IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO.2654 OF 2025

Sedemac Mechatronics Limited .. Petitioner

Versus

Department of Scientific & Industrial Research & Ors. .. Respondents

Digitally signed by UTKARSH KAKASAHEB BHALERAO Date: 2026.07.29 11:17:16 +0530
UTKARSH KAKASAHEB BHALERAO

Mr. Nishant Thakkar (through V.C.) a/w Hiten Thakkar, Jasmin Amalsadvala, Yachika i/b Lumiere Law Partners, Advocates for the Petitioner.

Mr. Akhileshwar Sharma, Advocates for the Respondents.

CORAM : B. P. COLABAWALLA & FIRDOSH P. POONIWALLA, JJ.
DATE : JULY 27, 2026

P. C.

1. Rule. Respondents waive service. With the consent of parties, Rule made returnable forthwith and heard finally.

2. This Petition under Article 226 and 227 of the Constitution of India challenges the order dated 25th October 2024 passed by Respondent No.1 rejecting the applications filed by the Petitioner for issuance of Form 3CL [under Rule 6 read with Section 35(2AB) of

Income Tax Act, 1961] with respect to A.Y. 2018-19, 2019-20 and 2020-21, holding them to be delayed i.e. filed beyond the due date specified in the Guidelines issued in July 2017 by Respondent No.1 (hereinafter referred to as "**the Guidelines**").

3. At the outset, the Counsel for the Petitioner submitted that insofar as A.Y. 2019-20 is concerned, the deduction claimed by the Petitioner in the Return of Income under Section 35(2AB) of the Act has been accepted as filed, and therefore, the grievance in the present petition survives only for A.Y. 2018-19 and 2020-21.

4. Counsel for the Petitioner submitted that the order dated 25th October 2024 passed by Respondent No.1 is unsustainable as the Petitioner has complied with its obligation under Rule 6(7A)(c) in applying for issuance of Form 3CL by filing Audit Report in Form 3CLA within the due date specified in Explanation – 2 to Section 139(1) of the Act. He submitted that for A.Y. 2018-19, Form 3CLA was filed along with the Return of Income on 30th October 2018, i.e. within the due date of filing the Return of Income which was expiring on 31st October 2018. For A.Y. 2020-21, he submitted that the Form 3CLA was filed on 24th December 2020, i.e. before the last date of filing of Return of Income which was extended on account of Covid-19 pandemic to 15th February 2021. Accordingly, he submitted that for both the aforesaid assessment years Form 3CLA was filed within the due date specified in Rule 6(7A)(c). He also relied upon the Annual Report of Respondent No.1 for 2018-19 to submit that Respondent No.1 has registered itself with the Income Tax E-filing website for the receipt of electronically furnished Form 3CLA. He further pointed out that the aforementioned fact has been specifically averred by the Petitioner in paragraph 11 of the Petition and the same has been accepted by Respondent No.1 to be factually correct in paragraph 17 of its Reply to this Petition.

5. Counsel for the Petitioner further submitted that for A.Y.2018-19 and 2020-21 details as set out in Section - C of the Guidelines were filed by the Petitioner on 24th January 2020 and 5th February 2021 respectively. He submitted that after the filing of the details there was continuous interaction between the Petitioner and Respondent No.1. Respondent No.1 not being satisfied with the details filed by the Petitioner, granted (vide communication dated 30th May 2024) one last opportunity to the Petitioner to file requisite details/ clarification/documents by 30th June 2024. In response, the Petitioner by letters dated 17th June 2024 (emailed to Respondent No.1 on 19th

June 2024) submitted the requisite details/clarification/ documents for issuance of Form 3CL in respect of A.Y.2018-19 and 2020-21. Despite the foregoing, the Counsel submitted, Respondent No.1 by its order dated 25th October 2024 (the impugned order) rejected the Petitioner's application for issuance of Form 3CL only on the ground of delay.

