Lakshminarayan Ram Gopal and Son Ltd. v. The Government of Hyderabad

Civil Appeals Nos. 292 and 312 of 1950

[1955] 1 SCR 393 | 1954-04-01

Management agency remuneration under Hyderabad excess profits tax

Hyderabad Excess Profits Tax Regulation sections 2(4), 13, 48

3-judge bench | S.R. Das J. | N.H. Bhagwati J. | Jagannadhadas J.

Historical statutory scope and outcome limits

This is Hyderabad excess profits tax, not a general ruling that every agent earns business income. First and last pages contain adjoining report fragments. Historical statutory setting; no later-treatment or current-law clearance is claimed.

01 FACTS OF THE CASE

The company managed Dewan Bahadur Ramgopal Mills under a thirty-year agency agreement, receiving commission on sales and reimbursement of expenses. It managed only that mill and claimed its remuneration was salary or service income rather than business profits subject to Hyderabad excess profits tax.

Source: Primary report: SCR 394–400; PDF 2–8

02 DISCUSSION BY THE HON'BLE COURT

General board supervision did not confer the detailed control over how work was performed characteristic of a master-servant relationship. Broad contracting and staffing powers, delegation, assignability, tenure and commission supported agency. Agency alone was not enough: the continuous management operations, corporate objects and services also established business. Serving only one principal did not prevent the activity from being business. Corporate objects were relevant but not conclusive.

Source: Primary report: SCR 400–407; PDF 8–15

03 JUDICIAL DECISION

Both appeals dismissed with costs. The management remuneration was business income and the excess profits tax assessments were sustained.

Source: Primary report: SCR 407–408; PDF 15–16

04 OUTCOME / IN WHOSE FAVOUR

Revenue.

Source: Primary report: SCR 407–408; PDF 15–16

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05 AKHB REVIEW POINT

Review contractual powers and actual continuity of operations rather than relying on a service label or the number of clients. Distinguish agency status from the separate conclusion that the activities amount to business.

Source: Primary report: SCR 402–408; PDF 10–16

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 16-page primary Supreme Court Reports scan. Adjoining report fragments, where present, are retained in the exact original; only the identified case is analysed.

Open cited source rendition

STATUTORY SCOPE

Historical predecessor legislation and the provisions expressly identified in this note. This is not a decision applying the Income-tax Act, 1961 or the Income-tax Act, 2025; verify any modern-law comparison independently.

LATER TREATMENT

Source checked 2026-10-23. 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.

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