisions, ordinarily strictly construed, from machinery provisions, construed to make the statutory charge workable. Sections 158BC and 158BD were machinery provisions under the historical search-assessment chapter. That approach did not permit omission of a statutory precondition: the officer had to be satisfied, on cogent and demonstrative material, that undisclosed income belonged to someone other than the searched person before the material was transmitted (paragraphs 19-23 and 35-41).

Section 158BE(2)(b) fixed the time for completing the other-person block assessment by reference to service of the Chapter notice. It did not supply the earlier cut-off adopted below for preparing the satisfaction note or issuing the notice. A note was not invalid merely because it followed completion of the searched-person assessment (paragraphs 40-43).

The controlling formulation is paragraph 44: satisfaction is indispensable and must precede transmission. The note can be prepared at or with initiation of proceedings against the searched person, during those assessment proceedings, or immediately after their completion. The Court did not determine the contention that no note existed at all in seven appeals; that remained for individual consideration on remand (paragraphs 44-45).

Source: [reported judgment / paragraphs 19-45 / PDF pages 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 / judicial text](#)

03 JUDICIAL DECISION

The lower courts' categorical rule excluding a satisfaction note after completion of the searched-person assessment was rejected. All 34 civil appeals were disposed of and remanded to the respective High Courts for fresh decisions, with an opportunity of hearing, applying the stated section 158BD construction. The 33 companion appeals were expressly disposed of on the lead order's terms. SLP(C) 7741/2013 was de-tagged and ordered to be listed separately. No final finding sustaining each assessment or its additions was made (paragraphs 44-46 and the unnumbered closing orders).

Source: [reported judgment / paragraphs 44-46 and complete closing orders / PDF pages 25, 26, 27 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the timing-law question; individual assessment results left open on remand

34 civil appeals disposed of with remand to the respective High Courts; SLP(C) 7741/2013 de-tagged and separately listed

Final construction of the satisfaction-note requirement; no final adjudication of individual assessments or missing-note allegations

Immediately after completion is retained in the controlling formulation. This is not unlimited permission to record satisfaction at any later date. The Court did not decide whether the required note existed in the seven challenged cases. The separate SLP was not adjudicated.

Source: [reported judgment / paragraphs 45-46 and separate SLP direction / PDF pages 25, 26, 27 / judicial text](#)

05 AKHB REVIEW POINT

For a historical section 158BD file, preserve the actual satisfaction note, the searched-person assessment chronology, the material establishing the other-person link, and the transmission record. The decision corrects an absolute pre-completion cut-off without dispensing with recorded satisfaction or the word immediately in the third permitted stage. Do not publish the remand as restoration of every addition or as a finding that every disputed note existed.

A bounded later comparison of Super Malls (5 March 2020), paragraphs 6-7, confirms that the Court subsequently discussed Calcutta Knitweaves when applying section 153C and distinguished cases with the same officer from those with different officers. That later discussion does not turn this 2014 section 158BD order into a direct decision on every version of section 153C. The relevant search date, statutory regime, satisfaction language and later authorities must be checked for each application.

Source: [reported judgment / paragraphs 38-45 / PDF pages 22, 23, 24, 25 / judicial text](#); [reported judgment / paragraphs 6-7; bounded later comparison / PDF pages 7, 8, 9, 10, 11 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 3958 of 2014 / Civil Appeal No. 3959 of 2014 / Civil Appeal No. 3960 of 2014 / Civil Appeal No. 3961 of 2014 / Civil Appeal No. 3962 of 2014 / Civil Appeal No. 3963 of 2014 / Civil Appeal No. 3964 of 2014 / Civil Appeal No. 3965 of 2014 / Civil Appeal No. 3966 of 2014 / Civil Appeal No. 3967 of 2014 / Civil Appeal No. 3968 of 2014 / Civil Appeal No. 3969 of 2014 / Civil Appeal No. 3970 of 2014 / Civil Appeal No. 3971 of 2014 / Civil Appeal No. 3972 of 2014 / Civil Appeal No. 3973 of 2014 / Civil Appeal No. 3974 of 2014 / Civil Appeal No. 3975 of 2014 / Civil Appeal No. 3976 of 2014 / Civil Appeal No. 3977 of 2014 / Civil Appeal No. 3978 of 2014 / Civil Appeal No. 3979 of 2014 / Civil Appeal No. 3980 of 2014 / Civil Appeal No. 3981 of 2014 / Civil Appeal No. 3982 of 2014 / Civil Appeal No. 3983 of 2014 / Civil Appeal No. 3984 of 2014 / Civil Appeal No. 3985 of 2014 / Civil Appeal No. 3986 of 2014 / Civil Appeal No. 3987 of 2014 / Civil Appeal No. 3988 of 2014 / Civil Appeal No. 3989 of 2014 / Civil Appeal No. 3990 of 2014 / Civil Appeal No. 3991 of 2014 / Special Leave Petition (Civil) No. 7741 of 2013

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Satisfaction and transmission

Result: A satisfaction note is mandatory before the searched-person officer transmits material to the other-person officer

In whose favour: Statutory safeguard retained

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 23; 24; 25

Paragraphs: 41-44

Source role: judicial text

2.