6. Counsel for the Petitioner submitted that the impugned order was *ex facie* erroneous insofar as it held that the Petitioner's application for issuance of Form 3CL was delayed. He submitted, it was undisputed that Form 3CLA was filed within the time limit prescribed in Rule 6(7A)(c) [i.e. within the due date for filing of the Return of Income]. He submitted that even insofar as the details called for by Respondent No.1, the same were filed by the Petitioner before 30th June 2024 being the time offered by Respondent No.1 in its communication dated 30th May 2024. Accordingly, he submitted that the impugned order is arbitrary and without any application of mind and the same deserves to be set aside.

7. On the other hand, Mr. Sharma, Learned Counsel appearing on behalf of the Respondents, opposed the Petition. Mr. Sharma, relying upon the Affidavit-in-Reply of Mr. Purshottam Kumar, Scientist-E of Respondent No.1 has submitted that the order passed by Respondent No.1 does not suffer from any infirmity and the applications filed by the Petitioner have been rightly rejected. Mr. Sharma submitted that as per the said Affidavit, Respondent No.1's record shows the date of filing of application as 28th January 2020 for F.Y. 2017-18 [A.Y. 2018-19] as against due date of 30th November 2018 and 25th February 2021 for F.Y. 2019-20 [A.Y. 2020-21] as against due date 15th February 2021. Relying upon the Affidavit, he further submits that the Petitioner itself, in paragraph 19 of the Writ Petition admits that after the receipt of approval, the submission of details was delayed due to the reasons mentioned therein. He, therefore, submits that the Writ Petition deserves to be dismissed.

8. We have heard the rival submissions and perused the evidence on record. For the purposes of deciding the dispute in the present Petition, it would be profitable to reproduce the relevant provisions of the Income Tax Act, 1961 and the Income Tax Rules, 1962, viz. Section 35(2AB) and Rule 6(7A). Section 35(2AB) of the Income Tax Act, 1961 reads as under :-

> *"(1) Where a company engaged in the business of [bio-technology or in any business of manufacture or production of any article or thing, not being an article or thing specified in the list of the Eleventh Schedule incurs any expenditure on scientific research (not being*

expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then, there shall be allowed a deduction of a sum equal to one and one-half times of the expenditure so incurred:

Provided that where such expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility is incurred in a previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, the deduction under this clause shall be equal to the expenditure so incurred.

Explanation.—For the purposes of this clause, "expenditure on scientific research", in relation to drugs and pharmaceuticals, shall include expenditure incurred on clinical drug trial, obtaining approval from any regulatory authority under any Central, State or Provincial Act and filing an application for a patent under the Patents Act, 1970 (39 of 1970).

(2) No deduction shall be allowed in respect of the expenditure mentioned in clause (1) under any other provision of this Act.

(3) No company shall be entitled for deduction under clause (1) unless it enters into an agreement with the prescribed authority for co-operation in such research and development facility and fulfils such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed.

(4) The prescribed authority shall submit its report in relation to the approval of the said facility to the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General in such form and within such time as may be prescribed.

*(5) ****

(6) No deduction shall be allowed to a company approved under sub-clause (C) of clause (iia) of sub-section (1) in respect of the expenditure referred to in clause (1) which is incurred after the 31st day of March, 2008."

9. Rule 6(7A) of the Income-tax Rules 1962, reads as under :-

"(7A) Approval of expenditure incurred on in-house research and

development facility by a company under sub-section (2AB) of section 35 shall be subject to the following conditions, namely:-

(a) The facility should not relate purely to market research, sales promotion, quality control, testing, commercial production, style changes, routine data collection or activities of a like nature;

(b) The prescribed authority shall furnish electronically its report -

(i) in relation to the approval of in-house research and development facility in Part A of Form No.3CL;

(ii) quantifying the expenditure incurred on in-house research and development facility by the company during the previous year and eligible for weighted deduction under sub-section (2AB) of section 35 of the Act in Part B of Form No. 3CL;

(ba) The report in Form No.3CL referred to in clause (b) shall be furnished electronically by the prescribed authority to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over such company within one hundred and twenty days,-

(i) of the grant of the approval, in a case referred to in sub-clause (i) of clause (b);

(ii) of the submission of the audit report, in a case referred to in sub-clause (ii) of clause (b);

(c) The company shall maintain a separate account for each approved facility; which shall be audited annually and a report of audit in Form No.3CLA shall be furnished electronically to the Secretary, Department of Scientific and Industrial Research on or before the due date specified in Explanation 2 to sub-section (1) of section 139 of the Act for furnishing the return of income, for each succeeding year.

