

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "E": NEW DELHI  
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT  
AND  
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

**ITA No. 5012/Del/2025  
(Assessment Year: 2023-24)**

ATOP Products Pvt. Ltd, A-118, Brotherhood Housing Society, Plot No. 17, Bodela, Phase-II, Vikashpuri, New Delhi	Vs.	DCIT, Circle-1(1), New Delhi
(Appellant)		(Respondent)
<b>PAN: AAACA7693Q</b>		

Assessee by :	Shri Rajneesh Behari Mathur, CA
Revenue by:	Ms. Ankush Kalra, Sr. DR
Date of Hearing	17/02/2026
Date of pronouncement	17/02/2026

O R D E R

**PER M. BALAGANESH, AM**

1. The appeal in ITA No.5012/Del/2025 for AY 2023-24, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. CIT(A)', in short] dated 19.06.2025 against the order of assessment passed u/s 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 03.04.2025 by the Assessing Officer, Assessment Unit, Income Tax Department (hereinafter referred to as 'Id. AO').
2. The only effective issue to be decided in this appeal is as to whether the Id NFAC was justified in confirming the disallowance of ₹ 27,86,561/- on account of bad debts written of in the facts and circumstances of the instant case.

3. We have heard the rival submissions and perused the materials available on record. The assessee is a private limited company engaged in the business of manufacturing and sale of auto components to Auto Majors like Mahindra and Mahindra, Ashok Leyland and Hero Motocorp. The return of income was filed u/s 139(1) of the Act on 30.10.2023, declaring total income of ₹11,96,60,159/-, which was revised on 29.12.2023, declaring revised income of ₹11,65,27,020/-. The revised return was duly processed u/s 143(1) of the Act on 29.12.2023. The Id AO observed that the assessee had claimed deduction on account of bad debts written off in the sum of ₹27,86,561/- in the profit and loss account and in the return. Vide notice u/s 142(1) of the Act, the Id AO asked the assessee to provide the details of bad debts, name and address, amount, etc, and in which year, the income of such transaction was offered to tax with supporting evidences. The Id AO noted that the said details were not furnished. Accordingly, he issued a show cause notice dated 05.03.2025 show causing the assessee as to why the bad debts of ₹27,86,561/- should not be disallowed in the assessment. In response to the show cause notice, the assessee uploaded the details on 10.03.2025. The reply of the assessee is reproduced at page 7 of the assessment order, which is as under:-

3. The assessee has written off a sum of Rs.27,86,561 as "Bad Debts" during the year under review . This comprises of various small invoices for which the amount was either not received from the customer or short received from customer. We are attaching herewith the ledger account for Bad debts and also attaching a customer wise detail of the amounts written off. We are also attaching the copies of vouchers through which each amount written off has been accounted for in the books and also attaching a copy of the ledger account of the customer for the relevant year in which the said amount which has been written off now was accounted for as "Sale" to the customer.Thus in the case of the assessee both the conditions ie that the amount was written off in the assessment year under review and that the amount was considered as "Income" or Debt in the current or any prior year are satisfied and thus the amount of RS.27,86,561/- should be fully allowed as Business Expense.

