Penta Media Graphics Ltd. v. Deputy Commissioner of Income Tax, Company Circle VI(1), Chennai

T.C.A. No. 576 of 2008

T.C.A. No. 576 of 2008 (Madras High Court, decided 4 February 2025) | 2025-02-04

Section 10B: unrealised sale proceeds of Rs.6,127 lakh removed from export turnover must also be removed from total turnover.

Income-tax Act, 1961: section 10B

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Hon'ble Mr. Justice S.S. Sundar | Hon'ble Mr. Justice C. Saravanan

Assessment years: Not specified in source

01 FACTS OF THE CASE

The assessee challenged ITAT's order dated 31 December 2007 in ITA 2515/Mds/2005. The question was whether unrealised sale proceeds of Rs.6,127 lakh, already reduced from export turnover, should also be reduced from total turnover when computing section 10B deduction.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The assessee cited Teledata Informatics, TCA 741/2010, decided 3 December 2019, (2019) SCC OnLine Mad 14688. The Court reproduced its reasoning on corresponding exclusion of foreign-exchange technical-service expenditure from total turnover to preserve the computation formula. Revenue raised no serious objection and conceded the legal position.

Source: PDF p.2

03 JUDICIAL DECISION

The Court held that the Rs.6,127 lakh unrealised proceeds reduced from export turnover should also be reduced from total turnover. The question was answered for the assessee and the appeal allowed without costs.

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04 OUTCOME / IN WHOSE FAVOUR

The assessee obtained the matching denominator adjustment. The order does not quantify the resulting deduction or decide that the unrealised proceeds qualify for export turnover.

Source: PDF p.3

05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Symmetry corrects the ratio without validating the excluded receipt — The Court accepted the existing reduction from export turnover as the starting point and required the same amount to leave total turnover. The relief concerns computation symmetry; it does not establish later realisation, extend a receipt deadline or restore the proceeds to the numerator.

The cited analogy and the operative subject differ — Teledata's reproduced passage concerns technical-service expenditure in foreign exchange, whereas this appeal concerns unrealised sale proceeds. The Bench applied that computational approach and Revenue conceded the legal position. Preserve the distinction when citing the case; technical-service expenses were not newly found to be the taxpayer's Rs.6,127 lakh item.

The amount is established, but the final calculation is not — The operative paragraph prints Rs.6,127 lakh. The original contains edge clipping in parts of the question, so the clear operative text is the safer locator. The full profit and turnover figures and assessment year are absent; a revised computation requires those underlying records.

Source: PDF p.2

SOURCE & VERIFICATION

High Court of Judicature at Madras official judgment PDF — AKHB Repository (20250204_HCMA010123312008.pdf)

4-page official High Court of Judicature at Madras order/judgment PDF (20250204_HCMA010123312008.pdf, 124,180 bytes).

All 4 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All four source pages visually checked; operative text resolves the amount despite clipping in parts of the original layout.

STATUTORY SCOPE

The source does not state the assessment year, an RBI extension or a specific realisation deadline. The original PDF has some right-edge clipping; the operative amount and direction are legible.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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