(d) Assets acquired in respect of development of scientific research and development facility shall not be disposed of without the approval of the Secretary, Department of Scientific and Industrial Research."

10. A plain reading of Rule 6(7A)(c) makes it clear that the obligation of an assessee under Section 35(2AB) of the Income Tax Act, 1961 read with the Rule 6(7A)(c) is to maintain a separate account for each approved facility, which shall be audited annually and a report of audit in Form No. 3CLA shall be furnished electronically with Respondent No.1 on or before the due date of filing of the Return of Income as specified in Explanation-2 to sub Section (1) of Section 139 of the Act. Respondent No.1 in its Annual Report for 2018-19 at paragraph 1.4.8 in sub-para (ii) states that Respondent No.1 has "*registered itself as an external agency on Income Tax E-filing website (*www.incometaxindiaefiling.gov.in*) for receipt of electronically furnished Form 3CLA"*. Indeed, Respondent No.1 has in its Affidavit in Reply (paragraph 17) accepted the Petitioner's averment in paragraph 11 of the Petition, that Form 3CLA electronically filed by the Petitioner along with its Return of Income "*can be accessed and viewed by Respondent No.1*". It must therefore be accepted that uploading of Form 3CLA by an Assessee to its e-filing account on the website of the Income Tax Department, on or before the due date of filing of the Return of Income, satisfies the requirement of Rule 6(7A)(c).

11. In the present case, it is not disputed that :-

a. Form 3CLA for F.Y. 2017-18 [A.Y.2018-19] was filed on the Income Tax website on 30th October 2018, i.e. before the due date for filing of the Return of Income; and

b. Form 3CLA for F.Y. 2019-20 [A.Y.2020-21], was filed on 24th December 2020, i.e. before extended due date of 15th February 2021 for filing of Return of Income.

We, therefore, find that the Petitioner has duly complied with Rule 6(7A)(c). In view thereof, the order dated 25th October 2024 passed by Respondent No.1 treating the applications filed by the Petitioner for A.Y.2018-19 and 2020-21 as delayed is unsustainable. Further, it is also not disputed that the Petitioner had, in response to the communication dated 30th May 2024 issued by Respondent No.1, filed its submission with Respondent No.1 by email of 19th June 2024, i.e. before 30th June 2024 stated by Respondent No.1 in its communication dated 30th May 2024.

12. Considering the aforesaid facts, we are of the opinion that the order dated 25th October 2024 passed by Respondent No.1 insofar as it rejects the applications for issuance of Form 3CL for A.Y.2018-19 and

2020-21 on the ground of delay, deserves to be set aside and we do so order accordingly.

13. Respondent No.1 is directed to decide the applications filed by the Petitioner for A.Y.2018-19 and 2020-21 on merits and compute the amount of expenditure eligible for deduction under Section 35(2AB) in accordance with law.

14. Insofar as A.Y.2019-20 is concerned, since the return of income filed by the Petitioner has been accepted as filed, no direction is issued for A.Y.2019-20. Respondent No.2 being a formal party, no directions are issued against Respondent No.2 at this stage.

15. Rule is made absolute in the aforesaid terms, and the Writ Petition is also disposed of in terms thereof. However, there shall be no orders as to costs.

16. This order will be digitally signed by the Private Secretary/ Personal Assistant of this Court. All concerned will act on production by fax or email of a digitally signed copy of this order.

[FIRDOSH P. POONIWALLA, J.] **[B. P. COLABAWALLA, J.]**