# IN THE HIGH COURT OF JUDICATURE AT BOMBAY
## CIVIL APPELLATE JURISDICTION
## WRIT PETITION NO. 9876 OF 2025

Capgemini Technology Services India Ltd .. Petitioner

Versus

Director of Income Tax & Ors .. Respondents



***Mr. Dharan Gandhi**, with Aanchal Vyas, Advocates for the Petitioner.*

***Mr. Arjun Gupta**, Advocates for the Respondents/Revenue.*

**CORAM: B. P. COLABAWALLA &**
**AMIT S. JAMSANDEKAR, JJ.**
**DATE: DECEMBER 9, 2025**

**P. C.**

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

2. In the present Petition, the Petitioner is seeking the following reliefs:

a. payment of interest under Section 244A(1A) of the Income-tax Act, 1961 (for short '***I. T. Act***') of Rs. 5,46,32,205/- for AY 2007-08, Rs.1,46,19,187/- for AY 2013-14 and Rs. 66,25,956/- for AY 2014-15 totalling to 7,58,77,348/- as determined in the order giving effect for the respective years;

b. Grant of interest under Section 244A(1A) of the I. T. Act to the tune of Rs. 78,04,600/- for AY 2007-08, Rs. 52,47,913/- for AY 2013-14 and Rs. 52,55,069/- for AY 2014-15 totalling to Rs. 1,83,07,582/- for all three years being interest upto the date of payment of refund;

c. Grant of interest under Section 244A(1) of the I. T. Act to the tune of Rs. 1,04,06,134/- for AY 2007-08, Rs. 1,08,14,525/- for AY 2013-14 and Rs. 50,26,434/- for AY 2014-15 totalling to Rs. 2,62,47,093/- for all three years being interest upto the date of payment of refund; and

d. Interest or Compensation on delayed payment of interest of Rs. 7,58,77,348/- as computed in sub-paragraph(a) above.

3. The above reliefs are sought by the Petitioner as successor in interest of Aricent Technologies (Holding Limited), which company got amalgamated in the Petitioner vide order of the National Company Law Tribunal dated 23.12.2022 who in turn was the successor in interest of M/s.

Flextronics Software Systems Ltd which got merged with Aricent Technologies (Holding Limited) vide order of the Delhi High Court dated 16.05.2007. It is not disputed that the jurisdiction over the PAN of the Petitioner and of Aricent Technologies (Holding Limited) is with Respondent No. 2.

4. The learned Counsel for the Petitioner submitted that insofar as payment of interest under Section 244A(1A) is concerned, it is not disputed that such interest was determined to be payable by the order giving effect for the respective years. For AY 2007-08, the order dated 23rd August 2023 giving effect to the order of the Delhi High Court is at Exhibit-C to the Petition. Similarly, for AY 2013-14, the order dated 23rd August 2023 giving effect to the order of the ITAT is at Exhibit D to the Petition, and for AY 2014-15, the order dated 23rd August 2023 giving effect to the order of the ITAT is at Exhibit-E to the Petition. He submitted that such orders had determined amount of tax refundable, along with interest under Section 244A(1) of the I. T. Act and interest under Section 244A(1A) of the I. T. Act, payable to the Petitioner. Though, the amount of refund and interest under Section 244A(1) of the I. T. Act was paid, the interest under Section 244A(1A) of the I. T. Act was not paid to the Petitioner. Several requests have been made to release such interest, but till date such interest has not been paid to the Petitioner.

5. The learned counsel submitted that the relief in paragraph 2(b) and 2(c) as brought out earlier, is for interest under Section 244A(1) and 244A(1A). Such interest was calculated in the respective orders giving effect, all dated 23.08.2023, till the date of the respective orders. However, refunds for AY 2007-08 was granted to the Petitioner on 13.05.2024 and that for AY 2013-14 and AY 2014-15, were granted on 09.07.2024. It is therefore, claimed by the Petitioner that refund under Section 244A(1) and 244A(1A) of the I. T. Act have to be granted to the Petitioner upto the date of payment of refund in terms of the relevant provisions of the I. T. Act. The same has been calculated by the Petitioner in Grounds E and F of the Petition which is brought out hereunder:

| ***AY*** | ***Period*** | ***Further interest u/s 244A(1)*** | ***Further interest u/s 244A(1A)*** |
|---|---|---|---|
| 2007-08 | September 2023 till May 2024 | 1,04,06,134 | 78,04,600 |
| 2013-14 | September 2023 till July 2024 | 1,08,14,525 | 52,47,913 |
| 2014-15 | September 2023 till July 2024 | 50,26,434 | 52,55,069 |

| | | | |
|---|---|---|---|
| | ***Total*** | ***2,62,47,093*** | ***1,83,07,582*** |

