

Commissioner of Income Tax-1, Mumbai v. M/s. Hindustan Petroleum Corporation Ltd.

Civil Appeal No. 9295 of 2017 and connected proceedings (full list below)

[2017] 7 S.C.R. 631 | 2017-08-03

Whether the assessee's technical LPG bottling operations constitute manufacture or production for the industrial-undertaking deductions under sections 80HH, 80-I and 80-IA.

80HH | 80-I | 80-IA

Two-judge bench | A. K. Sikri, J. | Ashok Bhushan, J.

Assessment years: See the source-scope notes; no year inferred.

Production on the proved LPG process

The Court held that the described technical LPG bottling activity is production under the historical provisions using manufacture or production. It did not hold that every bottling activity is manufacture under every statute or freshly verify every other deduction condition. Assessment years are not supplied in this source; current statutory availability and later treatment remain unverified.

01 FACTS OF THE CASE

The respondent assessee bottled LPG for domestic cylinders and claimed deductions under sections 80HH, 80-I and 80-IA. The Assessing Officers and Commissioners (Appeals) rejected the claims because the LPG had been produced in refineries and bottling did not change its chemical composition or create a new commodity. The Tribunal reversed after examining the sophisticated plant processes needed to make refinery LPG safe, marketable and usable by domestic customers; the High Court agreed. Revenue brought fifteen appeals on the common manufacture-or-production question (paragraphs 1-4).

The recorded operations included receipt of bulk LPG, unloading into spheres or bullets through compressors, refilling under pressure, and capping, seals and safety valves before storage and dispatch. The technical nature and sequence of those operations were undisputed in the Supreme Court (paragraphs 6-7, 16-17).

Source: [reported judgment / paragraphs 1-8 / PDF pages 3, 4, 5, 6, 7 / judicial text](#); [reported judgment / paragraphs 16-17 / PDF pages 13, 14 / judicial text](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court emphasised that the relevant provisions use manufacture or production as alternatives. Production has a wider meaning; failure to satisfy a manufacture-only test does not finish the inquiry. The Court drew on the discussion in Arihant Tiles and the production reasoning in Sesa Goa, while keeping the statutory context in view (paragraph 15).

On the undisputed plant process, bulk refinery LPG could not be supplied directly for domestic use for handling, storage and safety reasons. Bottling involved a highly technical operation that rendered it a usable and marketable domestic kitchen fuel. The Court therefore held that the activity definitely fell within production. The Gas Cylinders Rules' definition of manufacture of gas supported that conclusion; it was not used as a substitute for examining the actual process (paragraphs 16-18).

The Assessing Officer had concentrated on whether bottling created a new commodity and had not separately addressed production. The Gujarat sales-tax decision on a manufacture-only definition did not govern these differently worded income-tax provisions. The Court distinguished the cited tea-blending facts and referred to Vinbros on bottling and blending alcohol. It affirmed the Tribunal's conclusion upheld by the High Court (paragraphs 19-21).

Source: [reported judgment / paragraphs 14-21 / PDF pages 10, 11, 12, 13, 14, 15, 16 / judicial text](#)

03 JUDICIAL DECISION

The LPG bottling activities described in the judgment constituted production for the relevant sections. The Tribunal and High Court were correct; all fifteen Revenue appeals, Civil Appeal Nos. 9295-9309 of 2017, were dismissed (paragraphs 18-21).

Source: [reported judgment / paragraphs 18-21 / PDF pages 14, 15, 16 / judicial text](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees

All fifteen Revenue appeals dismissed

Common production-condition issue finally decided in favour of the assesseees

The operative reasoning is that the particular LPG bottling process is production under provisions using manufacture or production. It is not a universal manufacture ruling under every statute, nor a fresh determination that any undertaking satisfies every other deduction condition.

Source: [reported judgment / paragraphs 21 / PDF pages 16 / judicial text](#)

05 AKHB REVIEW POINT

Start with the exact statutory language and the proved operational steps. Where the historical provision admits manufacture or production, a manufacture-only authority or unchanged chemical composition does not answer the wider production question. Keep evidence of receipt, compression, bottling, safety steps and the resulting domestic usability. The Court's analysis does not support treating every act of filling, repacking or value addition as production. Apply the other eligibility conditions and relevant-year text separately; this note does not certify ongoing availability of the deductions or a counterpart under the 2025 Act.

