

Ajanta Pharma Ltd. v. Commissioner of Income Tax-9, Mumbai

Civil Appeal No. 7518 of 2010

[2010] 11 SCR 404 | 2010-09-09

For AY 2001-02, did historical clause (iv) of the Explanation to section 115JB reduce book profit by the full eligible export profit computed under section 80HHC(3), or only the 80% deduction permitted by section 80HHC(1B) in the normal-tax computation?

115JB | 80HHC(1) | 80HHC(1B) | 80HHC(3) | 80HHC(3A) | 80HHC(4) | 80HHC(4A)

Two-judge bench | S.H. Kapadia, CJI | K.S. Panicker Radhakrishnan, J.

Assessment years: 2001-02

AY 2001-02 export-profit adjustment; clause later omitted

Ajanta addresses the former section 115JB Explanation clause (iv) for AY 2001-02. The Income Tax Department's historical text records its omission by Finance Act, 2011 retrospectively from 1 April 2005. The 100% eligible-profit reduction in this ruling is not a present-day exporter entitlement or a deduction for all export receipts. Check the relevant statutory version and subsequent treatment. No current-law or 2025-Act certification is supplied.

[paragraphs 35](#) / [PDF pages 49, 50](#) / [judicial text](#)

01 FACTS OF THE CASE

Ajanta, a MAT company, filed its AY 2001-02 return on 30 October 2001 with a statutory audit report claiming section 80HHC relief. In calculating book profit under section 115JB, it deducted 100% of eligible export profit under clause (iv) of the Explanation. The Assessing Officer's 27 February 2004 order restricted the reduction to 80%, relying on section 80HHC(1B). The Commissioner (Appeals) allowed the full reduction on 30 July 2004 and the Tribunal upheld that view. The Bombay High Court allowed the Department's section 260A appeal on 7 May 2009, prompting the assessee's appeal (paragraphs 1-3).

Source: [reported judgment](#) / [paragraphs 2-3](#) / [PDF pages 4](#) / [judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court examined section 115JB as applicable from AY 2001-02, including the then 7.5% MAT framework and clause (iv)'s reference to profits eligible for deduction under section 80HHC, computed under the prescribed subsections. It contrasted the section 80HHC(1B) normal-tax phase-down: 80% for AY 2001-02, then 70%, 50% and 30%, followed by no deduction for AY 2005-06 and later under the quoted text (paragraphs 4-8).

Sections 80HHC and 115JB operated in different spheres. Section 80HHC(1) concerned eligibility; subsection (3) computed the export-profit tax incentive; subsection (1B) reduced the extent of the normal-tax deduction. By contrast, section 115JB was a self-contained deemed-income computation requiring the stipulated upward and downward book-profit adjustments. Its historical clause (iv) took the full eligible export profit and did not import the 80% phase-down for the relevant year (paragraph 9).

The Department argued that the clause's requirement to satisfy section 80HHC conditions imported both eligibility and the reduced deduction. The Court rejected that reading. The certification requirements it discussed under subsections (4) and (4A) were compliance conditions and did not erase the distinction between eligible profit and the extent of normal-tax deduction (paragraph 10).

Source: [reported judgment / paragraphs 4-10 / PDF pages 5, 6, 7, 8, 9, 10 / judicial text](#)

03 JUDICIAL DECISION

The full eligible export profit computed as required by the historical clause was available for the AY 2001-02 book-profit reduction; section 80HHC(1B) did not cut it to 80%. The High Court judgment was set aside, the Tribunal judgment restored and the assessee's civil appeal allowed without costs. No remand was ordered (paragraphs 9-11).

Source: [reported judgment / paragraphs 9-11 / PDF pages 9, 10 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Civil Appeal No.7518 of 2010 allowed; Bombay High Court judgment set aside; Tribunal judgment restored; no costs

Final merits determination of the historical MAT export-profit adjustment for AY 2001-02

Full eligible export profit is distinct from all export receipts or automatic eligibility. The holding concerns the former clause (iv) and does not establish an ongoing exemption for exporters after legislative omission.

Source: [reported judgment / paragraphs 11 / PDF pages 10 / judicial text](#)

05 AKHB REVIEW POINT

Identify the exact book-profit adjustment and relevant assessment year before using the eligibility/deductibility distinction. This judgment concerns AY 2001-02 and the former export-profit reduction; it does not make gross export receipts deductible or remove the applicable eligibility and computation conditions. Do not turn its self-contained-code reasoning into permission to disregard every cross-reference in section 115JB.

The Income Tax Department's expressly dated 2013 section 115JB webpage, Explanation 1 and footnote 99, records that Finance Act, 2011 omitted clauses (iv)-(vi) retrospectively from 1 April 2005, and reproduces their former text. Thus this note is a historical account of Ajanta's ruling, not an assertion that the former export-profit adjustment remains claimable. No comprehensive later judicial-treatment or present statutory audit has been completed.

In a bounded later judicial check, A.P. Power Coordination Committee v. Lanco, paragraph 35, cites Ajanta for the self-contained MAT code but explains that MAT remains income tax under the Act. That contractual-reimbursement case does not re-decide the export-profit adjustment.

