

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'C' BENCH : BANGALORE**  
**BEFORE SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER**  
**AND**  
**SMT. BEENA PILLAI, JUDICIAL MEMBER**

<b>IT(TP)A No.459/Bang/2019</b>
<b>Assessment Year : 2007-08</b>

Acuity Knowledge Center (India) Pvt. Ltd., (formerly known as Moody's Analytics Knowledge Services (India Private Limited) Elixir Chancery Building, 7 <sup>th</sup> Floor, Municipal Door #135/1-2, Residency Road, Bengaluru-560 025.	<b>Vs.</b>	The Dy. Commissioner of Income-Tax, Circle-4(1)(2), Bengaluru.
<b>PAN - AAECA 9391 H</b>		
<b>APPELLANT</b>		<b>RESPONDENT</b>

Assessee by	:	Shri C Narayanan, C.A
Revenue by	:	Shri Mathivanan, CIT (DR)

Date of Hearing	:	03-03-2021
Date of Pronouncement	:	25-03-2021

**ORDER**

**PER BEENA PILLAI, JUDICIAL MEMBER**

Present appeal is filed by assessee against assessment order dated 28/12/2018 passed by Ld.DCIT Circle 4(1)(2), Bangalore for assessment year 2007-08 u/s 143(3) r.w.s 254 of the Act, on following grounds of appeal:

*“Based on the facts and circumstances of the case and in law, Acuity Knowledge Centre (India) Private Limited(earlier known as Moody's Analytics Knowledge Services (India) Private Limited (hereinafter referred*

to as "Acuity India" or the "Company" or the "Appellant"), respectfully craves leave to prefer an appeal against the order passed by the Deputy Commissioner of Income Tax, Circle - 4(1)(2) (hereinafter referred to as "learned Assessing Officer" or the "learned AO"), dated 28 December 2018 for the Assessment Year ("AY") 2007-08, under section 143(3) read with section 254 of the Income Tax Act, 1961 (the Act") pursuant to the directions issued by Dispute Resolution Panel (hereinafter referred to as the "Hon'ble DRP"), Bangalore dated 20 December 2018 under section 144C(5) read with section 254 of the Act ('impugned order") inter-alia on the following grounds which are without prejudice to each other:

That on the facts and circumstances of the case and in law:

1. The impugned order of the learned AO pursuant to the directions of the Hon'ble DRP, erred in assessing the total income at INR 2,27,63,060 as against the returned income of INR 2,12,644;
2. The learned AO/DRP/Transfer Pricing Officer ("TPO") have erred in making addition of INR 2,25,50,416 to total income of Appellant on pretext that price charged was lower than arm's length price determined for IT enabled services transactions rendered by Appellant to its AE(s);
3. The learned AO/DRP/TPO have erred, in law and in facts, by not accepting economic analysis undertaken by Appellant in accordance with the provisions of the Act read with the Income-Tax Rules, 1962 ("the Rules"), and in conducting a fresh economic analysis for the determination of the arm's length price ("ALP") in connection with the impugned international transaction and holding that the Appellant's international transaction is not at arm's length;
4. The learned AO/DRP/TPO have erred, in law and in facts, by determining arm's length margin/price using only FY 2006-07 data though same was not available to the Appellant at the time of complying with transfer pricing documentation requirements;
5. The learned AO/DRP/TPO have erred, in law and in facts, by exercising his powers under section 133(6) of the Act to obtain information which was not available in public domain and relying on the same for comparability purposes and selecting the below mentioned companies as comparable: -
  - Bodhtree Consulting Ltd;
  - Accurate Data Converters Pvt Ltd.
6. The learned AO/DRP/TPO have erred in rejecting certain comparables considered by the Appellant in the comparability analysis by applying different quantitative and qualitative filters;
  - a) The learned AO/DRP/TPO have erred by rejecting certain comparable companies identified by the Appellant as having economic performance contrary to the industry behavior (e.g. companies which showed a diminishing revenue trend);
  - b) The learned AO/DRP/TPO has erred in law and facts by rejecting certain comparable companies identified by Appellant by using lower turnover filter of less than INR 1 crore as a comparability criteria;

c) Without prejudice to the above ground, the learned AO/DRP/TPO has erred in law and in facts by applying a lower turnover filter of less than INR 1 Crore and not applying an upper turnover filter of INR 200 crores for rejection of high turnover comparable companies.

