

Stonecraft Enterprises v. Commissioner of Income Tax

Civil Appeal Nos. 144-146 of 1994

[1999] 2 SCR 17 | 1999-03-18

Whether granite exports fell within the mineral exclusion from section 80HHC for the three identified assessment years, and whether a later circular helped on the Tribunal's record.

80HHC(2)(b) (relevant historical version)

Two-judge bench | S.P. Bharucha, J. | R.C. Lahoti, J.

Assessment years: 1985-86, 1987-88, 1988-89

Historical exclusion and missing processing evidence

These three appeals concern AYs 1985-86, 1987-88 and 1988-89. Relief failed on the granite record before the Tribunal; the Court merely assumed the 1995 circular could relate back and did not decide that question. Do not extend the exclusion to every processed granite product or year: the later statutory exception and section 80HHC cut-off require separate attention. Costs are unquantified; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

For AYs 1985-86, 1987-88 and 1988-89, the assessee claimed section 80HHC deductions on granite exports. The record before the Tribunal indicated export of granite but did not establish that it was a value-added processed product. The referred questions were answered against the assessee, which brought these three appeals (physical pages 2-3).

The assessee accepted that granite was a mineral in a general sense but argued that the statutory expression was narrower. It also invoked a CBDT circular dated 1 November 1995 concerning value-added granite dimensional blocks and argued that minerals should draw meaning from the associated word ores (physical pages 3-5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court examined the then exclusion of mineral oil, minerals and ores. Granite was treated as a mineral under the cited mining law authority, and the assessee supplied no evidence that the export trade treated it otherwise. The contextual doctrine relied on by the assessee applied, but all three associated terms had to be read together; they encompassed minerals extracted from the earth, including granite (physical pages 4–5).

The circular could not cure the evidentiary gap. Even assuming it was explanatory and could relate back, nothing on record showed export of the value-added granite it addressed. Thus the Court did not determine the circular's retrospective operation, nor did it reject a proved claim for processed dimensional blocks under a later statutory version (physical page 4).

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

03 JUDICIAL DECISION

All three assessee appeals were dismissed with costs. The finding that the granite exports on this record attracted the section 80HHC mineral exclusion, and the resulting denial of the claimed deductions, stood. No costs amount, remand or fresh fact-finding direction was given (physical page 5).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Three assessee appeals dismissed with costs

Final on the historical provision and evidentiary record

Not a holding that every granite product is excluded for every year, or that the 1995 circular is retrospectively applicable or inapplicable.

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

05 AKHB REVIEW POINT

Establish the exported product and its processing evidence before arguing classification or circular relief. The Court's conditional discussion of retrospectivity is not a decided retrospective rule. Do not carry the historical exclusion forward without checking the version: the Department-hosted 2011 compilation records a processed-minerals-and-ores exception tied to the Twelfth Schedule, inserted from 1 April 1991, and section 80HHC(1B)'s cessation of deduction from AY 2005-06. This note has not reviewed the full Schedule or certified any particular processed product's later entitlement.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal numbers, years and questions

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Circular assumption and lack of product evidence

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Contextual classification and dismissal

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Later exception and deduction cut-off (historical compilation)

Source url: [Open cited source](#)

Pdf pages: 469; 470

Paragraphs: Section 80HHC(1B), (2)(b); footnotes 9, 10, 18

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.P. Bharucha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

INDIVIDUAL APPEAL UNITS AND DISPOSITION LIMITS

1.

Unit: CA Nos. 144, 145 and 146 of 1994

Disposition: All dismissed with costs

Limit: Three specified assessment years considered collectively; the source does not assign each individual year to an individual appeal number.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 5 PDF pages; SHA-256

adf47943878ea435c7af5b214e64ad92c1db36e497e1387414e28b0202e2693f. Original bytes preserved.

Entire unnumbered judicial text on physical pages 3–5/SCR 19–21. Editorial pages 1–2 and quoted earlier-case passages distinguished.

Open cited source rendition

The cover headnote once prints sub-section (2)(d), and the referred question prints an abbreviated section reference; the judicial statutory quotation identifies section 80HHC(2)(b).; The absence of proof of value-added granite is a record limitation, not a finding that the assessee's goods could never have been processed.; The circular is described in the judgment; a separate original CBDT circular was not located or verified in this review, so no circular number is supplied.; The three AYs are expressly given; their one-to-one mapping to appeal numbers is not.; The later 1991 exception and 2005-06 cut-off are a bounded historical statutory check, not a current-law or complete subsequent-treatment certification.

STATUTORY SCOPE

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

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment has not been verified. Only the expressly registered bounded primary-source comparisons and historical statutory checks have been performed. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 5

SHA-256: adf47943878ea435c7af5b214e64ad92c1db36e497e1387414e28b0202e2693f

official department hosted historical statutory compilation - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.