

Kalooram Govindram v. Commissioner of Income-tax, Madhya Pradesh, Nagpur

Civil Appeal No. 41 of 1964

[1965] 3 SCR 641 | 1965-04-05

Depreciation after HUF partition: genuine inter-branch auction value governed actual cost.

Indian Income-tax Act, 1922: sections 10(2)(vi) and 10(5) | Finance Act, 1950: application to Part B States

3-judge bench; majority by K. Subba Rao, J.; J. C. Shah, J. dissenting. | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1950-51

Historical statutory setting

The case applies repealed 1922 Act actual-cost rules to an unusual court-supervised partition; current anti-abuse and HUF rules were not checked.

Fact, opinion and procedural limits

Apply the holding only within the facts, statutory text, opinion structure and procedural posture described in the primary report.

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

At partition, two HUF branches competitively bid for indivisible assets. Govindram's branch obtained the Jaora sugar factory at a genuine Rs.34 lakh value with cash equalisation, then claimed depreciation on that amount (SCR pp.643-644; PDF pp.3-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority treated partition as crystallising absolute title and the real auction value as cost of the entire specific asset, absent fraud or artificial valuation. Shah J. would preserve historical cost for the pre-existing 10/16 share and use auction-derived cost only for the acquired 6/16 (SCR pp.644-654; PDF pp.4-14).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

By 2:1 majority the appeal was allowed with costs in both courts and depreciation directed on the takeover valuation (SCR pp.647, 654; PDF pp.7, 14).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee by majority, limited to qualifying depreciable assets and the genuine partition value (SCR pp.644-654; PDF pp.4-14).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish a real allocation value for indivisible property from a notional book figure. Document competitive bidding, absence of collusion and the majority/dissent treatment of pre-existing and acquired shares (based on SCR pp.644-654; PDF pp.4-14).

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

SOURCE & VERIFICATION

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

Full 14-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

[Open cited source rendition](#)

Catalogue source 1965_3_641_654: SHA-256

a9cfc968358b18899ab1824970c5f793c8fcc2d814707be736b22f191dd27e81, 14 pages, read and visually inspected in full.

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

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

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

STATUTORY SCOPE

The case applies repealed 1922 Act actual-cost rules to an unusual court-supervised partition; current anti-abuse and HUF rules were not checked.

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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