ATOP PRODUCTS PVT LTD.		INDIRECT EXP.			
FARIDABAD PLANT		Statement of Account			
PLOT NO. 24, SECTOR-24, FARIDABAD-121005, HARYANA		A/c Code 600019			
Account: <u>BAD DEBTS</u>		For The Period:			
: --Pfr--		01/04/2022 To 31/03/2023			
GST No. : Phone : Email:					
Date Vch.No.	Particulars	Type	Debit Amount	Credit Amount	Balance
	Balance B/F				0.00 Dr
01/04/2022	MAHINDRA & MAHINDRA LIMITED, A.D. A002	Jm(30)	13,555.20		13,555.20 Dr
01/0022	BEING BILL AMOUNT REC. IN LAST YEAR -2021	00			
01/04/2022	CUMMINS TECHNOLOGIES INDIA PVT. LTD. DEWAS	Jm(30)	39,280.00		62,835.20 Dr
01/0029	BEING AMOUNT ADJUSTED	00			
01/04/2022	ROYAL ENFIELD, (ORAGADAM) P-2020 & 2020	Jm(30)	15,253.68		71,088.88 Dr
01/0032	BEING AMOUNT ADJUSTED FOR THIS BILL PAYMENT RECEIVED LAST YEAR	00			
23/04/2022	SKYIMAX INDUSTRY PRIVATE LIMITED.	Jm(30)	40,535.00		1,11,623.88 Dr
23/0001	BEING AMOUNT R/OFF	00			
30/04/2022	CHROMEWell ENGINEERING PVT. LTD. DEWAS	Jm(30)	15,491.04		1,27,114.92 Dr
30/0046	BEING AMOUNT R/OFF	00			
15/09/2022	ROYAL ENFIELD, (VALLAMI) P-2020	Jm(30)	51,050.27		1,78,165.19 Dr
15/0001	BEING AMOUNT ADJUSTED	00			
26/06/2022	UGC SUPPLY CHAIN SOLUTION PVT. LTD, PUNE	Jm(30)	73,895.03		2,52,060.22 Dr
29/0012	BEING AMOUNT ADJUSTED	00			
22/07/2022	PSA, AVTEC POWERTRAIN PVT. LTD.	Jm(30)	1,21,088.38		3,73,128.60 Dr
22/0001	BEING AMOUNT R/OFF	00			
22/07/2022	ATA IMPEX PRIVATE LIMITED.	Jm(30)	1,778.20		3,74,906.80 Dr
22/0030	BEING AMOUNT ADJUSTED	00			
22/07/2022	DEEPAK DIESEL PRIVATE LIMITED, F016	Jm(30)	1,20,750.39		4,95,655.19 Dr
22/0037	BEING AMOUNT ADJUSTED	00			
22/07/2022	MAHINDRA HEAVY ENGINES LIMITED, MN01 & MN02	Jm(30)	19,893.73		5,15,548.92 Dr
22/0053	BEING AMOUNT ADJUSTED	00			
22/07/2022	MAHINDRA & MAHINDRA LTD, HARIDWAR- A010	Jm(30)	30,639.40		5,46,187.32 Dr
22/0054	BEING AMOUNT ADJUSTED	00			
22/07/2022	MAHINDRA & MAHINDRA LIMITED, A.D. A002	Jm(30)	83,684.15		6,30,071.47 Dr
22/0056	BEING AMOUNT ADJUSTED	00			
22/07/2022	MAHINDRA VEHICLES MANUFACTURERS LIMITED.	Jm(30)	9,737.00		6,39,809.07 Dr
22/0057	BEING AMOUNT R/OFF	00			
22/07/2022	MAHINDRA & MAHINDRA LIMITED, PUNE, CK01	Jm(30)	64,608.83		7,04,507.90 Dr
22/0089	BEING AMOUNT ADJUSTED	00			
26/07/2022	PADMINI VNA MECHATRONICS PVT. LTD.	Jm(30)	10,100.80		7,14,608.70 Dr
26/0003	BEING AMOUNT R/OFF	00			
26/07/2022	HERO MOTOCORP LIMITED, DHARUHERA HH00	Jm(30)	30,347.24		7,44,955.94 Dr
28/0002	NEW BILL SEND IN THIS BILL AGAINST	00			
27/09/2022	CNH INDUSTRIAL (INDIA) PVT. LTD, SJP	Jm(30)	13,839.85		7,58,795.59 Dr
27/0013	BEING AMOUNT ADJUSTED	00			
27/09/2022	BEST KOKI AUTOMOTIVE PVT. LTD.	Jm(30)	27,000.00		7,85,845.62 Dr
27/0021	BEING AMOUNT R/OFF	00			
30/09/2022	SANDHAR TECHNOLOGIES LTD, (HR) UNIT-1	Jm(30)	39,631.48		8,25,477.10 Dr
30/0057	BEING AMOUNT ADJUSTED	00			
12/12/2022	ROYAL ENFIELD, (ORAGADAM) P-2020 & 2020	Jm(30)	19,178.35		8,44,655.45 Dr
12/0002	BEING AMOUNT ADJUSTED	00			
22/12/2022	SIMPSON & CO. LIMITED, SH	Jm(30)	14,688.00		8,59,323.45 Dr
22/0002	BEING AMOUNT ADJUSTED	00			
	Page 1		659523.45	0.00	8,59,323.45 Dr

