

M/s. Aditya Minerals Pvt. Ltd. v. Commissioner of Income Tax, Andhra Pradesh

Civil Appeal Nos. 4858–4859 of 1989

[1999] Supp. 2 SCR 233 | 1999-09-07

Whether the annual amount claimed under a fifteen-year lease was deductible revenue expenditure where the lease required full rent in advance as an interest-free deposit adjusted monthly, and whether Pingle Industries conflicted with Gotan Lime Syndicate.

Five-judge Constitution Bench | S.P. Bharucha, J. | B.N. Kirpal, J. | V.N. Khare, J. | S.S. Mohammed Quadri, J. | D.P. Mohapatra, J.

Assessment years: See the source-scope notes; no year inferred.

Full-term advance governs; do not generalise to all rent

Both appeals failed on a fifteen-year interest-free advance, adjustable monthly, which the Court treated as comparable to Pingle; Gotan's extraction-linked payments were distinguished, not overruled. The report names Aditya Minerals as both appellant and lessor and supplies no assessment-year numbers or deduction section. No general rule for refundable deposits or later amortisation relief was decided. Comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The lease dated 8 March 1972 granted land for excavation and subsidiary purposes for fifteen years beginning 1 December 1971, at Rs 35 per acre per month. It required an interest-free deposit equal to the full fifteen-year rent, described as a guarantee for performance and adjustable against each month's rent. The assessee claimed Rs 10,752 per annum as revenue expenditure; the tax authorities, Tribunal and Andhra Pradesh High Court rejected the claim (physical page 3).

The two appeals were referred to a Constitution Bench because of an apparent conflict between the three-judge decisions in Pingle Industries and Gotan Lime Syndicate. The source names Aditya Minerals as the appellant and also prints that the lease was obtained from Aditya Minerals; that identity anomaly is not resolved by inventing another lessor (physical pages 1–3).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court found a material factual distinction between the earlier cases rather than a conflict requiring one to be overruled. Gotan concerned annual dead-rent and royalty, with payment directly related to the lime obtained; Pingle concerned a capital lump sum paid in instalments to acquire an enduring asset. Dividing a capital price into periodic payments does not change its character (physical pages 3–4).

Here, the obligation was to pay the entire fifteen-year land rent in advance, albeit calculated at a monthly rate and called a guarantee deposit. Its monthly adjustment and absence of interest were read with that full-period obligation. On those facts the Court placed the transaction alongside Pingle and rejected the claimed revenue treatment (physical page 4).

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

03 JUDICIAL DECISION

Both civil appeals were dismissed, with no order as to costs. The refusal of the claimed annual deduction remained in place. The Court distinguished Gotan on its facts; it did not overrule that decision, prescribe a new amortisation schedule or decide the treatment of every refundable deposit or ordinary rent payment (physical pages 3–4).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Two assessee appeals dismissed without an order as to costs

Final on the lease-payment classification presented

Fact-specific advance payment for the full lease term; not a categorical denial of all mining royalties, rental payments or security deposits.

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

05 AKHB REVIEW POINT

Examine the complete lease obligation, what right is obtained, whether the total commitment is fixed at inception, and how adjustment or repayment works. Labels such as rent, deposit and guarantee do not settle the capital/revenue question. Keep the assessee's full-period advance distinct from Gotan's extraction-linked payments.

This record does not specify assessment-year numbers, a governing section or a refundable balance on early termination. Do not infer those facts, multiply the annual figure into a judicially found total, or treat the decision as having settled later statutory amortisation or depreciation remedies.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, Constitution Bench referral and both appeals

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Question, lease clauses, annual sum and printed lessor anomaly

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Precedent distinction, application and final result

Source url: [Open cited source](#)

Pdf pages: 3; 4

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

INDIVIDUAL APPEAL UNITS AND DISPOSITION LIMITS

1.

Unit: CA Nos. 4858 and 4859 of 1989

Disposition: Both dismissed; no order as to costs

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 4 PDF pages; SHA-256

f4ca75c97b54e8d207cb02364d3e2943e801badfd607591f84cc791507e9e504. Original bytes preserved.

Complete unnumbered judicial text from physical page 2/SCR 234 through page 4/SCR 236; preceding editorial material and passages describing cited cases distinguished.

Open cited source rendition

The judgment says assessment years in question but gives no year numbers; the lease dates are not substituted for assessment years.

The caption identifies Aditya Minerals as appellant; page 3 also names Aditya Minerals as the lessor. The original anomaly is preserved without inventing the contracting party.; No assessment-year numbers or specific Income-tax Act section appear in the judicial determination; neither is supplied by inference.; Rs 10,752 is the annual amount in the common reference question and narrative, not an expressly quantified total deposit.; The headnote labels Pingle affirmed and Gotan explained/distinguished; the judicial reasoning finds factual differences and applies Pingle, without overruling Gotan.; The judgment does not establish that this deposit was refundable on demand or on premature termination.

The report identifies the Income-tax Act, 1961 and a business-profit deduction issue, but the judicial text names no specific deduction section. No section 30 or 37 holding is invented.

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: 4

SHA-256: f4ca75c97b54e8d207cb02364d3e2943e801badfd607591f84cc791507e9e504

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.

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