Issue: Timing of satisfaction

Result: May be recorded at initiation, during assessment, or immediately after completion of the searched-person assessment; section 158BE(2)(b) does not impose the cut-off adopted below

In whose favour: Revenue on interpretation

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 24; 25

Paragraphs: 42-44

Source role: judicial text

3.

Issue: Existence of notes and individual appeal merits

Result: The missing-note argument in seven appeals was not examined; the respective High Courts must decide the cases afresh after hearing the parties

In whose favour: Open on remand

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 25; 26; 27

Paragraphs: 45-46; companion appeal directions

Source role: judicial text

4.

Issue: SLP(C) 7741/2013

Result: De-tag and list separately

In whose favour: No merits determination

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 27

Paragraphs: Separate unnumbered SLP direction

Source role: judicial text

HISTORICAL BLOCK PERIOD

Start: 1996-04-01

End: 2003-02-05

Source: Paragraph 9

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

132; 132A; 158B(b); 158BE(1); 158BI; 148; 260A

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

APPEAL ORIGINS AND SOURCE LIMITS

1.

Appeal: Civil Appeal No. 3958 of 2014

Origin: Special Leave Petition (Civil) No. 10542 of 2011

2.

Appeal: Civil Appeal No. 3959 of 2014

Origin: Special Leave Petition (Civil) No. 11943 of 2011

3.

Appeal: Civil Appeal No. 3960 of 2014

Origin: Special Leave Petition (Civil) No. 17662 of 2011

4.

Appeal: Civil Appeal No. 3961 of 2014

Origin: Special Leave Petition (Civil) No. 17656 of 2011

5.

Appeal: Civil Appeal No. 3962 of 2014

Origin: Special Leave Petition (Civil) No. 17661 of 2011

6.

Appeal: Civil Appeal No. 3963 of 2014

Origin: Special Leave Petition (Civil) No. 2804 of 2012

7.

Appeal: Civil Appeal No. 3964 of 2014

Origin: Special Leave Petition (Civil) No. 2805 of 2012

8.

Appeal: Civil Appeal No. 3965 of 2014

Origin: Special Leave Petition (Civil) No. 5264 of 2012

9.

Appeal: Civil Appeal No. 3966 of 2014

Origin: Special Leave Petition (Civil) No. 5265 of 2012

10.

Appeal: Civil Appeal No. 3967 of 2014

Origin: Special Leave Petition (Civil) No. 5266 of 2012

11.

Appeal: Civil Appeal No. 3968 of 2014

Origin: Special Leave Petition (Civil) No. 7574 of 2012

12.

Appeal: Civil Appeal No. 3969 of 2014

Origin: Special Leave Petition (Civil) No. 7575 of 2012

13.

Appeal: Civil Appeal No. 3970 of 2014

Origin: Special Leave Petition (Civil) No. 7576 of 2012

14.

Appeal: Civil Appeal No. 3971 of 2014

Origin: Special Leave Petition (Civil) No. 7577 of 2012

15.

Appeal: Civil Appeal No. 3972 of 2014

Origin: Special Leave Petition (Civil) No. 9721 of 2012

16.

Appeal: Civil Appeal No. 3973 of 2014

Origin: Special Leave Petition (Civil) No. 11460 of 2012

17.

Appeal: Civil Appeal No. 3974 of 2014

Origin: Special Leave Petition (Civil) No. 12111 of 2012

18.

Appeal: Civil Appeal No. 3975 of 2014

Origin: Special Leave Petition (Civil) No. 12886 of 2012

19.

Appeal: Civil Appeal No. 3976 of 2014

Origin: Special Leave Petition (Civil) No. 12887 of 2012

20.

Appeal: Civil Appeal No. 3977 of 2014

Origin: Special Leave Petition (Civil) No. 15207 of 2012

21.

Appeal: Civil Appeal No. 3978 of 2014

Origin: Special Leave Petition (Civil) No. 15209 of 2012

22.