ATOP PRODUCTS PVT LTD.			INDIRECT EXP.		
FARIDABAD PLANT PLOT NO. 24, SECTOR-24, FARIDABAD-121005, HARYANA			Statement of Account		
Account: BAD DEBTS			A/c Code 600019		
-- Pin: --			For The Period:		
GST No. - Phone - Email:			01/04/2022 To 31/03/2023		
Date Vch.No.	Particulars	Type	Debit Amount	Credit Amount	Balance
	Balance B/f				859523.45 Dr
24/12/2022	VENUS INDUSTRIAL CORPORATION PVT. LTD. (UNIT-III)	Jm(30)	66,168.00		9,15,691.45 Dr
240007	BEING AMOUNT R/OFF	00			
31/12/2022	UNO MINDA LIMITED, 1002 PUNE	Jm(30)	11,867.23		9,27,558.68 Dr
310014	BEING AMOUNT R/OFF.	00			
10/01/2023	MAHINDRA & MAHINDRA LIMITED, ZAH, F023	Jm(30)	77,346.78		10,04,905.49 Dr
100003	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LIMITED, A.D. A002	Jm(30)	23,473.09		10,28,378.58 Dr
110001	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LTD, R.PUR, F005	Jm(30)	15,613.20		10,43,991.75 Dr
110003	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LIMITED, MRV (ADS & FD)	Jm(30)	72,869.33		11,16,860.08 Dr
110005	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LIMITED, SPD, F017	Jm(30)	27,004.43		11,43,864.51 Dr
110006	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LIMITED, I.D. F003	Jm(30)	94,846.28		12,38,510.77 Dr
110008	BEING AMOUNT R/OFF.	00			
11/01/2023	MAHINDRA & MAHINDRA LTD, (TWO)-TWO1	Jm(30)	1,23,169.00		13,61,679.77 Dr
110011	BEING AMOUNT R/OFF.	00			
20/01/2023	TRACTORS & FARM EQUIP. LTD, MDU 1000	Jm(30)	21,582.40		13,83,261.17 Dr
200001	BEING AMOUNT ADJUSTED	00			
18/02/2023	CUMMINS TECHNOLOGIES INDIA PVT. LTD, DEWAS	Jm(30)	26,841.64		14,10,122.81 Dr
180001	BEING AMOUNT ADJUSTED	00			
26/02/2023	KERALA AGRO MACHINERY CORPORATION LTD, KNL	Jm(30)	12,806.72		14,22,729.53 Dr
250001	BEING AMOUNT ADJUSTED	00			
25/02/2023	REHLKO ENERGY INDIA PVT. LTD.	Jm(30)	35,147.52		14,57,877.05 Dr
250003	BEING AMOUNT ADJUSTED	00			
28/02/2023	PSA AVTEC POWERTRAIN PVT. LTD.	Jm(30)	11,51,503.85		25,89,380.70 Dr
280004	BEING AMOUNT R/OFF	00			
02/03/2023	TRACTORS & FARM EQUIP. LTD, MDU 1000	Jm(30)	33,543.25		28,22,923.95 Dr
020001	BEING AMOUNT ADJUSTED	00			
03/03/2023	TRACTORS & FARM EQUIP. LTD, BG 1030	Jm(30)	42,785.65		28,65,709.60 Dr
030002	BEING AMOUNT ADJUSTED	00			
31/03/2023	ASHOK LEYLAND LTD, PANTNAGAR (2009)	Jm(30)	23,064.64		28,89,374.44 Dr
310136	BEING AMOUNT ADJUSTED BECAUSE THIS BILL PAYMENT LAST YEAR RECEIVED-2021	00			
31/03/2023	ASHOK LEYLAND LTD, HOSUR - I (2001)	Jm(30)	78,288.29		27,67,642.73 Dr
310139	BEING AMOUNT ADJUSTED BECAUSE THESE BILL PAYMENT RECEIVED IN LAST YEAR -2021-22	00			
31/03/2023	ASHOK LEYLAND LTD, ENNORE (2009)	Jm(30)	18,918.40		27,86,561.13 Dr
310140	BEING AMOUNT ADJUSTED BECAUSE THIS BILL PAYMENT RECEIVED 29.09.2022	00			
			2,796,561.13	0.00	
			2786561.13	0.00	27,86,561.13 Dr

