Arihant Tiles & Marbles Pvt. Ltd. v. Income Tax Officer, Ward 2(1), Udaipur

ITA 82 and 83/2006

ITA 82 and 83/2006 | 2007-05-30

Conversion of purchased marble blocks into usable slabs and tiles qualified as manufacture.

Income-tax Act,1961: sections 80IA, 80IB

High Court of Judicature for Rajasthan | Division Bench, Jodhpur | Rajesh Balia | Gopal Krishan Vyas

Assessment years: 2000-01, 2001-02

01 FACTS OF THE CASE

Arihant purchased marble blocks rather than mining them, sawed them into slabs and tiles and sold them domestically and overseas. Export deduction under section 80HHC had been allowed. Its industrial-undertaking deduction was rejected by the AO and CIT(A); after a divided Tribunal decision, the majority also rejected it. ITA 82/2006 concerns AY 2000-01 and ITA 83/2006 concerns AY 2001-02.

Source: PDF pp.1–4

02 DISCUSSION BY THE HON'BLE COURT

The Court treated production as wider than manufacture and stressed the statutory context. It relied on income-tax authorities concerning usable mineral products, distinguished the reliance on Lucky Minmat and the excise ruling in Aman Marble, and considered the change from unusable blocks to usable building material. Mere subsequent processing to improve marketing was distinguished from bringing the material to that usable stage.

Source: PDF pp.7–19 and 23

03 JUDICIAL DECISION

Both appeals were allowed. On these facts, converting marble blocks into slabs and tiles amounted to manufacture of an article or thing within sections 80IA/80IB, and the appellant was entitled to claim deduction.

Source: PDF p.24, operative paragraph

04 OUTCOME / IN WHOSE FAVOUR

The assessee succeeded on the disputed qualifying activity for both assessment years. The judgment records entitlement but does not quantify the deduction or adjudicate a separate computation dispute.

Source: PDF p.24

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Describe the transformation, not merely the machinery: The reasoning connects the process to end use: the purchased block could not serve as building material in the same way as the finished slab or tile. Evidence of the input, operations and resulting usable product therefore matters more than the bare description "cutting". The assessee did not have to mine its own blocks on these facts. (PDF pp.2 and 17–19)

Production and manufacture require separate attention: The Court rejected a test confined to manufacture because the statutory language also covered production. It nevertheless ultimately found manufacture here. A submission should preserve both routes where the relevant provision permits them, while identifying the exact activity and statutory setting rather than importing an excise conclusion automatically. (PDF pp.7–9, 16–17 and 24)

Usability limits the analogy: The judgment distinguishes transformation into usable slabs from further processing undertaken merely to ease marketing after the usable stage. It does not say every resizing, polishing or resale operation qualifies regardless of facts. Nor does the activity ruling settle unrelated eligibility conditions or deduction arithmetic, which the operative order does not analyse. (PDF pp.23–24)

Source: PDF pp.2 and 17–19

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 24-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have 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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