

Commissioner of Income-tax, Bombay City I, Bombay v. Bai Shirinbai K. Kooka

Civil Appeal No. 133 of 1958

[1962] Supp. 3 SCR 391 | 1962-02-23

Share-trading profits: market value when investments became stock-in-trade governed the later business-profit computation.

Indian Income-tax Act, 1922: sections 66(1) and 66A(2) | Historical commercial computation of share-trading profits

7-judge bench; 6:1 majority judgment delivered by S. K. Das, J.; A. K. Sarkar, J. dissenting. | S. K. Das, J. | J. L. Kapur, J. | P. B. Gajendragadkar, J. | A. K. Sarkar, J. | K. Subba Rao, J. | K. N. Wanchoo, J. | N. Rajagopala Ayyangar, J.

Assessment years: 1947-48

Historical statutory setting

Historical 1922 Act computation; no automatic application to later conversion, capital-gains or stock-in-trade provisions.

Source and scope caution

The physical file includes adjacent-report fragments outside SCR 391-418.

Additional scope caution

The majority was 6:1; Sarkar J. applied historic acquisition cost in dissent.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

The assessee had long held shares as investments. From 1 April 1945 she converted them into stock-in-trade and began trading; for assessment year 1947-48 the dispute was whether business profit used original acquisition cost or market value on conversion (SCR pp.393-396; PDF pp.3-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority held that the trading business began with shares introduced at their then market value, which therefore measured business cost against actual sale proceeds. This did not create a fictional self-sale and Kikabhai was distinguished. Sarkar J. dissented and would use historic acquisition cost (SCR pp.397-418; PDF pp.7-28).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

By majority the High Court answer was upheld and Revenue's appeal dismissed with costs; assessable profit was sale proceeds less market value on 1 April 1945 (SCR p.418; PDF p.28).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee by 6:1 majority; the dissent supported Revenue's historic-cost approach (SCR pp.406-418; PDF pp.16-28).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: record the conversion date, contemporaneous market evidence and actual commencement of trading. The ruling separates pre-business investment appreciation from later trading profit but should not be projected onto subsequent statutory regimes without fresh review.

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

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

Full 28-page SCR asset read in page-preserving text and visually inspected; preceding and following report fragments on physical pp.1 and 28 were excluded.

[Open cited source rendition](#)

Catalogue source S_1962_3_391_418: SHA-256

46d10b5879fa4cd75def1cb9f3581b16e064ce478a416f1d62ed9bccb978c009, 28 pages, read and visually inspected in full.

The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, opinion structure and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

Historical 1922 Act computation; no automatic application to later conversion, capital-gains or stock-in-trade provisions.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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