**ATOP PRODUCTS PVT LTD.**

A-118, BROTHERHOOD HOUSING SOCIETY, PLOT NO.17, BODELA, VIKASPURI NEW DELHI-110016

Details of BAD Debts As on 31/03/2023

POINT\_NO\_04

S.NO.	PARTY NAME	AMOUNT (INR)
1	ASHOK LEYLAND LTD. ENNORE (2000)	18,918
2	ASHOK LEYLAND LTD. HOSUR - I (2001)	78,268
3	ASHOK LEYLAND LTD. PANTNAGAR (2006)	23,665
4	ATA IMPEX PRIVATE LIMITED.	1,776
5	BEST KOKI AUTOMOTIVE PVT. LTD.	27,050
6	CHROMEWEEL ENGINEERING PVT. LTD. DEWAS	15,491
7	CNH INDUSTRIAL (INDIA) PVT. LTD. SJP	33,840
8	CUMMINS TECHNOLOGIES INDIA PVT. LTD. DEWAS	29,280
9	CUMMINS TECHNOLOGIES INDIA PVT. LTD. DEWAS	26,842
10	DEEPAK DIESEL PRIVATE LIMITED., F016	120,750
11	HERO MOTOCORP LIMITED. DHARUHERA HHHD	30,347
12	KERALA AGRO MACHINERY CORPORATION LTD. KNI.	12,607
13	MAHINDRA & MAHINDRA LIMITED. A.D. A002	13,555
14	MAHINDRA & MAHINDRA LIMITED. A.D. A002	83,884
15	MAHINDRA & MAHINDRA LIMITED. A.D. A002	23,473
16	MAHINDRA & MAHINDRA LIMITED. I.D., F003	94,646
17	MAHINDRA & MAHINDRA LIMITED. MRV (ADS & FD)	72,868
18	MAHINDRA & MAHINDRA LIMITED. SPD. F017	27,004
19	MAHINDRA & MAHINDRA LIMITED. ZAHL, F023	77,347
20	MAHINDRA & MAHINDRA LIMITED. PUNE. CK01	64,699
21	MAHINDRA & MAHINDRA LTD. (TWD) -TW01	123,188
22	MAHINDRA & MAHINDRA LTD. HARIDWAR- A010	30,638
23	MAHINDRA & MAHINDRA LTD. R.PUR., F005	15,613
24	MAHINDRA HEAVY ENGINES LIMITED. MND1 & MND2	19,894
25	MAHINDRA VEHICLES MANUFACTURERS LIMITED.	9,738
26	PADMINI VNA MECHATRONICS PVT. LTD.	10,101
27	PSA AVTEC POWERTRAIN PVT. LTD.	121,068
28	PSA AVTEC POWERTRAIN PVT. LTD.	1,131,504
29	REHLKO ENERGY INDIA PVT. LTD.	35,148
30	ROYAL ENFIELD. (ORAGADAM) P-2020 & 2060	18,254
31	ROYAL ENFIELD. (ORAGADAM) P-2020 & 2060	19,178
32	ROYAL ENFIELD. (VALLAM) P-2050	51,050
33	SANDHAR TECHNOLOGIES LTD.(HR) UNIT- I	39,631
34	SIMPSON & CO. LIMITED. SH.	14,868
35	SKYIMAX INDUSTRY PRIVATE LIMITED.	40,535
36	TRACTORS & FARM EQUIP. LTD. BG. 1030	42,786
37	TRACTORS & FARM EQUIP. LTD. MDU.1000	21,582
38	TRACTORS & FARM EQUIP. LTD. MDU.1000	33,543
39	UGC SUPPLY CHAIN SOLUTION PVT. LTD. PUNE	73,895
40	UNO MINDA LIMITED. 1002 PUNE	11,867
41	VENUS INDUSTRIAL CORPORATION PVT. LTD. (UNIT-III)	56,168
		2,786,561

4. The Id AO proceeded to disallow the claim of bad debts written off on the ground that the assessee was not able to prove that the bad debts have become irrecoverable. This action of the Id AO was upheld by the Id CIT(A).

5. We find that after the amendment effective from 01.04.1989, the assessee need not to establish that the debts had become bad. After 01.04.1989, the assessee should only have to prove that the bad debts has been actually written off as irrecoverable in the books of account and the income in respect of which had been duly offered to tax either in earlier years or during the year under consideration. Once these two conditions are satisfied, post 01.04.1989, the assessee would be entitled for deduction on account of bad debts written off. These two conditions have been duly satisfied by the assessee in the instant case, which is not even disputed by the Id AO. Even the CBDT had issued a Circular No. 12/2016 dated 30.05.2016, accepting the view of the Hon'ble Supreme Court in the case of TRF Limited reported in 190 taxman 391. For the sake of convenience, the said Circular is reproduced below:-