

Deputy Commissioner of Agricultural Income Tax and Sales Tax, Ernakulam v. Indian Explosives Ltd.

Civil Appeals Nos. 867-869 of 1974

[1985] Supp 2 SCR 623 | 1985-08-19

Sales tax: purchaser-specific licences and non-diversion terms made sales integral to import.

Kerala General Sales Tax Act, 1950 | Constitution of India: Article 286(1)(b)

3-judge bench; unanimous judgment delivered by V. D. Tulzapurkar, J. | V. D. Tulzapurkar, J. | Sabyasachi Mukharji, J. | Ranganath Misra, J.

Assessment years: 1961-62, 1962-63, 1963-64

Historical statutory setting

This historical sales-tax/import-control holding does not automatically determine present GST, customs or foreign-trade treatment.

Fact and procedural limits

Apply the holding only within the facts, statutory text 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

Industrial customers placed orders quoting their Actual Users' Import Licences. Indian Explosives ordered abroad for each identified purchaser under a Letter of Authority, and licence conditions prohibited diversion before invoicing the customer (SCR pp.625-627; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

A sale occasions import where statute, contract, understanding or the transaction's nature creates an inextricable link. The purchaser-specific licence, prior order and non-diversion conditions compelled the movement for that customer. A case involving the seller's own licence and freedom to divert was distinguished (SCR pp.627-629; PDF pp.5-7).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

Revenue's appeals were dismissed without an order as to costs (SCR p.629; PDF p.7).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Indian Explosives; the result turns on the purchaser-specific authority and binding non-diversion terms (SCR pp.627-629; PDF pp.5-7).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: document the entire causal chain—prior customer order, purchaser-specific import authority, identified foreign purchase, binding restrictions and inability to divert. Import followed by resale alone is insufficient (based on SCR pp.627-629; PDF pp.5-7).

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

SOURCE & VERIFICATION

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

Full 7-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 7-page count match catalogue asset S_1985_2_623_629; every page was read and visually inspected.

The source verifies the stated identity, bench, statutory issue and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment match was found in the published corpus or reviewed archive.

STATUTORY SCOPE

This historical sales-tax/import-control holding does not automatically determine present GST, customs or foreign-trade 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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General legal and tax research only; not legal or tax advice. Verify the original judgment, the governing historical statute and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.