

Maharana Mills Pvt. Ltd. v. Income Tax Tribunal, Ahmedabad & Ors.

Civil Appeal No. 612 (NT) of 1975 — Single certified appeal from the Gujarat High Court writ decision; the earlier tax reference is procedural history, not a connected Supreme Court docket.

[1989] 3 SCR 1 | 1989-05-03

The 1956 Part B States depreciation explanation remained valid and applicable: the earlier Constitution Bench ruling had been distinguished, not displaced, by later larger-bench authority.

Indian Income-tax Act, 1922; Finance Act, 1950 and Part B States transition instruments | 1922 Act: 10(2)(vi) | 1922 Act: 10(5)(b) | 1922 Act: 60A (earlier notification history) | 1961 Act: 43(6) (quoted antecedent authority only)

2 Judges | R. S. Pathak | M. H. Kania

01 FACTS OF THE CASE

The challenge to the 1956 depreciation explanation failed. Maharana Mills manufactured textiles at Porbundar and disputed written-down values used for assessments 1957-58 to 1959-60. After the Saurashtra regime gave way to the Indian Income-tax Act, 1922, the officer recomputed depreciation using earlier allowances and notional deductions. The company argued that only depreciation actually allowed under the Saurashtra Ordinance could reduce cost. After an adverse tax reference, it challenged the explanation and assessments by writ; this appeal followed dismissal of that writ.

Source: [SCR 5-9; target report and identified opinion only.](#)

02 DISCUSSION BY THE HON'BLE COURT

Kania J treated the five-judge decision in Dewan Bahadur Ramgopal Mills as binding on the identical 1956 explanation. Straw Products had distinguished that decision because an actual transitional difficulty existed there; it had rejected an interpretation making the Government's satisfaction conclusive. Madava Upendra Sinai concerned a different Union Territories order and likewise did not displace Ramgopal Mills. The Court retained judicial examination of whether the Government had a sound basis for finding the relevant difficulty. Saurashtra's Ordinance had been repealed by the Finance Act, rather than by the Income-tax Act itself, creating the same depreciation-transition problem considered in Ramgopal Mills.

Source: [SCR 10-17; target report and identified opinion only.](#)

03 JUDICIAL DECISION

The Court declined a larger-bench reference and upheld the explanation's application. Its reasoning concerns the specified transition scheme and the treatment of earlier depreciation under that scheme, rather than a general power to substitute notional depreciation wherever the statute says actually allowed.

Source: [SCR 17-18; target report and identified opinion only.](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed. The writ dismissal and challenged depreciation treatment remained effective; no recomputation or remand was ordered. No order as to costs.

Source: [SCR 18-18; target report and identified opinion only.](#)

05 AKHB REVIEW POINT

Identify the precise enabling Act, territorial transition and notification before using this decision. A later judgment distinguishing an earlier precedent does not necessarily overrule it. For modern depreciation work, the applicable written-down-value provisions and any express deeming rule need their own analysis.

Source: [SCR 14-18; target report and identified opinion only.](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Special Civil Application No. 1797 of 1972

Relationship: Gujarat High Court judgment dated 24/25 September 1974; earlier Reference No. 45 of 1970 was answered on 17 August 1972.

SOURCE & VERIFICATIONOriginal reported Supreme Court judgment

18-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 18 physical text and image pages genuinely read. Entire PDF is the target report, including headnote and any separate opinion; cited/quoted cases are authorities, not additional primary targets. The body places Saurashtra's formation in 1948; the headnote refers to integration in 1949. The isolated printed reference to the Saurashtra Ordinance, 1954 on SCR 7 differs from the repeatedly identified operative Ordinance of 1949; no replacement date is invented. This is the 1989 challenge to the Part B States transition explanation, not another Maharana Mills judgment. All 18 physical pages belong to this report.

Open cited source rendition

The body places Saurashtra's formation in 1948; the headnote refers to integration in 1949. The isolated printed reference to the Saurashtra Ordinance, 1954 on SCR 7 differs from the repeatedly identified operative Ordinance of 1949; no replacement date is invented.

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STATUTORY SCOPE

Indian Income-tax Act, 1922; Finance Act, 1950 and Part B States transition instruments; 10(2)(vi), 10(5)(b), 60A (earlier notification history), 43(6) (quoted antecedent authority only), Finance Act, 1950, sections 12 and 13, Taxation Laws (Part B States) (Removal of Difficulties) Order, 1950, paragraph 2 and Explanation inserted 8 May 1956, Saurashtra Income-tax Ordinance, 1949

The retained Finance Act 2011 text of section 43(6)(a)-(b) distinguishes current-year cost from cost less depreciation actually allowed. The opening block-of-assets provision is separate. This is a bounded comparison, not a complete modern depreciation computation.

Section 41(1)(a)-(c) separately addresses actual cost, earlier depreciation and blocks of assets; it does not reproduce this territorial transition dispute.

Historical operative law is distinct from the cited later versions. Complete repeal/savings, tax-year applicability, unexamined rules and comprehensive subsequent judicial treatment remain unverified.

Other provisions addressed: Finance Act, 1950, sections 12 and 13; Taxation Laws (Part B States) (Removal of Difficulties) Order, 1950, paragraph 2 and Explanation inserted 8 May 1956; Saurashtra Income-tax Ordinance, 1949

LATER TREATMENT

Source checked 2026-10-08. No comprehensive subsequent judicial-history review was performed for this note; unchecked treatment must not be read as absence of later treatment.

Named authorities discussed within the judgment are antecedent authorities. The separately sourced legislative developments are statutory comparisons, not a later-judgment certification.

Primary holding and expressly identified bounded statutory readings only.

IDENTIFIED SOURCE LINKS

[Income-tax Act,1961: identified2011 compilation](#)

DOR-hosted Taxmann compilation as amended by Finance Act2011 The retained Finance Act 2011 text of section 43(6)(a)-(b) distinguishes current-year cost from cost less depreciation actually allowed. The opening block-of-assets provision is separate. This is a bounded comparison, not a complete modern depreciation computation. Identified historical2011 compilation. Not a current consolidated statute, full-Act, image or complete transaction-applicability review. Text pages read: 42, 316-317.

[Income-tax Act,2025: bounded provisions](#)

Official compilation as amended by Finance Act2026 Lines 3245-3255, physical pages 80-81; opening section 41 only. Capture hashes identify exact returned text-output bytes, not the remotePDF. No full-Act, image, complete transition or comprehensive subsequent-history verification.

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AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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