Kiran Jewellers v. Assistant Director of Income Tax (Investigation) & Ors.

Writ Petition 22467/2005

W.P. No. 22467/2005 (Andhra Pradesh High Court, 2005-11-17) | 2005-11-17

Disputed stock-in-trade status left to enquiry; release refused

132(1)

Andhra Pradesh High Court | Division Bench at Hyderabad | B. Sudershan Reddy | S. Ananda Reddy

Assessment years:

01 FACTS OF THE CASE

Kiran Jewellers sought release of 21.8 kilograms of seized gold and refund of Rs.20 lakh withdrawn from its HDFC account, with interest. It invoked the stock-in-trade proviso to section 132(1). Revenue disputed the trading account and alleged inconsistent dealings and unexplained transactions; those allegations were not judicial findings.

Source: PDF pp.2–4

02 DISCUSSION BY THE HON'BLE COURT

The Court considered it premature to decide whether the gold was stock-in-trade. Contested factual assertions required a regular enquiry and could not satisfactorily be resolved in this writ. It was concerned that immediate interference might create an irreversible position.

Source: PDF pp.2–4

03 JUDICIAL DECISION

The writ was dismissed without costs, refusing release and refund at that stage. Enquiry was directed to be completed expeditiously, preferably within six months from receipt of a copy of the order. No final stock-in-trade finding was made.

Source: PDF pp.2–4

04 OUTCOME / IN WHOSE FAVOUR

Immediate relief was refused while an expedited enquiry was secured. The order neither established money laundering nor conclusively held the gold outside stock-in-trade.

Source: PDF pp.2–4

05 EXPERT COMMENTS

The factual predicate for the proviso remained contested — The petitioner's argument depended on characterising the gold as trading stock. The Court did not reject the statutory protection as a legal concept; it declined to decide the disputed character of this gold in writ proceedings. That distinction is essential when citing the case on seizure powers.

Departmental allegations must remain attributed — The detailed counter-affidavit alleged contradictory transactions and money laundering. The Court's conclusion was that enquiry was needed, not that those allegations were proved. The reported outcome should not convert contested suspicion into a finding of criminal conduct or unexplained investment.

Read the awkward prima facie sentence with the express reservation — Page 4 says there was no prima facie material to conclude the gold did not form stock-in-trade, yet repeatedly reserves that issue and dismisses the writ. This textual tension is disclosed rather than silently reversing a negative. The clear operative result is no immediate release and a preferred six-month enquiry period, not automatic release on expiry.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Andhra Pradesh High Court order; verified source copy

Complete 4-page supplied source; all pages read.

All 4 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies. PDF p.4 contains an awkward negative about prima facie material and stock-in-trade. The repeated express reservation and dismissal are reported without silently correcting the sentence.

STATUTORY SCOPE

Only source-supported provisions are indexed; no Income-tax Act, 2025 equivalence is asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

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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