Source: [reported judgment / paragraphs 15-21 / PDF pages 11, 12, 13, 14, 15, 16 / judicial text](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 9295 of 2017 / Civil Appeal No. 9296 of 2017 / Civil Appeal No. 9297 of 2017 / Civil Appeal No. 9298 of 2017 / Civil Appeal No. 9299 of 2017 / Civil Appeal No. 9300 of 2017 / Civil Appeal No. 9301 of 2017 / Civil Appeal No. 9302 of 2017 / Civil Appeal No. 9303 of 2017 / Civil Appeal No. 9304 of 2017 / Civil Appeal No. 9305 of 2017 / Civil Appeal No. 9306 of 2017 / Civil Appeal No. 9307 of 2017 / Civil Appeal No. 9308 of 2017 / Civil Appeal No. 9309 of 2017

DETAILED DISPOSITION AND CONNECTED GROUPS

Issue results

1.

Issue: LPG bottling as production

Result: The described technical process falls within production, satisfying the disputed manufacture-or-production condition

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13; 14; 15; 16

Paragraphs: 15-21

Source role: judicial text

2.

Issue: Reliance on manufacture-only authorities

Result: A manufacture-only analysis did not dispose of the production alternative in the relevant income-tax provisions

In whose favour: Assesseees

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13; 15; 16

Paragraphs: 15; 19-20

Source role: judicial text

Appeal groups

1.

Appeals: Civil Appeal Nos. 9295-9309 of 2017

Appellant role: Revenue

Disposition: Dismissed

Pinpoints

1.

Source url: [Open cited source](#)

Pdf pages: 3; 16

Paragraphs: Reported full appeal list; 21

Source role: reported metadata and judicial text

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

10A; 32A; 80-IB

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

A. K. Sikri, J.

OTHER LEGAL CONTEXT

Gas Cylinders Rules, 2004, rule 2(xxxii); Gas Cylinders Rules, 1981, rule 2(xxv), in counsel's submission; Gujarat Sales Tax Act, 1969, section 2(16), distinguished

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 16 PDF pages; SHA-256

fb954794a0bf7ebfd0e77502c52048940516e77c5af31e7923dce9bdae283f5d. Original bytes preserved.

Judgment paragraphs 1-21 on physical PDF pages 3-16 (SCR 633-646); pages 1-2 and the beginning of page 3 contain editorial headnote, citations, identity and appeal listing. No neighbouring judgment included.

[Open cited source rendition](#)

Reported cover identity, date, bench and SCR citation verified visually; no unprinted neutral citation adopted from corpus search metadata.

The judgment does not specify the assessment years for the fifteen appeals. No year is inferred from case numbers or the dates of the orders below.

The decision concerns the manufacture-or-production condition under sections 80HH, 80-I and 80-IA as applicable in these appeals. Sections 10A, 32A and 80-IB arise in argument, analogous cases or the notification discussion; no independent entitlement under those provisions is decided.

Reported eSCR rendition preserved unchanged; no signed-original PDF or original-source hash is claimed. Paragraphs 1-21, rather than the editorial headnote alone, support the note.; Paragraphs 15-18 support production as the sufficient ground. The headnote's broader manufacture-or-production phrasing should not become a standalone holding that all bottling is manufacture under all laws.; The report contains imperfect cross-case citation/provision descriptions, including a compressed discussion of Servo-Med and Tara Agencies in paragraph 20. The note records only the distinction this judgment actually draws and does not certify the prior decisions' complete holdings or bibliography.; The source does not state assessment years. Statutory descriptions and the Gas Cylinders Rules are historical context; their present wording and applicability are not independently certified.

No express issue reservation or remand. The judgment resolves the common process-character issue; it does not separately adjudicate every other statutory eligibility condition.

STATUTORY SCOPE

Historical 1961 Act judgment and its recorded statutory setting only. No automatic correspondence or precedent carryover to the Income-tax Act, 2025, and no current-law certification.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent appellate, review, stay, reversal or later judicial-treatment check has been performed. This is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 16](#)

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