

Delhi Cold Storage Pvt. Ltd. v. Commissioner of Income Tax, Delhi-I, New Delhi

Civil Appeal No. 3164 (NT) of 1991

[1991] 3 SCR 589 | 1991-08-14

Whether preservation of goods in the assessee's cold storage amounted to processing of goods so that it was an industrial company under Finance Act, 1973 section 2(7)(c), entitled to the linked First Schedule income-tax concessions.

Finance Act, 1973: section 2(7)(c) | Finance Act, 1973: First Schedule

Three-judge bench | Ranganath Misra, C.J. | M.H. Kania, J. | Kuldeep Singh, J.

Assessment years: 1973-74

Annual Finance Act income-tax definition; narrow cold-storage holding

This AY 1973-74 decision applies Finance Act, 1973 section 2(7)(c) and its First Schedule. No distinct 1961 Act section or numerical tax rate is supplied by the source. Refrigerated preservation and incidental moisture loss did not establish processing for that definition. Do not treat the rejected High Court quotation as the holding, equate every processing test with manufacture, or assume the result controls a later cold-chain incentive. The appeal was dismissed with parties bearing their own costs. Comprehensive later treatment and current-law/2025 Act mapping remain unverified.

01 FACTS OF THE CASE

For AY 1973-74 a private limited company operating a cold storage claimed the concessions available to an industrial company under section 2(7)(c) and the First Schedule of the Finance Act, 1973. It relied specifically on the processing-of-goods branch of that definition. The ITO rejected the claim. The AAC accepted it and remitted for recomputation, but the Tribunal restored the adverse result on Revenue's appeal. The Delhi High Court agreed with the Tribunal (physical pages 2–3/SCR 590-E–591-D).

The referred question concerned this company's industrial-company classification. The source does not give a numerical tax rate or a separate 1961 Act section number. The operative question nonetheless directly determines the claimed annual income-tax concession, rather than a separate surtax or sales-tax charge.

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The definition covered a company mainly engaged, among other listed businesses, in manufacture or processing of goods. The assessee relied on processing, not on a finding that it manufactured a new commodity. The Court examined the Calcutta and Allahabad cold-storage decisions, which had treated preservation by refrigeration as processing, and contrasted them with the change-based test in the three-judge Chowgule decision (physical pages 3–5/SCR 591-B–593-F).

Processing can bear different meanings, but in this statutory setting it required some change or alteration to the goods. The Chowgule passage concerned blending ores with changed physical and chemical compositions; it was a cited analogy, not this assessee's business. Preservation of vegetables, fruits and other articles by refrigeration did not meet the test merely because scientific examination after lengthy storage might show loss of moisture (physical pages 5–6/SCR 593-G–594-C).

The Court stated that Chowgule must be taken to have overruled the contrary views in Farrukhabad Cold Storage and Radha Nagar Cold Storage. Its conclusion is confined to the section 2(7)(c) classification before it. The language about a different substance at SCR 594-A–B should not be converted into a universal rule equating all processing with manufacture across unrelated provisions.

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The assessee's appeal was dismissed and the Delhi High Court's opinion was affirmed. Cold-storage preservation in this case did not qualify the company as an industrial company on the asserted processing ground. The parties were directed to bear their own costs. The Supreme Court did not reinstate the AAC's earlier remand (physical page 6/SCR 594-C–D).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed; Delhi High Court opinion affirmed; parties to bear their own costs

Final substantive industrial-company classification under annual Finance Act 1973 income-tax scheme

The holding concerns cold-storage preservation and the historical section 2(7)(c) definition. It does not decide a later cold-chain incentive, every refrigeration operation, a distinct manufacture test or an independent 1961 Act section.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Start with the exact concession and the statutory definition for its year. A business described commercially as industrial does not necessarily satisfy the particular manufacture-or-processing condition. Identify what happens to the goods, rather than treating the use of sophisticated refrigeration equipment as sufficient by itself.

Read the change-based discussion in its factual setting: the Court rejected preservation and incidental moisture loss as processing for this definition. Do not flatten processing into manufacture for every tax provision, or transplant the decision into a later cold-storage or cold-chain incentive without checking its wording. The note belongs in the income-tax collection because it decides an annual income-tax classification; its actual enactment remains the Finance Act, 1973.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, actual enactment, AY and income-tax reference

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: SCR 589; SCR 590-C-H; cover, jurisdiction and judicial opening

Source role: reported metadata and judicial text

2.

Topic: Assessment history and section 2(7)(c) definition

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 591-A-D; unnumbered judicial text

Source role: judicial text

3.

Topic: Attributed contrary cold-storage reasoning and Chowgule quotation

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: SCR 591-E-593-E; attributed precedent quotations

Source role: judicial text with attributed precedent quotations

4.

Topic: Processing test, moisture-loss limit, precedent treatment and final costs

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: SCR 593-F-594-D; unnumbered judicial reasoning and disposal

Source role: judicial text

OTHER GOVERNING STATUTES

1.

Act: Finance Act, 1973

Provisions: Section 2(7)(c); First Schedule

Role: Actual industrial-company definition and linked annual income-tax concession at issue.

2.

Act: Central Sales Tax statutory scheme in Chowgule precedent

Provisions: Section 8(3)(b) and Rule 13, as quoted

Role: Quoted precedent supplies processing test; no separate sales-tax assessment is decided here.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ranganath Misra, C.J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Finance Act, 1973 (annual income-tax classification and First Schedule concessions)

HISTORICAL STATUTORY CONTEXT

AY 1973-74. The actual holding interprets Finance Act, 1973 section 2(7)(c), for its First Schedule, in the income-tax assessment chain. The judicial text supplies no 1961 Act section number or numerical tax rate. The note does not invent either. References to income-tax procedure do not convert the definition into a 1961 Act provision.

IDENTIFIED PROCEDURAL HISTORY

Special leave granted; assessee appeal from Delhi High Court judgment dated 19 April 1984 in Income Tax Reference No. 250 of 1975. ITO refused industrial-company treatment; AAC allowed it and remitted for recomputation; Tribunal allowed Revenue's appeal and the High Court affirmed.

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 6 PDF pages; SHA-256

cfb3555dba508bcc11aca101452607d46ef7114bab12fa7d929ea7449e280567. Original bytes preserved.

Complete unnumbered judicial text from physical page 2/SCR 590-E, Ranganath Misra CJ opening, through physical page 6/SCR 594-D and costs. Editorial headnote/metadata on physical pages 1–2 separately read. No adjacent judgment included.

[Open cited source rendition](#)

The only operative numbered provision is Finance Act, 1973 section 2(7)(c), with the First Schedule. The source mentions income-tax but does not identify a 1961 Act charging or reference section; sections_1961 is intentionally empty.; The source states entitlement to certain tax concessions but does not give percentage rates. No rate, quantified tax saving or charging-section number is inferred.; The lengthy favourable Calcutta passage at SCR 592 is a quotation of another court's reasoning that the Supreme Court rejects; it is not the Supreme Court's holding. The ore-blending discussion likewise belongs to the attributed Chowgule quotation.; The source uses both change or alteration and different-substance language. The note preserves the context and does not assert a universal identity of processing and manufacture.; There are no printed judicial paragraph numbers; all pinpoints use physical PDF pages and printed SCR pages/letter zones.

STATUTORY SCOPE

Apply the statutory version for the relevant assessment year. No present-law certification or automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Any bounded check is identified expressly and does not certify current law.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 6](#)

SHA-256: cfb3555dba508bcc11aca101452607d46ef7114bab12fa7d929ea7449e280567

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