

M/s. Aspinwall and Co. Ltd. v. Commissioner of Income-tax, Ernakulam

Civil Appeal Nos. 8832-8833 of 1997

[2001] Supp. 2 SCR 559 | 2001-09-05

Whether the documented curing of raw coffee berries into coffee beans was manufacture for the historical section 32A investment allowance.

32A | 256(1)

Three-judge bench | S.P. Bharucha, J. | Y.K. Sabharwal, J. | Ashok Bhan, J.

Assessment years: 1980-81, 1983-84

Documented coffee-curing process and historical allowance only

The Court treated the integrated conversion of raw berries into commercially distinct beans as manufacture and restored the section 32A allowance. It did not decide that every coffee or processing activity qualifies. The later section 2(29BA) definition and the old allowance's own conditions must be considered for other years; the quoted 25% is not a current rate. Headnote section/page errors are flagged. Comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

For AYs 1980-81 and 1983-84, the company claimed investment allowance for machinery in its coffee-curing plants. CIT(A) and the Tribunal accepted the claim, but the High Court held the activity was only processing. The Tribunal had inspected the plant with both parties represented and recorded nine stages, including drying, hulling/polishing, grading, colour sorting and bulking (physical pages 3-5).

The dispute concerned the curing machinery. The company's other businesses and the High Court's general discussion of coffee as a beverage were background, not separate allowance claims.

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

02 DISCUSSION BY THE HON'BLE COURT

Using the common-parlance meaning applicable in the absence of an Act definition then, the Court asked whether the integrated processing produced a commercially distinct article. Multiple stages may together constitute manufacture when the input's identity is transformed; merely counting processes or machinery is not the legal test (physical pages 6–7).

On the accepted physical process, raw berries became coffee beans with a distinct commercial identity. The Court rejected the High Court's approach and Revenue's assertion that this was only processing. It did not require the output to be brewed coffee or hold that every coffee-handling activity is manufacture (physical page 7).

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

03 JUDICIAL DECISION

Both assessee appeals were allowed with costs. The High Court judgment was set aside, the Tribunal's order restored and the question answered for the assessee. No fresh allowance amount, costs figure or remand was specified (physical page 8).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Two appeals allowed with costs; Tribunal restored

Final section 32A manufacturing finding on the documented coffee-curing process

No universal treatment of all processing, all coffee operations or every incentive statute. Historical machinery allowance and statutory definitions remain relevant.

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

05 AKHB REVIEW POINT

Retain evidence of the inputs, integrated process and commercially recognised output. A factory inspection or reliable process record helps distinguish a transformation from cleaning, grading or packaging alone. The statutory incentive and its conditions still matter after manufacture is established.

The judgment's statement that manufacture was undefined is historical. The checked Department-hosted 2011 compilation, page 62 and footnote 58, records section 2(29BA), inserted by the Finance (No. 2) Act, 2009 from 1 April 2009. This note neither applies that later definition backwards nor certifies a present investment allowance. The quoted 25% in the old section is not a current rate.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, two appeals, AYs and claim

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Tribunal inspection and documented stages

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Historical section 32A and commercial transformation

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Tribunal restored; costs

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Later manufacture definition

Source url: [Open cited source](#)

Pdf pages: 62

Paragraphs: Section 2(29BA) and footnote 58

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ashok Bhan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 8 PDF pages; SHA-256

dfbd634ebe2a81ba0206e2f46ce7d282ee1d36feb65d7faab02a327bb62895d8. Original bytes preserved.

Complete unnumbered judicial text physical pages 2–8/SCR 560–566; earlier headnote, High Court observations and quoted Pao Food reasoning distinguished.

Open cited source rendition

The headnote first prints section 32, but the question, reproduced provision and operative reasoning concern section 32A investment allowance.; The headnote pinpoint 546-F/G is outside this SCR range; physical pages 6–7 contain the actual manufacture discussion. No fictitious source page is cited.; The general encyclopedia account of roasting and beverage preparation is the High Court's background discussion, not a finding that the assessee roasted or brewed its coffee.; The nine-stage factual finding concerned the inspected process; it is not a statutory list of mandatory manufacturing steps for every taxpayer.; The historical statutory quote, 25% allowance and absence-of-definition statement are not current-law certifications.

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 identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 8

SHA-256: dfbd634ebe2a81ba0206e2f46ce7d282ee1d36feb65d7faab02a327bb62895d8

official department hosted historical statutory compilation - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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