

# State of Tamil Nadu v. Kannan Devan Hills Produce Co. Ltd.

Civil Appeals Nos. 1175-1178 of 1970

[1972] 1 SCR 1016 | 1971-10-07

## Historical agricultural income tax: computation for tea grown partly in Madras but manufactured at a common factory in Kerala.

Madras Agricultural Income-tax Act, 1955: section 6 and rules 7-8 | Indian Income-tax Act, 1922: section 59 and rule 54

2-judge bench; unanimous judgment delivered by A. N. Grover, J. | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1956-57, 1957-58, 1958-59, 1960-61

### Cross-State integrated estate

Only 36.40 of 1,043 acres lay in Madras, while all tea was manufactured in Kerala with common accounts.

### Rules 7 and 8 were inapplicable

Rule 7 required both growth and manufacture in Madras; rule 8 did not fit manufactured tea.

### Broader binding-rule question reserved

The Court did not decide that central computation binds agricultural authorities in every case.

## 01 FACTS OF THE CASE

The Chittavurai tea estate operated as one unit: 1,006.60 acres in Kerala, 36.40 in Tamil Nadu, one Kerala factory and common accounts. Earlier agricultural assessments used 60% of the central income-tax computation. For 1960-61 the State officer separately valued the higher-yield Tamil Nadu acreage despite the central computation showing an overall loss, and also reopened three prior years (SCR pp.1016-1019; PDF pp.1-4).

Source: [Primary judgment: facts](#)

## 02 DISCUSSION BY THE HON'BLE COURT

Rule 7 covered tea grown and manufactured in Madras, whereas this tea was manufactured in Kerala. Rule 8 did not aptly cover tea because raw leaves had no relevant market value until special manufacture and rule 7 was the specific tea rule. Given the integrated unit, common accounts, tiny Madras portion and inadequate reasons for departing from the central computation, using that computation was the only satisfactory basis here. The Court left the universal binding effect of central computation undecided (SCR pp.1019-1021; PDF pp.4-6).

Source: [Primary judgment: discussion](#)

## 03 JUDICIAL DECISION

The Court upheld the High Court's quashing of reopening and direction to revise 1960-61 on the central computation, dismissing the appeals with one set of costs (SCR p.1021; PDF p.6).

Source: [Primary judgment: decision](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee on these integrated-estate facts; the State's separate acreage-based profit computation and reopening did not stand (SCR pp.1020-1021; PDF pp.5-6).

Source: [Primary judgment: outcome](#)

## 05 AKHB REVIEW POINT

AKHB analysis: for geographically split agricultural operations, map where cultivation, manufacture and accounting occur before selecting an apportionment rule. Preserve the Court's reservation and verify today's statutory coordination rather than treating central computation as universally binding (based on SCR pp.1019-1021; PDF pp.4-6).

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

## SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 6-page SCR source asset read in page-preserving text and visually inspected.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and six-page count match catalogue asset 1972\_1\_1016\_1021; every page was read and visually inspected.

The source verifies the four appeals, statutory rules, acreage facts and dismissal.

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

## STATUTORY SCOPE

The ruling applies historic Madras agricultural income-tax rules and the repealed 1922 Act tea-computation rule; no current apportionment rule is represented.

**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.

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