Source: [reported judgment / paragraphs 4-10 / PDF pages 5, 6, 7, 8, 9, 10 / judicial text](#); [official statutory webpage / paragraphs Year 2013; Explanation 1 clauses \(iv\)-\(vi\); footnote 99 and reproduced pre-omission clause \(iv\) / statutory text](#); [reported judgment / paragraphs 35; bounded later reference in contractual MAT-reimbursement context / PDF pages 49, 50 / judicial text](#)

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: Full eligible profit versus 80% normal-tax deduction

Result: Historical clause (iv) permits the full eligible export-profit reduction for the year in issue

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: 9

Source role: judicial text

2.

Issue: Effect of section 80HHC conditions

Result: The certification/compliance conditions discussed do not import the subsection (1B) phase-down into this book-profit adjustment

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: 10

Source role: judicial text

3.

Issue: Appeal disposition

Result: High Court reversed and Tribunal restored without remand

In whose favour: Assessee

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 10

Paragraphs: 11

Source role: judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

115JA; 80AB; 260A

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, CJI

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

VERIFIED RELATIONSHIPS BETWEEN SPECIFIED JUDGMENTS

1.

Earlier case id: sc-2010-09-09-ajanta-pharma

Relationship: cited for self contained mat code with income tax character retained

Evidence

1.

Source url: [Open cited source](#)

Pdf pages: 49; 50

Paragraphs: 35

Source role: judicial text

Scope limit: The later case concerns contractual reimbursement of MAT and describes the Ajanta self-contained-code reasoning. It does not re-decide the Ajanta export-profit computation or certify its survival after statutory omission.

Later case title: A.P. Power Coordination Committee & Ors. v. M/s. Lanco Kondapalli Power Ltd. & Ors.

Later decision date: 2015-10-16

Later source asset id: 2015_12_447_497

Later case note link verified: False

SPECIFIED LATER TREATMENT CHECKS AND THEIR LIMITS

1.

Check: Consolidated judicial corpus FTS search for Ajanta and inspection of later-hit contexts

Result: Later Shreyans references concerned Ajanta Electricals. A.P. Power Coordination Committee v. Lanco (2015) expressly cites Ajanta Pharma at paragraph 35; its pages 47-51 were then read for the complete MAT discussion and disposition.

2.

Check: Targeted public searches for Ajanta Pharma and Bhari Information Technology

Result: Search leads to other decisions were identified but not promoted into a verified judicial-treatment proposition without a completed primary-source comparison.

3.

Check: Income Tax Department section 115JB, Year 2013, Explanation 1 and footnote 99

Result: Later legislative omission of clauses (iv)-(vi) from 1 April 2005 verified; this is legislative history, not later judicial treatment.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 10 PDF pages; SHA-256

7992ebb51dfc96f34b4a15b62a4eebc75332504e671a3487011fdf645051ed25. Original bytes preserved.

Judgment paragraphs 1-11, physical pages 4-10 (SCR 407-413), read in full including the historical statutory extracts and operative conclusion. Physical pages 1-3 and opening of page 4 are editorial/report material. No adjacent judgment.

Open cited source rendition

Expressly identified in paragraph 2; statutory phase-out years quoted in paragraph 5 are not additional assessment years in this appeal.

The operative dispute concerns historical clause (iv) of the Explanation to section 115JB and the section 80HHC(1B) phase-down. Section 115JA provides predecessor context. The official 2013 statutory webpage is used only to establish later omission of clauses (iv)-(vi), and related historical drafting footnotes; it is not a current-law source.

The main source is an unchanged public-mirror eSCR report; no signed-original hash or newly live-validated main-source link is claimed.; At physical page 7 paragraph 6 prints section 115JA as inserted by Finance Act, 2000, while paragraphs 4 and 8 identify section 115JB. This printed inconsistency was visually confirmed and is not silently treated as reliable enactment history.; At physical page 9 paragraph 9 uses Rs.90 crores in a comparison otherwise expressly framed around Rs.100 crores and an 80% deduction. The note uses the clear 100%-versus-80% holding, not that inconsistent illustrative figure.; The report's paragraph 4 calls its quotation the section as inserted by Finance Act, 2000. The official 2013 webpage footnote 83 records that the quoted deemed-total-income wording was substituted by Finance Act, 2002 retrospectively from 1 April 2001. The note identifies the historically applicable version rather than claiming every quoted word was in the initial enactment.; The official section page is labelled Year 2013 and includes historical amendment footnotes. It is used for the specified omission and drafting history only, not to certify the law currently in force.

A single civil appeal; paragraph 1 grants leave. It challenges the Bombay High Court judgment dated 7 May 2009 in Income Tax Appeal No.1005 of 2008. No companion appeals are listed.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions and assessment years only. No automatic mapping to the Income-tax Act, 2025.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment or present-law audit has been performed. The actual bounded source checks below do not establish absence of later treatment.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 10](#)

SHA-256: 7992ebb51dfc96f34b4a15b62a4eebc75332504e671a3487011fdf645051ed25

[official statutory webpage](#)

SHA-256: 8d493118f6cf6ac5bd89312622ac905d4214c225c9dd6b2890d3376055d10b89

[reported judgment - PDF pages: 51](#)

SHA-256: 76b599c95c58d46517851bc767f757cd4d0327e965bf7d9649c6e299e354ca88

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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