

M/s. Mangalore Ganesh Beedi Works v. The Commissioner of Income Tax, Mysore and Anr.

Civil Appeal No. 767 of 2005 / Civil Appeal No. 768 of 2005

[2005] 1 SCR 882 | 2005-01-28

Must a High Court dealing with section 260A appeals address the arguments and give reasons even where it is said to affirm earlier findings, and how did that requirement affect these two appeals?

260A

Three judges | Ruma Pal, J. | Arijit Pasayat, J. | C. K. Thakker, J.

Assessment years: 1995-96

IMPORTANT: REASONED ADJUDICATION AND REMAND, WITH TAX MERITS UNRESOLVED

This 28 January 2005 decision requires reasons and fresh High Court consideration; it awards no deduction, depreciation or capital-gains relief. The report does not reproduce questions (iii), (v) and (vii), and its descriptions of the High Court's treatment of Tribunal findings are not fully consistent. Do not merge this remand with the distinct 15 October 2015 merits judgment. Later treatment, current-law applicability and 2025 mapping remain not_verified.

01 FACTS OF THE CASE

The assessee, described by the Revenue as AOP-3, brought two civil appeals concerning assessment year 1995-96. They challenged the Karnataka High Court's judgment dated 19 December 2002 in ITA Nos. 69 and 70 of 2001, appeals under section 260A arising from the Bangalore Tribunal's decisions in assessee and Revenue proceedings (physical 1-2/SCR 882-883).

The report says the High Court considered the Tribunal's views on questions (iii), (v) and (vii) unsatisfactory and partly allowed Revenue's appeals. The assessee complained that the High Court had not explained its conclusions or its approval of Tribunal findings. Revenue responded that separate reasons were unnecessary when the views of the Tribunal and first appellate authority were affirmed. These passages describe the earlier result differently; the report does not resolve the difference or reproduce the questions. This note therefore does not supply their contents or treat all issues as affirmances (physical 2/SCR 883 E-H).

For the underlying factual setting and shared issues, the Court referred to *M. Janardhana Rao v. Joint Commissioner of Income Tax*, Civil Appeal 4232/2003 and connected matters, decided the same day. That separate judgment concerns the dissolved Mangalore Ganesh Beedi Works partnership and section 260A challenges arising from the same 19 December 2002 High Court judgment. Its partner-level capital-gains controversy is background to the incorporated jurisdictional ruling; it is not a tax-merits determination for AOP-3 in this report.

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

02 DISCUSSION BY THE HON'BLE COURT

The Court first expressly directed that the order in Civil Appeal 4232/2003 would also cover these appeals on the issues addressed there. Janardhana Rao explains section 260A as a statutory appellate jurisdiction requiring a substantial question of law, its formulation and hearing in the prescribed manner, and a judgment containing the grounds of decision. It also preserves the subsection (4) proviso permitting another substantial question for recorded reasons when the Court is satisfied that the case involves it. Its finding was that formulation only after arguments and failure to deal with points urged did not follow the statutory scheme; it set aside the High Court judgment and remitted the matter without expressing any tax-merits view (Mangalore, physical 3/SCR 884 A; companion, physical 6-8/SCR 879-881).

Mangalore then addresses the additional failure to give reasons. An affirming court need not repeat every earlier reason at length. It must nevertheless deal with the arguments and points raised and indicate why it agrees; appropriate reasons can be brief. This directly answers Revenue's contention that affirmation dispensed with separate reasoning (physical 3/SCR 884 A-B).

The Court explains that recording reasons is part of fair procedure: reasons connect the decision-maker's thinking to the conclusion and replace subjectivity with objectivity. It invokes *Alexander Machinery (Dudley) Ltd. v. Crabtree*, (1974) L.C.R. 120, for the proposition that failure to give reasons denies justice. That authority is considered only as adopted in this judgment, without a separate verification of its full report (physical 3/SCR 884 B-C).

The principle is operative, not incidental. In that stated background, the Court requires fresh adjudication of questions (iii), (v) and (vii), alongside the matters covered by Janardhana Rao. Neither the reason-giving rule nor the incorporated jurisdictional ruling answers those tax questions on their merits (physical 3/SCR 884 D).

