Shivalik Woollen Mills Private Limited v. Assistant Commissioner of Income Tax, Ludhiana

ITA Nos.31 and 32 of 2004

ITA Nos.31 and 32 of 2004; decided 13 August 2007 | 2007-08-13

Theft and undisclosed-sales findings raised no substantial question of law.

Income-tax Act,1961: sections 260A, 148, 131, 36(2)

High Court of Punjab and Haryana | Division Bench | M.M. Kumar | Ajay Kumar Mittal

Assessment years: 1990-91, 1992-93

01 FACTS OF THE CASE

Shivalik Woollen Mills challenged a common Tribunal order concerning AY 1990-91 and 1992-93. The eight-page lead judgment expressly disposes of ITA 31 and 32/2004; the supplied one-page ITA 32 order incorporates it. The dispute involved alleged theft of stock worth Rs.51,02,069, the related insurance claim and inferred sales of manufactured goods.

Source: PDF pp.1–4

02 DISCUSSION BY THE HON'BLE COURT

The Tribunal relied on surveyor and investigator evidence to reject the theft account and infer manufacture and sale. It required recomputation of the gross-profit rate on disclosed manufactured-goods sales, incorporating the agreed Rs.12 lakh trading addition, and use of the same rate for undisclosed sales. The High Court regarded the challenged findings as factual and adequately supported.

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03 JUDICIAL DECISION

Both appeals were dismissed because no substantial question of law warranted admission. The Court found the inference from the rejected theft account reasonable and the challenged Rs.21,39,950 addition supported by evidence.

Source: PDF pp.7–8

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded in the High Court. This did not fix 29.15% as a universally applicable profit rate: the quoted Tribunal direction required recomputation with an opportunity to the assessee. The quotation on page 7 contains apparent errors “91-91” and Rs.1,02,069; these are not adopted as verified assessment-year or loss figures.

Source: PDF pp.5–8

05 EXPERT COMMENTS

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

A factual challenge needs more than a preferred profit rate: The assessee proposed different trading margins, but the Court treated the dispute as one about evidence and reasonable factual inference. The surveyor and investigator material mattered: merely relabelling that disagreement as a question of law did not justify admission under section 260A. (PDF pp.3–4 and 7–8)

Preserve the recomputation direction: The Tribunal's quoted reasoning rejected unexamined use of 29.15% and sought consistency between disclosed and undisclosed manufactured-goods sales. The High Court's dismissal leaves that procedural detail intact; the note should not be used to impose the initially adopted rate mechanically. (PDF pp.5–6)

Separate rejection of theft from timing of the insurance loss: The loss claim failed against the findings that the theft account was false and the stock had been used and sold. The quoted discussion also addressed when the insurer rejected the claim. That combined reasoning is not a general rule denying every genuine theft loss or every rejected insurance claim. (PDF pp.6–8)

Read both docket records together: ITA 32's one-page direction contains no independent reasons, but the lead expressly includes it and the final dismissal is plural. Both dockets and both assessment years therefore remain represented; the lead supplies reasoning and the final result absent from the companion. (PDF pp.1 and 8)

Source: PDF pp.3–4 and 7–8

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

One-page companion order and complete eight-page incorporated lead judgment reviewed together; both ITA31/2004 and ITA32/2004 preserved.

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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