Company : CourtKutchehry
Website : www.courtkutchehry.com
Printed For :
Date : 20/09/2026

(1956) 02 MAD CK 0017

In the Madras High Court

Louis Dreyfus and Company APPELLANT

Vs

The State of Madras RESPONDENT

Date of Decision : 24-02-1956

Acts Referred:

Citation : (1956) 2 MLJ 342

Hon'ble Judges : Govinda Menon, J

Bench : Division Bench

Judgement

Govinda Menon, J.—The plaintiff claimed the recovery of a sum of Rs. 8,514-12-6 levied by the State of Madras as purchase tax on the

ground that the transaction took place in the then Province of Madras, whereas the plaintiff''s case is that no part of it ever took place in Madras.

The learned City Civil Judge found that the sales tax was rightly and legitimately levied and, therefore, dismissed the suit.

2. According to the plaintiff, the company which is registered in England, with the Indian headquarters at Bombay and a branch in Madras used to

enter into contracts with Bombay merchants for the purpose of supplying the company with groundnuts with the object of exporting them to

England. The Bombay merchants have their '' own agents in the State of Madras who used to procure the goods and supply the same. The terms

of the contract as evidenced by Exhibits A-8 and A-9 show that when the railway receipts are produced in the Bombay office with the invoice, 90

per cent, of the price would be paid for the goods, which should be transported to the port of Marmagoa, where the plaintiff''s agents weigh the

same and inspect them and if the goods are suitable and according to specifications, they are accepted for the purpose of shipment. Thereafter the

Downloaded from CourtKutchehry — https://dev.courtkutchehry.com/judgments/louis-dreyfus-and-company-appellan...

balance of 10 per cent, is also paid at Bombay. It may also be mentioned that the railway receipts were in the name of the plaintiff both as

consignor and consignee in order to comply with war-time regulations.

3. On these facts, the question is whether the plaintiff is liable to pay tax. A similar case arose in O.S.A. Nos. 62 of 1951 and 54 of 1953, where

Rajagopalan and Rajagopala Ayyangar, JJ., on The State of Madras Vs. Louis Dreyfus and Company Ltd., , held that no part of the transaction

took place in Madras and as such the State of Madras has no jurisdiction to levy the sales tax. The learned Assistant Government Pleader

contends that the facts of the present case are somewhat different for the reason that there is no evidence of the nature of the transaction as

outlined by us above. The learned City Civil Judge himself seems to think that it is immaterial whether the plaintiff-company entered into contracts

with the Bombay merchants in the City of Bombay, paid the price of the groundnuts at Bombay and took delivery of the goods as Marmagoa after

weighing and approving them. Since the facts are as stated above, the principle enunciated in the case just cited will apply to the present case.

There is no doubt whatever that there would not be different kinds of contracts for the plaintiff with regard to the same sellers whose agents

procure goods in the districts of the Madras Presidency. That being the case and especially since the learned City Civil Judge was of opinion that

even if the delivery was at Bombay and payment of the 90 per cent, and the weighment and inspection was at Marmagoa, still the sale takes place

in Madras, we feel that his conclusion is opposed to the decision just mentioned.

4. Following the decision in O.S.A. Nos. 62 of 1951 and 54 of 1953,1 we allow the appeal and decree the plaintiff''s suit as prayed for with costs

throughout.

Downloaded from CourtKutchehry — https://dev.courtkutchehry.com/judgments/louis-dreyfus-and-company-appellan…