2026:MHC:4719

Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 18-11-2026

CORAM

THE HON'BLE DR.JUSTICE ANITA SUMANTH

AND

THE HON'BLE MR.JUSTICE S.KARTHIKEYAN

TCA No. 181 of 2013

CNR:{HCMA010514872013}

M/s Shiva Distilleries Limited
1212, Trichy Road,
Coimbatore – 641 018.

..Appellant(s)

Vs

The Additional Commissioner of
Income Tax,
Range I,
Coimbatore.

..Respondent(s)

Appeal filed under Section 260-A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal, Madras 'A' Bench dated 08.11.2012 in ITA No.1765/Mds/2011 for assessment year 2008 - 09.

For Appellant(s): Mr.R.Vijayaraghavan
For M/s.Subbaraya Aiyar
Padmanabhan

For Respondent(s): M.V.Mahalingam
Senior Standing Counsel

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JUDGMENT

(Delivered by Dr.Anita Sumanth, J.)

This Tax Case (Appeal) filed by the assessee has been admitted on 25.04.2013 raising the following questions of law:-

> *(l) Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that the provisions of Section 14A r/w Rule 8D(2)(iii) was rightly invoked in the present case ignoring that the investments were made out of own funds and none of the expenditure incurred were attributable to the earning of exempted income?*
>
> *(2)Whether on the facts and in the circumstances of the case the Tribunal was right in law in confirming the disallowance under Section 14A r/w Rule 8D(2)(iii) in the absence of cogent reasons indicating the satisfaction of the assessing officer regarding the correctness of claim of expenditure?*
>
> *(3)Whether on the facts and in the circumstances of the case and in law the Tribunal ought to have held that provisions of Rule 8D have to be interpreted within the framework of Section 14A and any expenditure which cannot be established to have been incurred in relation to earning exempt income cannot be disallowed?*

2. We have heard the submissions of Mr.R.Vijayaraghavan, learned counsel for appellant / assessee and Mr.V.Mahalingam, learned Senior Standing Counsel, for respondent / Department and have perused carefully the assessment and appellate orders.

3. The assessment year (AY) in question is 2008 – 09 and the issue relates to disallowance of expenditure under Section 14A of the Income Tax Act, 1961 (in short, 'Act') read with Rule 8D of the Income Tax Rules (in short, 'Rules').

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4. The assessment order contains a categoric statement to the effect that the assessing officer was not satisfied with the correctness of the claim of expenditure made by the assessee and we find that this satisfied the dictum under Section 14A(2).

5. The assessing officer has thus proceeded to compute the expenditure by applying Rule 8D(2)(iii) and this has been confirmed by the Commissioner of Income Tax (Appeals) [CIT(A)], in the following terms:-

> *'5. I have gone through the submissions made by the appellant and the order of the Assessing Officer. As seen from details, the investments in Bannari Amman Sugars Limited have increased because of the cost of investments invested in shares in prior years in Maheswara Sugars Limited was transferred and treated as the cost of shares received from Bannari Amman Sugars Limited, in exchange as per Scheme of Amalgamation. As seen from details, the appellant has paid some amount towards interest. The appellant could not clearly furnish all the details regarding the investments made in earlier years. It is not clear whether in the earlier years, the investments were made out of available surplus funds. Further, the Assessing Officer in his order expressed that he was not satisfied with the correctness of claim of expenditure made by the assessee and the claim made by the assessee that no expenditure has been made in relation to the income which does not form part of total income under the Income Tax Act, 1961. The Assessing Officer has rightly invoked the provisions of Section 14A(2) r.w.s. Rule 8D(2)(iii) and calculating the disallowance. I confirm the action of the Assessing Officer and the appeal is dismissed.*'

6. There are thus findings of fact that the details of investments were not furnished by the assessee and there was also no clarity on whether the investments had been made from out of available surplus funds.

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7. In appeal before the Tribunal, we find that the assessee has merely reiterated the grounds taken before the lower authorities, not pointing to any error per se, in the attribution of expenditure.

8. In light of the aforesaid, we do not find any error in the conclusion of the Tribunal that has upheld the concurrent findings in assessment and first appeal. We are thus of the categoric view that there is no error in the order of the Tribunal and the questions of law are answered in favour of the Revenue. This Tax Case (Appeal) stands dismissed. No costs.

(A.S.M, J.) (S.K, J.)
18-11-2026

Index: Yes/No
Speaking order
Neutral Citation: Yes

ssm

To

1. The Additional Commissioner of
Income Tax, Range I, Coimbatore.

2. The Income Tax Appellate Tribunal, Madras ‘A’ Bench, Chennai.

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DR.ANITA SUMANTH, J.
AND
S.KARTHIKEYAN, J.

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