

The Commissioner of Income Tax, Chennai v. M/s. Apollo Infrastructure Projects Finance Co. Ltd.

T.C.A. No. 580 of 2013

2026:MHC:368 | 2026-01-29

Companion appeal disposal following coordinate-bench rulings on section 14A/10(23G) and consequential section 234D interest; source text contains a printed question/reasoning mismatch.

Income-tax Act, 1961: sections 10(23G), 14A, 234D and 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Dr. Anita Sumanth, J. | Mummineni Sudheer Kumar, J.

Assessment years: Not specified for the instant appeal; quoted coordinate-bench order in T.C.A. No. 567 of 2008 relates to AY 2003-04

Printed source mismatch between admitted questions (section 10(23G)) and operative reasoning (section 14A / section 234D)

Paragraph 2 of the official PDF prints two admitted questions on section 10(23G) exemption for long-term capital gains on shares of PPN Power Generating Co. Ltd. However, paragraph 3 reproduces an extract from T.C.A. No. 567 of 2008 (followed in T.C.A. No. 417 of 2009 dated 09.12.2025) addressing section 14A disallowance of debenture interest and finance charges in the absence of exempt dividend income (distinguishing Maxopp Investment Ltd. v. CIT, [2018] 402 ITR 640 (SC)), and paragraph 4 holds that consequential levy of interest under section 234D does not arise. Do not cite this order without checking the underlying ITAT order in ITA No. 1337/Mds/2010 and companion orders in T.C.A. Nos. 567 of 2008 and 417 of 2009.

01 FACTS OF THE CASE

The Revenue appealed under section 260A against the ITAT Madras 'D' Bench order dated 29.08.2011 in ITA No. 1337/Mds/2010. No appearance was entered for the respondent-assessee despite cause-list publication. Paragraph 2 of the judgment sets out two questions admitted on 04.04.2014 concerning whether the assessee was entitled to exemption under section 10(23G) on long-term capital gains from the sale of shares of PPN Power Generating Co. Ltd. when investments had been made from April 1991 onwards in demat form prior to 01.06.1998.

Source: [Caption, Prayer and Paragraphs 1-2; PDF pp. 1-2](#)

02 DISCUSSION BY THE HON'BLE COURT

In paragraph 3, the Division Bench stated that the same question had been decided adverse to the Revenue in T.C.A. No. 417 of 2009 dated 09.12.2025 following T.C.A. No. 567 of 2008 for AY 2003-04, and extracted paragraphs 11-18 of the latter decision. In that extracted decision, the coordinate bench distinguished Maxopp Investment Ltd. v. CIT, [2018] 402 ITR 640 (SC) and held that because the assessee did not earn any exempt dividend income on the equity shares during the relevant year, no disallowance of debenture interest or finance charges could be made under section 14A. In paragraph 4, the Bench applied that decision on what it recorded as admittedly identical facts and legal position, and further held that the question of charging interest under section 234D consequently did not arise.

Source: [Paragraphs 3-4; PDF pp. 2-7](#)

03 JUDICIAL DECISION

Both questions of law were answered adverse to the Revenue and in favour of the assessee, and the Tax Case (Appeal) was dismissed with no order as to costs.

Source: [Paragraph 4; PDF p. 7](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Apollo Infrastructure Projects Finance Co. Ltd.). The Revenue's appeal was dismissed without costs.

Source: [Paragraph 4; PDF p. 7](#)

05 AKHB REVIEW POINT

AKHB analysis: exercise strict caution before citing this judgment for either section 10(23G) or section 14A/234D because of the internal divergence between the admitted questions printed in paragraph 2 (section 10(23G) capital-gains exemption) and the operative reasoning and conclusion in paragraphs 3-4 (section 14A disallowance in the absence of exempt income and consequential section 234D interest). Always examine the underlying ITAT order in ITA No. 1337/Mds/2010 and check whether a corrigendum was issued.

Source: [AKHB analysis based on paragraphs 2-4 / PDF pp. 2-7](#)

SOURCE & VERIFICATION

[Madras High Court official JUDIS PDF - AKHB Cloud Repository](#)

Eight-page official Madras High Court PDF (2026:MHC:368); paragraphs 1-4 and quoted coordinate-bench extract span PDF pages 1-8.

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Full 8-page official Madras High Court PDF read and verified. Original bytes match SHA-256 85998e736d2f938ad0b62c0f49141d7d770f26b96a2ca8caee48fe53e6818f73. Internal mismatch between paragraph 2 and paragraphs 3-4 is preserved verbatim as printed.

STATUTORY SCOPE

Refers to historical section 10(23G) (omitted by Finance Act, 2006), section 14A (prior to Finance Act, 2022 Explanation), and section 234D of the Income-tax Act, 1961. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-16. Full judgment checked. Companion orders in T.C.A. No. 567 of 2008 and T.C.A. No. 417 of 2009 are referenced in the text but not separately verified here.

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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