

A M/S. MANGALORE GANESH BEEDI WORKS  
v.  
THE COMMISSIONER OF INCOME TAX, MYSORE AND ANR.

JANUARY 28, 2005

B [RUMA PAL, ARIJIT PASAYAT AND C.K. THAKKER, JJ.]

C *Judgment—High Court affirming Tribunal's order—Without any discussion on the issues involved—Reasons for the judgment not recorded—Held, recording of reasons is a part of fair procedure—Reasons for affirmation have to be recorded—Matter remitted to High Court—Practice and Procedure.*

The present appeals by assessee and CA No. 4232 of 2003 were filed challenging the order of the High Court in the appeals under s.260-A of the Income Tax Act, 1961.

D Besides the issues raised in CA No. 4232 of 2003, it was contended for the appellant that conclusions arrived at by the High Court were without any discussion and reasons.

E Disposing of the appeals and remitting the matter to the High Court, the Court.

HELD : 1. So far as the issues covered by judgment in CA No. 4232 of 2003 etc. etc. are concerned, the order shall cover these appeals also.

[884-A]

2. In addition, question Nos. (iii), (v) and (vii) as noted in High Court's judgment are concerned, need to be adjudicated afresh. It is true, in an order of affirmation repetition of reasons elaborately may not be necessary. But even then the argument advanced and the points urged have to be dealt with. Reasons for affirmation have to be indicated, though in appropriate cases they may be briefly stated. Recording of reasons is a part of fair procedure. [884-A-B]

*Alexander Machinery (Dudley) Ltd. v. Crabtree*, (1974) LCR 120, relied on.

CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 767-768 of 2005.

From the Judgment and Order dated 19.12.2002 of the Karnataka High Court in I.T.A. Nos. 69 and 70 of 2001. A

Harish N. Salve, Joseph Vellapally, Manu Nair and Dhruv Dewan for M/s. Suresh A. Shroff & Co., for the Appellant.

M.L.Verma, Pritesh Kapur, Satya Mitra and B.V. Balram Das for the Respondents. B

The Judgment of the Court was delivered by

**ARIJIT PASAYAT, J.** Leave granted. C

These appeals by the assessee are directed against the judgment rendered by a Division Bench of the Karnataka High Court in appeals purported to be under Section 260A of the Income Tax Act, 1961 (in short the 'Act'). The appeals were filed by the revenue questioning correctness of certain conclusions arrived at by the Income-Tax Appellate Tribunal, Bangalore Bench (in short the 'Tribunal') in appeals filed by the assessee as well as the revenue. D

The dispute relates to the assessment year 1995-96. The relevant factual details have been noted in Civil Appeal No. 4232 of 2003 and other cases. (*M. Janardhan Rao v. Joint Commissioner of Income Tax etc. etc.*) disposed of today, and are not repeated here. The assessee was described as A.O.P.-3 by the revenue authorities in the concerned assessment proceedings. E

Questioning correctness of certain conclusion by the Tribunal, revenue had preferred appeals before the High Court. The High Court has held that the Tribunal's views in respect of Question Nos. (iii), (v) and (vii) as formulated were not in order, and accordingly allowed the appeals filed by the revenue in part. The basic issues which form the core dispute have been dealt with in the appeals filed by the assessee and disposed of, as noted *supra*, today. F

Learned counsel for the appellant submitted that the conclusions of the High Court have been arrived at without any discussion and reasons have not been indicated as to why seal of approval was being put on the findings recorded by the Tribunal. G

Per contra, learned counsel for the revenue supported judgment of the High Court. According to him, when views of Tribunal and first appellate authority were being affirmed, there was no need to record reasons separately. H

A So far as the issues covered by judgment in C.A. No. 4232 of 2003 etc. etc. as noted above, are concerned, the order shall cover these appeals also.

B In addition, question Nos. (iii), (v) and (vii) as noted in High Court's judgment are concerned, need to be adjudicated afresh. It is true in an order of affirmation, repetition of reasons elaborately may not be necessary. But even then the arguments advanced, points urged have to be dealt with. Reasons for affirmation have to be indicated, though in appropriate cases may be briefly stated.

C Recording of reasons is a part of fair procedure. Reasons are harbinger between the mind of maker of the decision in the controversy and the decision or conclusion arrived at. They substitute subjectivity with objectivity. As observed in *Alexander Machinery (Dudley) Ltd. v. Crabtree*, (1974) L.C.R. 120, failure to give reasons amounts to denial of justice.

D In the aforesaid background, we remit the matter to High Court to consider question Nos. (iii), (v) and (vii) afresh along with other matters covered by judgment in C.A. No. 4232 of 2003 etc. etc. disposed of today.

Appeals are accordingly disposed of with no order as to costs.

R.P.

Appeals disposed of.