7. The learned AO/DRP/TPO erred in law and in facts by not applying employee cost filters for rejecting following companies having employee cost less than 25% of the operating revenues while choosing the final set of comparables: -

- Vishal Information Technologies Ltd;
- Asit C Mehta Financial Services Ltd;
- Spanco Ltd.  
learned AO/DRP/TPO erred in law and in facts by selecting following companies as comparable )he here the financials of such companies were subject to fraud and subject to indictment for FY 2006-07: -

- Maple eSolutions Ltd;

- Triton Corp Ltd.

9. The learned AO/DRP/TPO erred in by selecting the following companies which are functionally dissimilar by using unreasonable comparability criteria -

- Bodhtree Consulting
- Maple eSolutions Ltd,
- Triton Corp Ltd.,
- Vishal Information Technologies Ltd.,
- Asit C Mehta Financial Services Ltd.,
- Spanco Ltd.,
- Accurate Data Converters Pvt Ltd.,
- Iservices India Pvt Ltd.

10. The learned AO/DRP/TPO have erred in computing the working capital adjustment of the Appellant y not considering advances received from customer;

11. The learned AO/DRP/TFO erred in not making suitable adjustments on account of differences in the risk profile of the Appellant vis-à-vis the comparables, while conducting comparability analysis;

12. The learned AO/DRP/TPO erred in computing the arms length price without giving benefit of +1- 5 percent under the proviso to section 92C of the Act;

General grounds:

13. The learned AO has erred in levying interest of INR 107,45,187 under section 234B of the Act;

14. The learned AO has erred, in laws and in facts, in initiating penalty proceedings u/s 271(1)(c) of the Act;

The Appellant submits that each of above grounds is independent and without prejudice to one another.

*The Appellant craves leave to add, alter, amend, vary, omit or substitute any of the aforesaid grounds of appeal at any time before or at the time of hearing of the appeal, so as to enable the Hon'ble Tribunal to decide on the appeal in accordance with the law.”*

**Brief facts of the case are as under:**

2. The assessee is engaged in providing information technology enabled services to its associated enterprises and is stated to be remunerated on a cost plus basis for the same. For year under consideration, assessee filed its return of income on 30/07/2007, declaring total income of Nil after claiming deduction u/s.10A of the Act. The case was selected for scrutiny and notice under section 143(2) of the Act was issued to assessee. In response to statutory notices, representative of assessee appeared before the Ld.AO and filed requisite details as called for.

During the year under consideration assessee undertook international transaction with its AE that exceeded Rs.15 crores. Based on this reference was made to the Transfer Pricing Officer. On receipt of the reference, the Ld.TPO called upon assessee to file economic details of the international transaction entered into between assessee and its AE.

The Ld.TPO noted that, assessee had following international transaction with its associated enterprises:

Particulars	Amount
Value of international transaction (i.e. provision of IT enabled Services)	INR 255,097,642
TP adjustment as per TP Order dated 26 October 2010	INR 41,250,296
TP adjustment as per revised Final Assessment order dated 28 December 2018 issued by AO pursuant to revised DRP directions	INR 22,550,415

3. The Ld. TPO observed that assessee had its margin at 10.09% and used OP/OC as the PLI. It adopted TNMM as the most appropriate method. The Ld.TPO noted that assessee used following 4 comparables having an average margin of 10.51%:

