

Commissioner of Income-tax, Madhya Pradesh v. Nandlal Bhandari Mills Ltd.

Civil Appeals Nos. 629-632 of 1964

[1966] 2 SCR 925 | 1965-12-07

Historical written-down value: only proportionate depreciation that reduced Indian taxable income was actually allowed.

Indian Income-tax Act, 1922: sections 4, 4A, 10(2)(vi), 10(5)(b), 42 and 66(1) | Income-tax Rules, 1922: rule 33 | Taxation Laws (Part B States) (Removal of Difficulties) Order, 1950: paragraph 2

3-judge bench; majority by K. Subba Rao, J.; J. C. Shah, J. dissenting. | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1950-51 to 1953-54

Historical statutory setting

This Part B States transition ruling does not certify present section 43(6) or current written-down-value treatment.

Fact, opinion and procedural limits

Apply the holding only within the facts, statutory text, opinion structure and procedural posture described in the primary report.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

The Indore company's opening written-down values depended on depreciation previously actually allowed. Under rule 33, taxable Indian income had been calculated as a fraction of world profit after deducting total depreciation (SCR pp.928-930; PDF pp.4-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority held that only depreciation with practical effect in reducing Indian taxable income was actually allowed; applying the Indian-receipts fraction meant only that fraction counted. Shah J. dissented that the entire depreciation was exhausted in computing world profits and could not be allocated (SCR pp.931-943; PDF pp.7-19).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

By majority all four Revenue appeals were dismissed with costs (SCR pp.935, 943; PDF pp.11, 19).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee by 2:1 majority (SCR pp.935, 943; PDF pp.11, 19).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish an intermediate world-profit deduction from the depreciation that actually reduced income taxed under the governing Act. Preserve the majority/dissent split and year-specific allocation regime (based on SCR pp.931-943; PDF pp.7-19).

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

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No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

This Part B States transition ruling does not certify present section 43(6) or current written-down-value treatment.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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