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Order QR

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04-11-2026

CORAM

THE HON'BLE DR.JUSTICE ANITA SUMANTH

AND

THE HON'BLE MR.JUSTICE S.KARTHIKEYAN

TCA No. 305 of 2016
CNR:{HCMA010940902016}
AND
CMP NO. 6723 OF 2016

Case QR

M/s Madura Micro Finance Limited,
No.36, IInd Main Road,
Kasturiba Nagar,
Adyar,
Chennai 600 020

..Appellant(s)

Vs

The Deputy Commissioner of Income Tax,
Corporate Circle – 4(1),
Chennai.

..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, Chennai dated 28.01.2016 in ITA No. 2858/Mds/2014.

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

For Respondent(s): Mr.D.Prabhu Mukund Arunkumar
Senior Standing Counsel

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JUDGMENT

(Delivered by Dr.Anita Sumanth, J.)

In the present appeal, the substantial questions admitted on 20.04.2016 relate to levy of penalty under Section 271 (1) (c) of the Income Tax Act, 1961 (Act) reads as follows:-

> *"(i) Whether the Tribunal was right in law in setting aside the order of the CIT (Appeals) and restoring the order of the Assessing Officer levying penalty under Section 271(1)(c) ?*
>
> *(ii) Whether the Tribunal had valid material to hold that the assessee has furnished inaccurate particulars, when the Assessing Officer himself had admitted that the accounts are prepared as per the Companies Act as well as Statutory Accounting Standard?*
>
> *(iii) Whether penalty can be levied in respect of cash collateral kept in lien with ICICI Bank pursuant to sell out of loans to ICICI Bank and when the assessee had no right to receive the same?*
>
> *(iv) Whether penalty can be levied in respect of the profit/loss on the sale of loans accounted for net of the amount of cash collateral provided as per the above Standard Accounting Policy followed by the assessee ? and*
>
> *(v) Whether penalty can be levied in respect of issues where there were divergence of opinion on the question of assessability of income under consideration and the assessee had a bona fide impression that the case laws relied on by it would support its claim? "*

2. Mr.R.Vijayaraghavan, learned counsel, appearing for the assessee circulates a copy of the order passed by the Income Tax Appellate Tribunal,

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Chennai Bench, dated 15.09.2019, wherein the question relating to the quantum has been decided in favour of the assessee. In such circumstances, and as a consequence, he would submit that the levy of penalty also goes.

3. Mr.Prabhu, appearing for the respondent / Department agrees.

4. In light of the above, the substantial questions of law are answered in favour of the assessee and adverse to the Revenue.

5. This Tax Case (Appeal) stands allowed. No costs. Connected miscellaneous petition is closed.

(A.S.M, J.) (S.K, J.)
04-11-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

ssm

To

1. The Deputy Commissioner of Income Tax,
Corporate Circle – 4(1),
Chennai.

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

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

ssm

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& CMP NO. 6723 OF 2016

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