

Anglo-French Textile Co. Ltd. v. Commissioner of Income-tax, Madras

Civil Appeal No. 11 of 1952

[1954] SCR 523 | 1953-12-08

Indian Income-tax Act, 1922: sections 4(1)(a), 4A(c)(b), 42(1), 42(3), 66(1)

Indian Income-tax Act, 1922: sections 4(1)(a), 4A(c)(b), 42(1), 42(3), 66(1)

4-judge bench | Mehr Chand Mahajan J. | S. R. Das J. | Vivian Bose J. | N. H. Bhagwati J. (author)

Historical statutory scope

Mixed final outcome on 8 December 1953 in CA 11/1952. The included 22 December 1952 remand is not a separate new final judgment. Existing CA 12/1952 and CA 13/1952 concern different issues. Historical residence test only; no current-law clearance.

01 FACTS OF THE CASE

The British-incorporated company manufactured textiles at Pondicherry and sold through Madras agents. For AYs 1942-43 and 1943-44 the authorities treated profits on British Indian sales as arising there, affecting the company-residence test. The record discusses differing receipt figures across the two years; the first reframed question proceeded on its stated finding of actual receipt. On 22 December 1952 the Supreme Court reframed the questions and sought the High Court's opinion; this report also contains the final decision of 8 December 1953.

Source: [Primary report: SCR 524-531](#)

02 DISCUSSION BY THE HON'BLE COURT

Actual receipt and territorial accrual were separate inquiries. Receipt supporting section 4(1)(a) did not mean that all manufacturing and selling profits arose at the place of receipt. General apportionment principles, rather than section 42(3) itself, allocated the income relevant to section 4A(c)(b). Section 42(1) had no relevance to the first question's assumed actual receipt charge. For the residence test, income had to be allocated among profit-producing operations within and outside the taxable territories; the Court expressly corrected the reference to section 42(3) in the second question.

Source: [Primary report: SCR 531-536; SCR 532-536](#)

03 JUDICIAL DECISION

The appeal was allowed with a mixed result: the first question answered against the company and the residence-allocation question in its favour. Each side bore its own appeal and remand costs.

Source: [Primary report: SCR 536](#)

04 OUTCOME / IN WHOSE FAVOUR

Mixed. The appeal was allowed with a mixed result: the first question answered against the company and the residence-allocation question in its favour. Each side bore its own appeal and remand costs.

Source: [Primary report: SCR 536](#)

05 AKHB REVIEW POINT

Do not confuse receipt-based liability with the actual geographical accrual used by the historical company residence test. This final 8 December 1953 decision includes its 22 December 1952 interlocutory reference order and is distinct from the same party's SCR 448 and SCR 454 decisions.

Source: [Primary report: SCR 530-536](#)

SOURCE & VERIFICATION

[Supreme Court Reports primary scan — public eSCR mirror](#)

Fourteen-page report, SCR 523-536. The preceding Hardoi case fragment on SCR 523 is outside this note. Includes the 22 December 1952 reference order and the final 8 December 1953 judgment in Civil Appeal 11/1952.

[Open cited source rendition](#)

STATUTORY SCOPE

Historical statutory text and assessment period only. Present statutory equivalence and later judicial treatment are not cleared.

LATER TREATMENT

Source checked 2026-10-19. Subsequent treatment and current-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from an identified primary report. Independent human review is not represented.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding. No current-law clearance is claimed.