

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'F' BENCH,  
NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER, AND  
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No. 1081/DEL/2024 [A.Y 2021-22]

The J.C.I.T [OSD]  
Central Circle - 1  
New Delhi

Vs.

Pilot Industries Limited  
SS 2 & 3, 2<sup>nd</sup> Floor,  
Aditya Mega Mall, CBD Ground  
Dist. [KKD], Delhi

PAN - AAACP 0655 R

(Appellant)

(Respondent)

Assessee By : Shri Amit Goel, CA  
Pranav Yadav, ADV

Department By : Ms. Harpreet Kaur Hansara, Sr. DR

Date of Hearing : 05.05.2025  
Date of Pronouncement : 05.05.2025

**ORDER**

**PER NAVEEN CHANDRA, AM :-**

This appeal by the Revenue is directed against the order of the Id.  
CIT(A)-23, New Delhi dated 03.01.2024 for A.Y 2021-22.

2. The grounds raised by the Revenue read as under:

**"1. The Id. CIT(A) has erred in deleting the addition of Rs. 1,62,77,910/- on account of rebate and discount u/s 37 of the Act.**

**2. The Id. CIT(A) has erred in deleting the addition of Rs.28,70,413/- on account of interest expenses u/s 37 of the Act."**

3. Brief facts of the case are that the assessee is engaged in business of manufacturing and trading of lead alloys and bars, lead oxide and battery plates and services. The assessee claimed expenditure under the head rebate and discount amounting to Rs. 1,62,77,910/-. The Assessing Officer disallowed the same on the reasoning that the assessee's non-compliance to the information requested in the notices and failure to provide reasonable explanation with documentary evidence. The assessee was also asked to furnish documentary evidence for explaining how rebates and discounts are allowable expenditure by submitting gross and net sales/turnover details.

4. Not finding the explanation furnished by the assessee to be satisfactory, the Assessing Officer disallowed the entire expenses claimed u/s 37(1) of the Act amounting to Rs. 1,62,77,910/- being under the head rebate and discount and added back an amount of Rs. 28,70,413/- being interest paid u/s 37 of the Act to the income of the assessee.

5. Aggrieved, the assessee went in appeal before the ld. CIT(A) and was successful.

6. The ld. counsel for the assessee relied upon the order of the first appellate authority.

7. Per contra, the ld. DR relied upon the orders of the Assessing Officer.

8. We have heard the rival submissions and have perused the relevant material on record. We find that the ld. CIT(A) came to the conclusion that there was no justification in the addition of Rs. 1,62,77,910/-. The ld. CIT(A) was of the opinion that firstly, the Assessing Officer never asked for details and the assessee has submitted complete details of

rebate and discount expenses. The ld. CIT(A) also observed that the business involving retail of goods rebate and discount are normal and to promote sales, it is normal in the business to offer discounts to the retailers. The ld. CIT(A) also observed that in earlier years, similar expense was allowed in assessment made u/s 143(3) of the Act. Further, the ld. CIT(A) gave a finding of fact that the Assessing Officer did not bring any evidence even in a single instance that the claim was not genuine. Accordingly, the ld. CIT(A) directed the Assessing Officer to delete the addition of Rs. 1,62,77,910/-.

9. We find no tangible reason to interfere with the findings of the ld. CIT(A) and dismiss Ground No. 1 on this count.

10. With regard to interest expense of Rs. 28,70,413/-, the ld. CIT(A) observed that interest on unsecured loan, interest paid on loan and vehicle loan were for the purpose of business and the Assessing Officer himself had accepted the genuineness of the loans. Holding that the disallowance of interest cannot be sustained, the ld. CIT(A) directed the Assessing Officer to delete the addition of Rs. 28,70,413/-.

11. We find that the ld. CIT(A) was justified in deleting the addition of Rs. 28,70,413/-. Hence, we decline to interfere with the same. Ground No. 2 also stands dismissed.

12. In the result, appeal of Revenue in ITA No. 1081/DEL/2024 is dismissed.

Order pronounced in open court on 05.05.2025.

Sd/-

**[SATBEER SINGH GODARA]**  
**JUDICIAL MEMBER**

Sd/-

**[NAVEEN CHANDRA]**  
**ACCOUNTANT MEMBER**

Dated : 05<sup>th</sup> MAY, 2025.

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,  
ITAT, New Delhi

SI No.	PARTICULARS	DATES
1.	<i>Date of dictation of Tribunal Order</i>	
2.	<i>Date on which the typed draft Tribunal Order is placed before the Dictation Member</i>	
3.	<i>Date on which the typed draft Tribunal Order is placed before the other Member</i>	
4.	<i>Date on which the approved draft Tribunal Order comes to the Sr. P.S./P.S.</i>	
5.	<i>Date on which the fair Tribunal Order is placed before the Dictating Member for pronouncement</i>	
6.	<i>Date on which the signed order comes back to the Sr. P.S./P.S</i>	
7.	<i>Date on which the final Tribunal Order is uploaded by the Sr. P.S./P.S. on official website</i>	
8.	<i>Date on which the file goes to the Bench Clerk alongwith Tribunal Order</i>	
9.	<i>Date of killing off the disposed of files on the judiSIS portal of ITAT by the Bench Clerks</i>	
10.	<i>Date on which the file goes to the Supervisor (Judicial)</i>	
11.	<i>The date on which the file goes for xerox</i>	
12.	<i>The date on which the file goes for endorsement</i>	
13.	<i>The date on which the file goes to the Superintendent for checking</i>	
14.	<i>The date on which the file goes to the Assistant Registrar for signature on the Tribunal order</i>	
15.	<i>Date on which the file goes to the dispatch section</i>	

16.	<i>Date of Dispatch of the Order</i>	
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