Commissioner of Income Tax v. Sapthagiri Traders Ltd., Satya Traders Ltd., Venkatadri Traders Ltd. and Krishnaveni Traders Ltd.

TC(A) Nos. 1035 to 1038, 1065, 1066, 1072 and 1073 of 2007

TCA1035 to1038,1065,1066,1072 and1073/2007 (2007-07-11) | 2007-07-11

Packing-material expenditure upheld on factual findings of genuine transactions and business purpose; eight Revenue appeals dismissed.

37 | 260A

High Court of Judicature at Madras | Division Bench | Justice P.D. Dinakaran | Justice P.P.S. Janarthana Raja

Assessment years: 1993-94, 1994-95

Scope of this order

The deductions allowed to the four respondent companies remained undisturbed.

01 FACTS OF THE CASE

Four IMFL trading companies claimed packing-material costs for AYs 1993-94 and 1994-95. Revenue alleged inflated prices through intermediaries. CIT(A) allowed the claims and the Tribunal followed its earlier order that had become final.

Source: PDF p. 2

02 DISCUSSION BY THE HON'BLE COURT

The Court relied on the accepted earlier decision and the findings that transactions were not proved sham or prices different from the books. It also found the expenditure met the business-purpose and non-capital conditions discussed under section 37.

Source: PDF p. 4

03 JUDICIAL DECISION

All eight Revenue appeals and the connected miscellaneous petitions were dismissed without costs.

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04 OUTCOME / IN WHOSE FAVOUR

The deductions allowed to the four respondent companies remained undisturbed.

Source: PDF p. 4

05 EXPERT COMMENTS

Cheque payment was part of the evidentiary record — The source mentions payment by cheques together with findings about genuine purchases and recorded prices. It does not establish that a cheque alone proves every purchase deductible.

Commercial choice still requires the statutory tests — The Court protected the assessee's business choice on these findings and discussed possible profit routing back. The result does not immunize sham or otherwise non-deductible expenditure.

Preserve all parties and appeals — This common judgment covers four named companies and eight appeals. Their identities are retained in one common-order note; the record does not reduce the disposition to Sapthagiri alone.

Source: PDF p. 1

SOURCE & VERIFICATION

Primary High Court order - verified local repository copy

Complete 4-page court PDF read for this correction.

Complete source text and every original page visually reviewed; identity and SHA-256 checked. AI-assisted source analysis.

Open cited source rendition

All 4 physical source pages read and visually inspected. SHA-256: a07f2a02a98b610b49ee77038c570d54aa3b8fff856873955c42a1f93aee8542.

STATUTORY SCOPE

This note describes the historical provisions and authorities addressed by the supplied judgment. Subsequent statutory changes and judicial treatment have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent judicial treatment has 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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