Sl. No.	Name of the company	Weighted Average (%)
1	ICRA Techno Analytics Limited	8.68
2	Goldstone Technologies Limited	12.59
3	Lanco Global Systems Limited	8.53
4	Ace Software Exports Limited	12.22
<b>Arithmetical Mean</b>		<b>10.51%</b>

4. In order to select the above comparables assessee used following filters:

Step	Description
1	Companies for non-availability of sales were excluded;
2	Companies having manufacturing and trading sales more than 25 percent were eliminated;
3	Companies with advertisement expense of more than 5 percent were excluded; and
4	Companies undertaking significantly different functions compared to the Assessee was rejected:

5. The Ld. TPO dissatisfied with the comparables selected applied following filters and selected set of following 28 comparables having average mean of 30.55%.

**Filters used by the Ld. TPO:**

Step	Description
1	Companies whose financial data was not available for FY 2006-07 were excluded.
2	Companies whose ITeS income < Rs.1 Crore were excluded;
3	Companies whose ITeS revenue was < 75% of the total operating revenues were excluded;

4	Companies who have more than 25% related party transactions (sales as well as expenditure combined) of the sales were excluded;
5	Companies who have less than 25% of the revenue as export sales were excluded.
6	Companies having diminishing revenue/ persistent losses for the previous three years were rejected;
7	Companies having different financial year ending were excluded; and
8	Companies undertaking significantly different functions compared to the Assessee were rejected;

**Comparables selected by the Ld. TPO:**

Sl. No	Company name	Margin as per TPO's order
1.	Accentia Technologies Limited (seg)	30.61%
2.	Aditya Birla Minacs Worldwide Limited	11.98%
3.	Allsec Technologies Limited	27.31%
4.	Apex Knowledge Solutions Limited	12.83%
5.	Apollo Healthstreet Limited	-13.55%
6.	Asit C Mehta Financial Services Limited	24.21%
7.	Bodhtree Consulting Limited	29.58%
8.	Caliber Point Business Solutions Limited	21.26%
9.	Cosmic Global Limited	12.40%
10.	Datamatics Financial Services Limited	5.07%
11.	Eclerx Services Limited	89.33%
12.	Flextronics Software Systems Limited	8.62%
13.	Genesys International Corporation Limited	13.35%
14.	HCL Comnet Systems & Services Limited (seg)	44.99%
15.	ICRA Techno Analytics Limited (seg)	12.24%
16.	Informed Technologies India Limited	35.56%
17.	Infosys BPO Limited	28.78%
18.	Iservices India Private Limited	49.47%
19.	Maple eSolutions Limited	34.05%
20.	Mold- Tek Technologies Limited	113.49%
21.	R systems International Limited	20.18%

22.	Spanco Telesystems and Solutions Limited	25.81%
23.	Triton Corp Limited	34.93%
24.	Vishaal Information Technologies Limited	51.19%
25.	Wipro Limited	29.70%
26.	Nittany Outsourcing Services Private Limited	11.50%
27.	Accurate Data Converters Private Limited	50.68%
28.	Apex Advanced Technologies Limited	39.89%
<b>Arithmetic mean</b>		<b>30.55%</b>
<b>Less: Working Capital Adjustment</b>		<b>2.66%</b>
<b>Adjusted Arithmetic mean</b>		<b>27.89%</b>

6. The Ld. TPO granted working capital adjustment of 2.66% only.

7. The Ld.TPO thus computed the shortfall being adjustment under section 92CA at Rs.4,12,50,296/-.

On objections being raised before the DRP, the DRP accepted all the comparables included by the Ld.TPO. Against the final assessment order passed by the Ld.AO on receipt of the DRP direction, assessee preferred appeal before this *Tribunal* wherein, this (*Tribunal*) vide order dated 22/09/2017 passed in ITA (TP)A No.1238/Bang/2011, remanded the matter back to the DRP for fresh decision.

