

M/s. Saraswati Industrial Syndicate Ltd. v. The Commissioner of Income Tax, Haryana, Rohtak

Civil Appeal Nos. 1804–1806 of 1981 / Civil Appeal Nos. 4975–4978 of 1993 / Civil Appeal No. 5671 of 1985
[1999] 1 SCR 974 | 1999-03-10

Whether the historical higher-depreciation entry required contact with pure corrosive chemicals, and whether the tax authorities and High Court could decide the technical effect without evidence on record.

Three-judge bench | S.P. Bharucha, J. | S.S. Mohammed Quadri, J. | R.C. Lahoti, J.

Assessment years: 1970-71, 1971-72, 1972-73, 1973-74, 1974-75, 1975-76, 1976-77, 1977-78

Evidence remand: no final higher-depreciation allowance

The Court permitted corrosive mixtures within the historical entry but did not award 15% depreciation. Both parties were to produce evidence, the Tribunal was to make findings and a supplemental statement, and the High Court was to rehear the matter. The separate intervention application did not attract identical relief. The machinery schedule, claim quantum, post-remand result, current schedule and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

For AYs 1970-71 to 1977-78, the assessee, which manufactured sugar among other things, claimed the historical 15% depreciation rate on listed sugar-manufacturing machinery under Item 3(ii)B(7). It submitted an expert opinion, but could not produce the expert for cross-examination; the Income Tax Officer declined to rely on that opinion and rejected the higher-rate claim. The machinery schedule itself and the amount of depreciation claimed are not reproduced (physical pages 3–4/SCR 976–977).

The Appellate Assistant Commissioner agreed with the rejection. The Tribunal took the view that the entry could cover free and non-free chemicals with a corrosive effect on metals. The Punjab and Haryana High Court answered the referred question for Revenue, reasoning about the effects of acids and lime on sugarcane juice. The source lists eight connected appeals; in Civil Appeal No. 5671 of 1985 the reference had been declined (physical pages 3–6/SCR 976–979).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court accepted that an untested expert opinion could be declined where the expert was not produced for cross-examination. That did not license either the Income Tax Officer or the High Court to supply technical conclusions for which neither side had laid an evidential foundation. If additional material was needed, the High Court should have required the Tribunal to take further evidence and prepare a supplemental statement of case (physical page 5/SCR 978 D–E).

The entry compensates for shortened machinery life caused by corrosive contact. Contact with a pure chemical was not required: material passing through the machinery could contain corrosive chemicals whose effect was to wear it down. Actual entitlement still required proof. The Tribunal was directed to give both sides an opportunity to produce further evidence and decide whether the machinery qualified, then prepare the supplemental statement for a High Court rehearing (physical pages 5–6/SCR 978 F–H and 979 A).

The Court separately refused the intervenors an identical operative order on their intervention application. Intervention entitled them to support one side by argument; they could take advantage of the Court's ruling, but no separate remand relief was awarded to them (physical page 6/SCR 979 D).

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

03 JUDICIAL DECISION

All connected appeals were allowed; the challenged judgments and orders were set aside. The matters were remanded to the Tribunal for the specified further evidence, findings and supplemental statement, followed by High Court rehearing. In Civil Appeal No. 5671 of 1985, the Tribunal was additionally to refer the question after its enquiry. No order as to costs was made. The intervention application was disposed of without the identical relief sought by the intervenors (physical page 6/SCR 979).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on interpretation and remand; ultimate depreciation entitlement left for further fact-finding

Eight connected appeals allowed, impugned judgments and orders set aside, and matters remanded through the Tribunal to the High Court; separate intervention relief refused; no order as to costs

Interpretive ruling with evidentiary remand, not a final allowance of higher depreciation

The historical 15% rate was claimed, not finally awarded; qualification depends on corrosive effect on the identified machinery and the applicable Rules entry.

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

05 AKHB REVIEW POINT

For a machinery-specific claim, establish what actually passes through each asset, what corrosive constituents remain, and their effect on service life. An expert report should be capable of being tested; the Court did not make an unsupported report conclusive or remove the need for evidence. Equally, a decision-maker cannot replace missing evidence with its own technical assumptions.

Keep the ruling on the meaning of corrosive contact separate from the unresolved allowance. This remand does not prove that every sugar-mill asset qualifies, that 15% remains the applicable rate, or that the assessee succeeded after remand. No later remand outcome or current depreciation schedule has been verified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, all appeal groups and assessment years

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Historical entry, claim and rejection of untested opinion

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Evidence limitation and corrosive-contact interpretation

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Remand, special direction in Appeal 5671/1985, costs and intervention

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: Unnumbered judicial text

Source role: judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.P. Bharucha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

INCOME-TAX RULES PROVISIONS ACTUALLY IDENTIFIED

Appendix I, Part I, paragraph III, Item 3(ii)B(7), as applicable to the stated assessment years

SOURCE & VERIFICATION

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

Identified source rendition: 6 PDF pages; SHA-256

9ee79bdceea5f96eca0f2ff56059af9672b16fc9e092a8548de24206b83ae89f. Original bytes preserved.

Complete unnumbered judicial text from the Bharucha J. opening on physical page 3/SCR 976 through the appeals and intervention disposition on physical page 6/SCR 979. Pages 1–3 also contain separately distinguished reporter material.

[Open cited source rendition](#)

All eight appeals are included: 1804–1806/1981, 4975–4978/1993 and 5671/1985. Corpus metadata identifying only the first appeal is incomplete for this source.; The 15% figure is the historical rate claimed under the reproduced entry, not an allowance quantified by the Supreme Court or a statement of today's schedule.; The machinery schedule, claimed allowance quantum and ultimate post-remand result are absent.; The intervention disposition is distinct from the appeals: the intervenors did not receive an identical operative order.

No Act section number is expressly recited in the bounded judicial text. The operative provision is the depreciation entry in the Income-tax Rules, 1962; no section number has been inferred for citation.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the separately identified bounded statutory-version checks have been performed; no current-law certification.

IDENTIFIED SOURCE LINKS

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

SHA-256: 9ee79bdceea5f96eca0f2ff56059af9672b16fc9e092a8548de24206b83ae89f

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