

Commissioner of Income-tax, Central Calcutta v. Gold Mohore Investment Co. Ltd.

Civil Appeals Nos. 1236 and 1237 of 1967

[1970] 1 SCR 199 | 1969-04-03

Historical share valuation: method for computing profit or loss when pari passu bonus shares and original shares are sold.

Indian Income-tax Act, 1922: business-profit computation discussed

5-judge bench; unanimous judgment delivered by M. Hidayatullah, C.J. | M. Hidayatullah, C.J. | J. C. Shah, J. | V. Ramaswami, J. | G. K. Mitter, J. | A. N. Grover, J.

Assessment years: 1949-50, 1950-51

Pari passu bonus shares

The averaging method addressed bonus shares ranking equally with the original shares.

Historical computation

Current statutory cost rules and securities-tax treatment were not examined.

Prior authority clarified

The Court distinguished Emerald and reaffirmed Dalmia's averaging approach.

01 FACTS OF THE CASE

A share dealer received pari passu bonus shares in Howrah Mills and Fort Gloster Jute. It credited face value as bonus-share cost and computed loss or profit when original and bonus shares were sold. The officer instead spread original cost across all shares; the Tribunal agreed, while the High Court answered for the assessee (SCR pp.199-202; PDF pp.1-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court reviewed four valuation methods and reaffirmed Dalmia Investment: where bonus shares rank pari passu, the correct approach is to spread the original shares' cost over original and bonus shares and derive an average cost. Emerald did not finally decide bonus-share valuation because the bonus shares there remained unsold and the numerical difference was immaterial (SCR pp.202-204; PDF pp.4-6).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court discharged the High Court's answers, answered both questions against the assessee and directed the Tribunal to compute results using average cost; Revenue's appeals were allowed with costs (SCR p.204; PDF p.6).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on valuation method; numerical recomputation remained for the Tribunal (SCR pp.203-204; PDF pp.5-6).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: confirm whether bonus and original shares rank equally before averaging historic cost, and do not transport this judge-made computation into a current filing without checking enacted cost-basis rules and subsequent treatment (based on SCR pp.202-204; PDF pp.4-6).

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

SOURCE & VERIFICATION

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

Full 6-page SCR source asset read in page-preserving text and visually inspected.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and six-page count match catalogue asset 1970_1_199_204; every page was read and visually inspected.

The source verifies the two appeals, five-judge bench, valuation issue and operative answers.

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

STATUTORY SCOPE

The decision concerns historical business-profit computation under the repealed 1922 Act and does not state current bonus-share cost rules.

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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