6. The learned counsel further submitted that the relief in paragraph 2(d) earlier pertains to interest or compensation on delay in paying interest of Rs. 7,58,77,348/- due to the Petitioner. Such interest was determined as payable on 23.08.2023, and since then, more than 2 years have elapsed, but such interest is not paid to the Petitioner, without any reason. The Petitioner is therefore, seeking compensation/ interest on such delayed payment of interest at the rate of 6% per annum in terms of Section 244A(1) of the I. T. Act. In this regard, he placed reliance on the following decisions:

***a.[2010] 324 ITR 331 (SC) CIT vs. H. E. G. Ltd.***

***b.[2006] 280 ITR 643 (SC) Sandvik Asia Ltd. vs. CIT***

***c.[2014] 363 ITR 658 (SC) UOI vs. Tata Chemicals Ltd.***

***d.[2014] 361 ITR 646 (Delhi) India Trade Promotion Organisation vs. CIT***

***e.[2025] 173 taxmann.com 12 (Bombay) Tata Communications Ltd. vs. DCIT***

***f.[2025] 304 Taxman 664 (SC) DCIT vs.. Tata***

***Communications Ltd.***

***g.[2023] 157 taxmann.com 487 (Bombay) Group M Media India (P.) Ltd. vs. DCIT***

7. Mr. Gupta, the learned Counsel for the Respondents, does not the dispute the factual position. He agrees that interest under Section 244A(1A) of the I. T. Act of Rs. 7,58,77,348/- for AY 2007-08, AY 2013-14 and AY 2014-15 has been determined but remained to be paid. He states that this interest would be paid as expeditiously as possible. For the reliefs claimed in paragraph 2(b) and 2(c) of this order, he submitted that necessary rectification orders would be passed to grant interest till the date of payment as expeditiously as possible. On the last issue of compensation or interest on delayed payment of interest, he submitted that there is no such provision for payment of interest on delayed payment of interest, therefore, such relief cannot be granted.

8. We have heard the learned counsel for the parties and perused the papers and proceedings.

9. Insofar as the relief in paragraph 2(a) above is concerned, the same has to be granted as interest under Section 244A(1A) of the I. T. Act as

determined to be payable to the Petitioner in the respective orders giving effect for AY 2007-08, AY 2013-14 and AY 2014-15, have not been paid till date.

10. Insofar as the relief in paragraph 2(b) and 2(c) is concerned, again it is not disputed that while calculating interest in the respective orders giving effect for all the years, all dated 23.08.2023, the interest under Section 244A(1) and 244A(1A) was calculated only till August 2023. However, such refund was paid only in May 2024 (for AY 2007-08) and in July 2024 (for AY 2013-14 and AY 2014-15). It is not disputed that interest has to be calculated till the date of payment and not till the date of passing of the order giving effect. Therefore, the Petitioner has to be granted further interest under Section 244A(1) of the I. T. Act and under Section 244A(1A) of the I. T. Act on the amount of refund for the aforesaid Assessment Years till the date of payment of the refund amount.

11. Insofar as the relief in paragraph 2(d) is concerned, the interest under Section 244A(1A) of Rs. 7,58,77,348/- for three years combined, though determined on 23.08.2023, has not been paid till date and more than 2 years have elapsed. We are of the view that the Petitioner is entitled to interest even on such delayed payment of interest. Very recently, a Division

Bench of this Court in case of ***Tata Communications Ltd. (supra),*** following the decision in case of ***India Trade Promotion Organisation (supra)*** of the Delhi High Court, has directed the Department to grant interest on delayed payment of interest already determined. The relevant paragraph is quoted as under:

> *"Therefore, though one may call it as interest on interest, in reality payment of interest on the unpaid amount occurs because of non-payment of the total amount refundable, which is due and payable to the assessee consisting of the tax, which had to be refunded and the interest accrued on the delayed refund of the tax. The principal amount and the interest due to be added and treated as primary amount and interest becomes due and payable on this primary amount. It will be incorrect to treat it as compounding of interest. If this interpretation or approach is taken it would ensure that the Assessing Officer/Revenue refund the entire amount, which is due and payable, including interest payable under Section 244A. It discourages part payment."*

12. A Special Leave Petition against the said order has been dismissed in ***DCIT vs. Tata Communications Ltd. reported in [2025] 304 Taxman 664 (SC),*** both on merits and delay.