Appeal: Civil Appeal No. 3979 of 2014

Origin: Special Leave Petition (Civil) No. 16266 of 2012

23.

Appeal: Civil Appeal No. 3980 of 2014

Origin: Special Leave Petition (Civil) No. 16265 of 2012

24.

Appeal: Civil Appeal No. 3981 of 2014

Origin: Special Leave Petition (Civil) No. 16319 of 2012

25.

Appeal: Civil Appeal No. 3982 of 2014

Origin: Special Leave Petition (Civil) No. 16782 of 2012

26.

Appeal: Civil Appeal No. 3983 of 2014

Origin: Special Leave Petition (Civil) No. 19491 of 2012

27.

Appeal: Civil Appeal No. 3984 of 2014

Origin: Special Leave Petition (Civil) No. 19492 of 2012

28.

Appeal: Civil Appeal No. 3985 of 2014

Origin: Special Leave Petition (Civil) No. 20626 of 2012

29.

Appeal: Civil Appeal No. 3986 of 2014

Origin: Special Leave Petition (Civil) No. 21459 of 2012

30.

Appeal: Civil Appeal No. 3987 of 2014

Origin: Special Leave Petition (Civil) No. 21460 of 2012

31.

Appeal: Civil Appeal No. 3988 of 2014

Origin: Special Leave Petition (Civil) No. 30192 of 2012

32.

Appeal: Civil Appeal No. 3989 of 2014

Origin: Special Leave Petition (Civil) No. 36559 of 2012

33.

Appeal: Civil Appeal No. 3990 of 2014

Origin: Special Leave Petition (Civil) No. 12130 of 2013

34.

Appeal: Civil Appeal No. 3991 of 2014

Origin: Special Leave Petition (Civil) No. 15368 of 2013

SPECIFIED LATER SOURCES AND LIMITS OF THE CHECK

1.

Source title: Super Malls Private Limited v. Principal Commissioner of Income Tax 8, New Delhi

Decision date: 2020-03-05

Source url: [Open cited source](#)

Checked scope: Paragraphs 6-7 on physical pages 7-11, within the actually read pages 6-11

Finding: Later section 153C application retains mandatory satisfaction and explains same-officer versus different-officer mechanics

Limit: Does not audit the entire later treatment of Calcutta Knitwears, current search law or disposition of the separately de-tagged SLP.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 27 PDF pages; SHA-256

5fea11d1853cf706b527ab0070922f35094ce7dc22bdcce33db3e667968b2826. Original bytes preserved.

Court order paragraphs 1-46 on physical pages 7-25 (SCR 861-879), followed by companion-appeal application and separate SLP directions on pages 25-27 (SCR 879-881), fully read. Pages 1-6 and opening of page 7 contain editorial headnote, references, jurisdiction and appearances. No adjacent judgment.

Open cited source rendition

The lead case concerns the expressly stated block period 1 April 1996 to 5 February 2003, not a single assessment year. No companion assessment years are specified; none are inferred.

The reported rendition says the Order of the Court was delivered; it does not name an individual author.

The decision interprets the historical Chapter XIV-B regime for searches before 1 June 2003. Section 158BE(2)(b) is the other-person block-assessment completion limit; section 148 is used only for comparison. Later section 153C discussion is identified separately and is not an issue decided in this 2014 order.

Use the exact preserved SCR rendition for these paragraph pins; the primary source is not a newly obtained signed original; The document is headed ORDER and identifies no individual author.; The assessed addition is procedural history, not an addition finally upheld by the Supreme Court. The Assessing Officer's broader view in paragraph 10 is not the Supreme Court's holding.; Paragraph 44 expressly says immediately after completion; broader statements about flexibility in preceding paragraphs must be read with that qualification.; The separate closing direction concerning SLP(C) 7741/2013 is preserved; it is not part of the 34 civil-appeal remand.

Civil Appeal 3958/2014 (arising from SLP(C) 10542/2011) is the lead case. Civil Appeals 3959-3991/2014 are expressly disposed of on the same terms. SLP(C) 7741/2013 is separately de-tagged and ordered to be listed; it is not included in the merits disposal or remand.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions and relevant years only. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment or present-law audit has been performed. Source-checked comparisons and their limits are separately identified below.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 27

SHA-256: 5fea11d1853cf706b527ab0070922f35094ce7dc22bdcce33db3e667968b2826

reported judgment - PDF pages: 11

SHA-256: 135a114a3de08e29b830175b921419b24f76a416a9bad2e096c0ed7542cee810

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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