

Mahendra Mills Ltd. v. Shri P. B. Desai, Appellate Assistant Commissioner of Income Tax and Anr.

Civil Appeal No. 1793 of 1970 — Single appeal from Gujarat High Court Special Civil Application No.1259 of 1969.

[1975] 3 SCR 846 | 1975-03-04

A later Tribunal determination of one year's closing stock formed part of the relevant record for rectifying the next year's opening stock under section 35 of the 1922 Act.

Indian Income-tax Act, 1922 | 1922 Act: 35

3-judge bench | V.R. Krishna Iyer | R.S. Sarkaria | A.C. Gupta

01 FACTS OF THE CASE

The ITO increased 1959-60 closing stock from Rs.5,89,439 to Rs.8,04,121. While that appeal was pending, the AAC adopted the higher figure as 1960-61 opening stock in June 1965. In January 1969 the Tribunal restored the lower closing-stock figure. The AAC then rectified his 1960-61 order in June 1969, withdrawing Rs.2,14,682 relief; the assessee challenged his jurisdiction.

Source: [SCR 846-853; physical PDF pages 1-8](#)

02 DISCUSSION BY THE HON'BLE COURT

The record was not confined to the papers physically before the AAC when he first decided the appeal. Closing stock supplied the next year's opening stock, so the two assessments overlapped on that fact. The Tribunal's substituted finding replaced the ITO's valuation from the original order's date and was relevant to the later year's appeal. The resulting mismatch was apparent when rectification occurred. Maharana Mills and Khem Chand Ramdas supported considering related proceedings, including the superseding order.

Source: [SCR 846-853; physical PDF pages 1-8](#)

03 JUDICIAL DECISION

The AAC could consider the Tribunal's later stock finding and rectify the opening-stock mistake under section 35. Both the narrow-record and subsequent-event objections failed.

Source: [SCR 846-853; physical PDF pages 1-8](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue Assessee's appeal dismissed with costs; the rectification stood. Substantive historical income-tax issue decided No current-law or comprehensive later-treatment certification.

Source: [SCR 846-853; physical PDF pages 1-8](#)

05 AKHB REVIEW POINT

Trace the exact factual link and effect of the superseding order. This stock-continuity ruling is not a licence to reopen any closed assessment for collateral developments: the Court expressly retained section 35's restricted jurisdiction and fact-specific application.

Source: [SCR 846-853](#); [physical PDF pages 1-8](#)

ASSESSMENT YEARS AND LIMITS

Years: 1959-60; 1960-61

Qualification: Only years material to the issues described are listed; different claims may cover different years as stated in the facts.

REPORTED CITATION

Supplied SCR report citation; no machine-generated neutral citation substituted.

STATUTORY CONTEXT

Operative provision is section 35 of the Indian Income-tax Act, 1922. The report's 1961 headnote and section 154 notice reference do not change the provision the Court expressly interprets.

SOURCE & VERIFICATION

Original reported Supreme Court judgment

Unchanged supplied SCR report; catalog identifies a CC-BY-4.0 public eSCR mirror. Not represented as a separately fetched official signed PDF. Complete single-case report, physical pages 1-8, SCR 846-853. Reasons begin page 2; final dismissal page 8. No neighboring-case text.

Open cited source rendition

Headnote labels the statute Income-tax Act 1961 section 35; reasons expressly identify and quote 1922 section 35.

Narrative prints the ITO's request as 26 March 1959; quoted rectification order identifies the letter as 26 March 1969. Both source readings are preserved.

A notice is described as under section 154, but the challenged rectification and holding are under 1922 section 35.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Other enactment references are source context only unless expressly identified as operative; no 2025 mapping is asserted.

LATER TREATMENT

Source checked 2026-10-09. Subsequent appeals, review proceedings, stays, reversals and later treatment have not been comprehensively checked. This is not a citator status certificate.

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