13. In any event, even if one argues that there is no provision for payment of interest on interest, still the Hon'ble Supreme Court, and this Court, both have held that dehors any specific provision for payment of interest, interest has to be paid as a matter of compensation for use of funds which is debt-owed and payable by the Revenue. In this regard, paragraphs

37 and 38 of the decision in case of ***Tata Chemicals Ltd (supra)*** is reproduced hereunder:

> *"37. A "tax refund" is a refund of taxes when the tax liability is less than the tax paid. As per the old section an assessee was entitled for payment of interest on the amount of taxes refunded pursuant to an order . passed under the Act, including the order passed in an appeal. In the present fact scenario, the deductor/assessee had paid taxes pursuant to a special order passed by the assessing officer/Income Tax Officer. In the appeal filed against the said order the assessee has succeeded and a direction is issued by the appellate authority to refund the tax paid. The amount paid by the resident/deductor was retained by the Government till a direction was issued by the appellate authority to refund the same. When the said amount is refunded it should carry interest in the matter of course. As held by the Courts while awarding interest, it is a kind of compensation of use and retention of the money collected unauthorizedly by the Department. When the collection is illegal, there is corresponding obligation on the revenue to refund such amount with interest in as much as they have retained and enjoyed the money deposited. Even the Department has understood the object behind insertion of Section 244A, as that, an assessee is entitled to payment of interest for money remaining with the Government which would be refunded. There is no reason to restrict the same to an assessee only without extending the similar benefit to a resident/deductor who has deducted tax at source and deposited the same before remitting the amount payable to a non-resident/foreign company.*
>
> *(emphasis supplied)*
>
> *38. Providing for payment of interest in case of refund of amounts paid as tax or deemed tax or advance tax is a method now statutorily adopted by fiscal legislation to ensure that the aforesaid amount of tax which has been duly paid in prescribed time and provisions in that behalf form part of the recovery machinery provided in a taxing Statute. Refund due and payable to the assessee is debt-owed and*

*payable by the Revenue. The Government, there being no express statutory provision for payment of interest on the refund of excess amount/tax collected by the Revenue, cannot shrug off its apparent obligation to reimburse the deductors lawful monies with the accrued interest for the period of undue retention of such monies. The State having received the money without right, and having retained and used it, is bound to make the party good, just as an individual would be under like circumstances. The obligation to refund money received and retained without right implies and carries with it the right to interest. Whenever money has been received by a party which ex ae quo et bono ought to be refunded, the right to interest follows, as a matter of course."*

14. This decision was thereafter followed by this Court in ***Group M Media India (P) Ltd. (supra).*** In this case, despite there being no provision for grant of interest on refund of Equalisation Levy, the Court granted interest @ 6% by relying upon the principles as laid down in the case of ***Tata Chemicals (supra).***

15. Therefore, either by way of interest or by way of compensation, the Petitioner should be entitled to interest on a sum of Rs. 7,58,77,348/- which interest was not paid for two years. Such interest should be calculated in accordance with the provisions of Section 244A of the I. T. Act, from 1st August 2023 till the date of payment at the rate of 6% per annum which comes to Rs. 1,10,02,215/- till 31st December 2025 (assuming the payment is made to the Petitioner in the month of December 2025).

16. In light of the above, we direct the Respondents:

a. to pay the amount of Rs.7,58,77,348/- as determined in the order giving effect for A. Y.2007-2008, 2013-14 and 2014-15.

b. to carry out necessary rectification of the orders dated 23rd August 2023 to grant further interest under Section 244A(1) of the I. T. Act on the refund determined for AY 2007-08, AY 2013-14 and AY 2014-15 to be calculated upto the date of payment of refund for the respective years and to pay the same;

c. to carry out necessary rectification of the orders dated 23rd August 2023 to grant further interest under Section 244A(1A) of the I. T. Act on the refund determined for AY 2007-08, AY 2013-14 and AY 2014-15 to be calculated upto the date of payment of refund for the respective years and to pay the same; and

d. to pay interest or compensation @ 6% per annum on delayed payment of interest of Rs. 7,58,77,348/- from 01.08.2023 till the date of payment of such interest.

17. All the above directions should be complied with on or before 30th January 2026.

18. Rule is made absolute in the aforesaid terms and the Writ Petition is also disposed of in terms thereof, with no orders as to cost.

19. Though we have disposed of the above Writ Petition, we keep it on Board for reporting compliance on 2nd February 2026.

20. 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.

**[AMIT S. JAMSANDEKAR, J.]** **[B. P. COLABAWALLA, J.]**



*Aswale*