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

03 JUDICIAL DECISION

The Supreme Court remitted the matter to the High Court to consider questions (iii), (v) and (vii) afresh, together with the other matters covered by the same-day judgment in Civil Appeal 4232/2003 and connected matters. Civil Appeals 767 and 768 of 2005 were both disposed of with no order as to costs. The operative language is disposal by remand, not a final allowance of the assessee's tax claims (physical 3/SCR 884 A-D).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee obtains fresh, reasoned High Court adjudication; underlying tax entitlement remains undecided in this judgment

Both civil appeals disposed of by the stated remand; no order as to costs

General reasoned-adjudication requirement applied and companion section 260A ruling incorporated; underlying AY 1995-96 tax questions not decided

No deduction, depreciation, capital-gains exemption or quantified tax relief follows from this 2005 remand. No content is inferred for the three unreproduced questions.

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

05 AKHB REVIEW POINT

The practical proposition is a limited but consequential one: an appellate court's agreement with an earlier result does not remove the need to address the points actually urged and explain the conclusion. Brevity may be sufficient; unexplained affirmation is not. The general rule is stated in the Court's own reasoning and materially determines the remand, which justifies treating this as a reasoned section 260A authority.

Read it with the expressly incorporated Janardhana Rao judgment. A note should distinguish the statutory conditions for hearing a section 260A appeal, the reasons supporting its decision and the unresolved substantive tax controversy. The proviso concerning an additional substantial question for recorded reasons must not disappear into an absolute claim that only a question originally formulated can ever be heard.

Keep the dates and proceedings separate. A bounded fresh reading of Mangalore Ganesh Beedi Works dated 15 October 2015, Civil Appeals 10547-10548/2011, confirms a different Supreme Court judgment against a later High Court order dated 23 December 2010 in the same ITA Nos. 69-70/2001. The later judgment grants relief on its questions 1 and 3, leaves question 2 open and disposes of those appeals without costs. Its numbered questions and merits conclusions must not be backfilled into the 2005 report's unreproduced questions (iii), (v), (vii). The selected later passages support separation and historical context, not an exhaustive treatment history.

The primary's tension between reversal and affirmation is preserved rather than silently repaired. Its scope is historical appellate adjudication for AY 1995-96, not a certificate of current law or a statutory crosswalk to the 2025 Act.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 767 of 2005

Outcome: Leave granted; disposed of under the common remand and no-costs direction.

2.

Case number: Civil Appeal No. 768 of 2005

Outcome: Leave granted; disposed of under the same common remand and no-costs direction.

3.

Case number: Karnataka High Court ITA Nos. 69 and 70 of 2001

Outcome: Questions (iii), (v), (vii) and issues covered by the companion judgment returned for fresh consideration; no separate appeal-to-question allocation stated.

Costs: Expressly no order as to costs

Timing and protection: This report states no independent decision deadline or tax-recovery stay. The incorporated companion order retained its existing recovery protection for three months and permitted applications to the High Court. That was historical relief in the companion order; no separate liability-specific application or present protection is certified here.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: SCR 882 A-H / 883 A-B: date, bench, two civil appeals and High Court origin

Source role: identity and judicial text

2.

Source url: [Open cited source](#)

Pdf pages: 2

Paragraphs: SCR 883 C-H: AY 1995-96, AOP-3, procedural narrative and parties' submissions

Source role: judicial text

3.

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 884 A: express incorporation of the same-day Janardhana Rao order

Source role: judicial text

4.

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 884 A-C: necessary general reasons requirement, including affirmation

Source role: judicial text

5.

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 884 D: remand of questions (iii), (v), (vii) with incorporated matters; both appeals disposed of without costs

Source role: judicial text

6.

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: SCR 879-881: incorporated section 260A requirements, proviso, application, remand, historical protection and costs

Source role: judicial text

7.

Source url: [Open cited source](#)

Pdf pages: 5; 6; 12; 18; 19

Paragraphs: Later 2015 judgment: High Court origin, distinct numbered questions, paragraphs 20 and 32-35; bounded comparison

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

Section 260A is the express appellate setting. Its formulation, hearing and reasoned-adjudication requirements are explained in the expressly incorporated same-day Janardhana Rao decision, not freshly reproduced in this short judgment. No underlying deduction, depreciation or capital-gains provision is decided here.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Arijit Pasayat, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Type: incorporated companion original

Asset id: 2005_1_874_881

Status: verified within full auxiliary read

Scope: All eight text/image pages read. Jurisdictional requirements and disposition used only to explain the order expressly incorporated in Mangalore.

