

Income Tax Officer, Udaipur v. M/s. Arihant Tiles and Marbles (P) Ltd.

Civil Appeal No. 8036 of 2009 and connected proceedings (full list below)

[2009] 16 (ADDL.) SCR 21 | 2009-12-02

Whether the demonstrated multi-stage conversion of marble blocks into polished slabs and tiles constituted manufacture or production for the historical section 80IA deduction.

80IA | 80IA(2)(iii) | 2(29BA)

Three-judge bench | S.H. Kapadia, J. | J.M. Panchal, J. | H.L. Dattu, J.

Assessment years: 2001-02

Whole recorded conversion process; historical section 80IA only

Arihant sustains the deduction for the proved multi-stage conversion of blocks into polished slabs and tiles, not for every processing, mining or cutting activity. AY 2001-02 is stated for the lead case only. The reference to section 2(29BA), effective 1 April 2009, is not a retrospective-application ruling; excise treatment is not a separate tax adjudication. The headnote's paragraph-22 pin for the concluding observation is inaccurate. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

In the lead case for AY 2001-02, the assessee made polished marble slabs and tiles, exporting part of its output. The batch concerned factory owners, not mine owners; some respondents also worked as excise-registered job workers. The record described sorting and marking irregular blocks, squaring them on saw machines, cutting slabs, reinforcing cracks with epoxy resin and fibre netting, machine polishing, edge-cutting to market dimensions and angles, and buffing (paragraphs 3–6 and 10).

The tax authorities rejected the manufacture/production claim and the Tribunal members differed. The Rajasthan High Court accepted that polished slabs and tiles were manufactured or produced from the blocks and allowed the deduction. The Department brought nine civil appeals, with Arihant as the lead matter (paragraphs 2–3 and 9; reported appeal list).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court emphasised that production has a wider reach than manufacture and that both the statutory scheme and the actual sequence of operations matter. It recorded the later insertion of section 2(29BA), effective from 1 April 2009, and quoted the historical section 80IA condition. Its analysis of AY 2001-02 nevertheless turned on the manufacture/production language and the demonstrated activity; the judgment does not announce that the later definition applies retrospectively (paragraphs 7–8 and 14–20).

The cited authorities were not treated as interchangeable. Lucky Minmat concerned mining and cutting/sizing before sale, while distinguishing conversion of limestone into lime or lime dust. Rajasthan State Electricity Board concerned pumping water out of mines to make them workable. Aman Marble concerned cutting blocks into slabs under excise law and did not address the additional word production. The Court expressly cautioned that extraction or cutting slabs by itself does not establish manufacture and required the facts of each operation to be examined (paragraphs 11–15).

Applying the wider production approach discussed in Sesa Goa and the new-and-distinct-commodity test discussed in N.C. Budharaja, the Court found that the respondents' entire process yielded polished slabs and tiles distinct from the original blocks. It held that these activities satisfied manufacture or production for the provision. Recognition of the activity by other government authorities and the respondents' excise-duty treatment supported the concluding observation, but the Court also supplied its own process-based analysis (paragraphs 15–21).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

All nine Department appeals were dismissed without costs. The High Court's conclusion that these respondents' activities constituted manufacture or production, entitling them to the historical section 80IA benefit, was sustained. No remand or fresh deduction computation was ordered (paragraphs 20–22).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees

Civil Appeals Nos. 8036–8044 of 2009 dismissed; no order as to costs

Final on the disputed manufacture-or-production qualification of the recorded activities

The result concerns the demonstrated multi-stage factory conversion, including reinforcement, polishing, dimensioning and buffing. It does not hold that all processing, mining or cutting constitutes manufacture; no present deduction entitlement, retrospective operation of section 2(29BA), excise refund or new quantum determination is decided.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Document the complete input-to-output process and the commercial identity of the resulting goods. This decision is stronger support for the proved sequence yielding polished slabs and tiles than for an isolated cutting or polishing step described without evidence. A production limb may matter even where an authority under another statute addressed only manufacture.

Keep three matters separate: what the undertaking actually did, what the historical deduction provision required, and whether all other conditions are met in the taxpayer's year. The judgment's reference to the 2009 definition and to excise treatment should not be converted into automatic retrospectivity or cross-tax conclusiveness. No current-law or Income-tax Act, 2025 mapping is certified.

Source: See the proposition-specific paragraph and PDF-page references below.

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 8036 of 2009 / Civil Appeal No. 8037 of 2009 / Civil Appeal No. 8038 of 2009 / Civil Appeal No. 8039 of 2009 / Civil Appeal No. 8040 of 2009 / Civil Appeal No. 8041 of 2009 / Civil Appeal No. 8042 of 2009 / Civil Appeal No. 8043 of 2009 / Civil Appeal No. 8044 of 2009

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, nine-appeal group and lead assessment year

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Cover; reported jurisdiction/appeal list; 1–4

Source role: reported metadata and judicial text

2.

Topic: Recorded stepwise operations and factory/job-worker setting

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7

Paragraphs: 4–10

Source role: judicial text

3.

Topic: Definition and stated effective date

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: 7–8

Source role: judicial text

4.

Topic: Limits of cited mining, pumping and simple-cutting cases

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Paragraphs: 10–14

Source role: judicial text

5.

Topic: Production and distinct-commodity analysis

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12; 13

Paragraphs: 15–20

Source role: judicial text

6.

Topic: Contextual tax observation and final disposal

Source url: [Open cited source](#)

Pdf pages: 13

Paragraphs: 20–22

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

80ia / 80ia(2)(iii): Historical manufacture-or-production condition addressed by the Court; this note preserves the section numbering used in the judgment for the relevant period.

2(29ba): Definition quoted by the Court with its stated 1 April 2009 effective date; not treated as automatically retrospectively operative for AY 2001-02.

80hh / 32a: Mentioned in discussion of Lucky Minmat and Sesa Goa, not independent deduction claims decided in this batch.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 13 PDF pages; SHA-256

41153cbafa29696c2866cf9d87430a51ca4ba5b312ea8e96a9eec1e0360fdf27. Original bytes preserved.

Judicial paragraphs 1–22 on physical pages 4–13 (SCR 24–33). Pages 1–3 and the opening of page 4 are reporter/editorial material. No adjacent judgment.

[Open cited source rendition](#)

Paragraph 4 expressly states AY 2001-02 for the lead assessee. The nine-appeal batch is not individually mapped to assessment years; no additional year is inferred.

The primary source lists nine appeals, 8036–8044/2009. AY 2001-02 is expressly stated in the lead facts; the source gives no separate appeal-to-year table.; The reported headnote on physical page 3 attributes the revenue-consequences observation to paragraph 22; the judicial text places it in paragraph 21. Judicial paragraph 22 is the dismissal. Physical-page and judicial-text pinpoints control.; Section 2(29BA) is quoted with a stated 1 April 2009 effective date although the lead AY is 2001-02. No independent retrospective-application holding is stated.; The Court's discussion of Lucky Minmat, Rajasthan State Electricity Board, Aman Marble, Sesa Goa and N.C. Budharaja is read as embedded precedent analysis, not a fresh independent review of those entire decisions.; The final observation about possible excise/sales-tax consequences is contextual; this income-tax appeal neither adjudicates those liabilities nor awards a refund.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent judicial or statutory audit. Any actually checked comparison is separately identified and bounded; no current-law or 2025-Act certification.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 13](#)

SHA-256: 41153cbafa29696c2866cf9d87430a51ca4ba5b312ea8e96a9eec1e0360fdf27

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.