

Ahmedabad Manufacturing and Calico Printing Co. Ltd. and Another v. A. V. Joshi

Civil Appeal No. 1044 of 1979

[1996] 3 SCR 150 | 1996-03-01

Historical section 80K dividend certificate where a qualifying new undertaking had no assessable profit

Income-tax Act, 1961: sections 80J, 80K and 197(3)

Three-judge bench; judgment delivered by B. N. Kirpal, J. | J. S. Verma, J. | N. P. Singh, J. | B. N. Kirpal, J.

Assessment years: 1978-79

Repealed provisions

The holding concerns former sections 80J and 80K and the related certificate procedure. It must not be presented as a current dividend exemption.

01 FACTS OF THE CASE

The assessee established a Polyester Fibre Plant at Baroda and later a Sulzer Plant at Ahmedabad. Their section 80J qualification was not disputed. For assessment year 1978-79 the company declared dividends and sought a certificate under section 197(3) read with section 80K. The company had nil total income after brought-forward losses and depreciation; the Polyester plant earned profit while the Sulzer plant showed a business loss. Revenue restricted the certificate and denied section 80K treatment for the loss-making plant. The Gujarat High Court dismissed the company's writ petition despite recognising support from Coromandel Fertilizers (SCR pp.150-153; PDF pp.1-4).

Source: [Primary judgment: facts and certificate dispute](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 80K turned on the company's entitlement to deduction under section 80J, not on whether the deduction was actually absorbed in assessable profits for that year. Coromandel Fertilizers therefore governed: even if the new undertaking had no assessable profit or gains, section 80K relief remained available where section 80J entitlement existed. Decisions interpreting other provisions did not justify refusing to follow that direct section 80K authority (SCR pp.153-155; PDF pp.4-6).

Source: [Primary judgment: section 80K reasoning](#)

03 JUDICIAL DECISION

The High Court's judgment was set aside. Revenue was directed to issue a certificate in accordance with law showing the exempted portion of dividend for both the Polyester Fibre Plant and Sulzer Plant; the assessee received costs (SCR p.155; PDF p.6).

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

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee-company. The absence of assessable profit in the Sulzer undertaking did not defeat the historical section 80K certificate where section 80J entitlement was accepted.

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: where one provision cross-refers to an entitlement under another, distinguish legal eligibility from the amount actually absorbed or allowed in a particular year. That distinction decided the historical section 80K issue. Because both sections were later removed, use this case as an interpretation example only after identifying a genuinely comparable current cross-reference.

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

SOURCE & VERIFICATION

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

Complete six-page SCR report read in page-preserving text and every page image inspected.

[Open cited source rendition](#)

Exact catalogue SHA-256 and six-page count verified; every page was read and visually inspected.

The report verifies the title, docket, bench, assessment year, plants, statutory issue and operative direction.

References to a different Ahmedabad Manufacturing decision in older material were checked; no same-judgment identity duplicate exists.

STATUTORY SCOPE

Sections 80J and 80K were historical provisions. This decision does not create a present exemption for dividends or certify any equivalent treatment under later law.

LATER TREATMENT

Source checked 2026-10-11. Later treatment and current statutory applicability were not 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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