2.

Type: distinct later same party judgment

Asset id: 2015_13_1080_1098

Status: bounded original read

Scope: Bounded text pages 1, 5, 6, 9, 10, 11, 12, 16, 18 and 19 read. Images 1, 5 and 19 read. Heading identifies 15 October 2015 and Civil Appeals 10547-10548/2011. Judicial text starts physical 5/SCR 1084 G-H and ends physical 19/SCR 1098 C; selected paragraphs 1-3, 11-20, 28-30 and 32-35 read, with partial surrounding text at page boundaries. Remaining substantive pages not fully read in this review. Used only to distinguish the later judgment, its High Court origin and specified later dispositions; no comprehensive later-treatment or full-source reading claimed.

Finding: Different 2015 merits judgment from later High Court order in the same ITA numbers; no adverse treatment of the 2005 reason-giving rule identified in the selected portions. This does not establish no adverse treatment elsewhere.

3.

Type: targeted later adverse search

Status: bounded search only

Checked at: 2026-10-05T19:38:15.222410+00:00

Queries: "Mangalore Ganesh Beedi Works" "2005" overruled; "Mangalore Ganesh Beedi Works" "2005" "reasons" "Supreme Court" with official Supreme Court domain restrictions

Result: No later adverse primary decision identified in returned results. Most results reproduced the 2005 decision; secondary summaries and disposition labels were not used as legal evidence.

4.

Type: targeted official static primary check

Url: [Open cited source](#)

Status: search locator only open cache miss

Scope: Official High Court static SCR locator surfaced in search; attempted web opening failed with cache miss. No raw bytes, images, full text, hash or live official authentication claimed. Retained verified primary remains controlling.

SOURCE & VERIFICATION

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

Identified source rendition: 3 PDF pages; SHA-256

5765190e5555f3b53dd1b74a23e8c9e7b19362f457823f4aafdd1325a01d7146. Original bytes preserved.

[Open cited source rendition](#)

full primary text read: True; all primary page images reviewed: True; source integrity verified: True; all listed proceedings accounted for: True; source tension preserved: True; underlying merits not decided: True; comprehensive later treatment verified: False; current law verified: False; mapping 2025 verified: False; independent QA complete: True; parent full prose approval: True

Printed SCR date, bench, two-appeal recital and all primary images checked. Catalogue INSC identifier not independently authenticated. The primary judicial text is unnumbered; pinpoints use physical pages and SCR page letters.

The Court's own unnumbered text controls; the editorial headnote is not a separate holding.; Frozen catalogue lists only Civil Appeal 767/2005; the printed primary identifies both 767 and 768.; The report's reversal/affirmation descriptions are not silently reconciled, and the contents of questions (iii), (v), (vii) are not invented.; The section 260A rule and historical interim-protection language in Janardhana Rao are expressly bounded to the incorporated companion order.; The 2015 same-party judgment has different Supreme Court dockets, date, High Court order date and source hash. Its merits conclusions do not transform this 2005 disposal.; No independent full review of Alexander Machinery, complete statutory amendment history or comprehensive current-law/later-treatment survey has been performed.

Expressly stated at physical 2/SCR 883 D-E. The later statutory-law status is not inferred from this historical year.

The primary appellate recital lists Civil Appeals 767-768/2005, not only 767 as the frozen catalogue does. Both receive the common disposal. The report does not pair each appeal separately with an individual issue or give SLP numbers. The numerous appeals in Janardhana Rao remain separate companion proceedings.

STATUTORY SCOPE

No Income-tax Act, 1961 to Income-tax Act, 2025 crosswalk, complete amendment history, savings analysis or present-applicability conclusion has been verified.

LATER TREATMENT

Source checked 2026-10-05. not_verified

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 3](#)

SHA-256: 5765190e5555f3b53dd1b74a23e8c9e7b19362f457823f4aafdd1325a01d7146

[same day incorporated judgment - PDF pages: 8](#)

SHA-256: f652aa925a3fc75060f25d4b9b61eb58b34c4e74bac5026b01d4f7cc1fc614fb

[bounded later judgment - PDF pages: 19](#)

SHA-256: 7219a3223ac64b8eb84bc5fbfed90179ae8d62de2357668c852510d673af34ee

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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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