

Commissioner of Income-tax, Bombay v. Jubilee Mills Ltd., Bombay

Civil Appeal No. 599 of 1961

[1963] Supp 1 SCR 83 | 1962-09-17

Meaning of public substantially interested under historical section 23A and concerted managing-agent control

Indian Income-tax Act, 1922: section 23A and Explanation

Three-judge bench; unanimous judgment delivered by M. Hidayatullah, J. | J. L. Kapur, J. | A. K. Sarkar, J. | M. Hidayatullah, J.

Distinct earlier decision

This 17 September 1962 judgment addresses managing-agent control. A separate 5 December 1967 Jubilee Mills judgment addresses prior reconstruction losses after remand.

01 FACTS OF THE CASE

Jubilee Mills had 1,05,000 voting shares and declared only Rs.24,750 dividend despite distributable income computed at Rs.4,20,548. The officer invoked section 23A. Fourteen partners of the managing agency, some also directors, held large blocks, and additional shares were held by partners as guardians or for joint-family interests.

Source: [Primary judgment: facts and shareholding](#)

02 DISCUSSION BY THE HON'BLE COURT

Directors are not excluded from "the public" merely by office. The inquiry is whether an individual or concerted group controls company affairs through voting power. The managing-agency partnership supplied cohesion; its partners and controlled holdings exceeded the 75 percent threshold once guardian-held minor shares were included.

Source: [Primary judgment: control test and application](#)

03 JUDICIAL DECISION

The Court held that actual instances of concerted voting need not be proved where the circumstances and common managing-agency interest safely demonstrated concerted control. The High Court's affirmative answer on substantial public interest was wrong and was replaced with a negative answer.

Source: [Primary judgment: holding](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal was allowed with costs in the Supreme Court and High Court. The separate earlier-loss question was not answered in this appeal and later returned in a distinct 1967 judgment.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: under the historical control test, nominal share registration or directorship labels were secondary to beneficial voting power and evidence of a cohesive controlling group. Keep this 1962 control ruling separate from the later same-party decision on prior losses.

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

SOURCE & VERIFICATION

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

Complete 16-page SCR asset read in page-preserving text and every page image inspected; the opening page finishes the preceding report before the distinct 1962 Jubilee Mills judgment begins.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 16-page count verified; the complete report was read and every source page image inspected.

STATUTORY SCOPE

Section 23A and its public-substantial-interest test under the Indian Income-tax Act, 1922 are historical.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. This note reports the earlier Jubilee Mills section 23A decision and is distinct from the later 1967 ruling involving prior reconstruction losses.

[Related note: Commissioner of Income-tax, Bombay City I, Bombay v. Jubilee Mills Ltd., Bombay](#)

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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