8. In the remand proceedings, the DRP excluded 7 comparables being; Eclerx services Ltd., Mold Tek Technologies Ltd., Accentia Technologies Ltd., Infosys BPO Ltd., Wipro Ltd., Informed Technologies India Ltd. and HCL Comnet Systems and Services Ltd.

9. Post DRP directions, following comparables were retained in the final list:

Sl. No	Company name	TPO's order
1.	Aditya Birla Minacs Worldwide Limited	11.98%
2.	Allsec Technologies Limited	27.31%
3.	Apex Knowledge Solutions Limited	12.83%
4.	Apollo Healthstreet Limited	-13.55%
<b>5.</b>	<b>Asit C Mehta Financial Services Limited</b>	<b>24.21%</b>
<b>6.</b>	<b>Bodhtree Consulting Limited</b>	<b>29.58%</b>
7.	Caliber Point Business Solutions Limited	21.26%
8.	Cosmic Global Limited	12.40%
9.	Datamatics Financial Services Limited	5.07%
0.	Flextronics Software Systems Limited	8.62%
1.	Genesys International Corporation Limited	13.35%
2.	ICRA Techno Analytics Limited (seg)	12.24%
<b>3.</b>	<b>!services India Private Limited</b>	<b>49.47%</b>
<b>4.</b>	<b>Maple eSolutions Limited</b>	<b>34.05%</b>
5.	R systems International Limited	20.18%
<b>6.</b>	<b>Spanco Telesystems and Solutions Limited</b>	<b>25.81%</b>
<b>7.</b>	<b>Triton Corp Limited</b>	<b>34.93%</b>
<b>8.</b>	<b>Vishal Information Technologies Limited</b>	<b>51.19%</b>
9.	Nittany Outsourcing Services Private Limited	11.50%
<b>10.</b>	<b>Accurate Data Converters Private Limited</b>	<b>50.68%</b>
11.	Apex Advanced Technologies Limited	39.89%
<b>Arithmetic mean</b>		<b>23.00%</b>
<b>Less: Working Capital Adjustment</b>		<b>3.18%</b>
<b>Adjusted Arithmetic mean</b>		<b>19.82%</b>

10. The Ld.AO accordingly while passing the final assessment order computed transfer pricing addition at Rs.2,25,50,415/-.



11. Aggrieved by the transfer pricing addition, assessee is in appeal before us again.

12. Though the assessee has raised many grounds, at the time of hearing, the Ld.AR pressed and argued Grounds 8-9 seeking of exclusion of following comparables:

Bodhtree Consulting Ltd. (Seg.)

Maple E Solutions Ltd.

Triton Corp Ltd.

Vishal Information Technologies Ltd.

Asit C Mehta Financial Services Ltd.

Spanco Ltd. (Seg.)

Accurate Data Converters Pvt.Ltd.

13. In Ground No.10, assessee alleges that working capital adjustment in respect of the comparables has not been granted.

We therefore restrict our adjudication only in respect of Ground No. 8-10 raised by assessee in the revised ground of appeal filed on 23/07/2020.

14. Before we undertake the comparability analysis, it is *sine qua non* to understand functions performed by assessee under ITeS segment.

**Functions:**

15. The Ld. TPO at page 5 of his order under section 92CA of the Act, observed that, this company functions as back-office support service provider to its AE as per the TP documentation. In the TP study report at page 387 it is stated that assessee undertakes the requirement of study and analysis, research

analysis and provides support for its AE in relation to service delivery.

**Assets:**

16. The Ld.TPO noted that assets employed for the year under consideration include computers and servers, office equipment furniture's and fixtures etc., which are used to carry out the business activities in India. Ld.TPO also noted that assessee owns intangible assets in the form of software amounting to Rs.7,13,093/-

**Risk:**

17. The transfer pricing report states that assessee undertakes operational risks and obsolescence risk relating to hardware Based on the above we shall carry out the comparability analysis of the alleged comparables in Ground No. 8-9 referred to herein above:

**Bodhtree Consulting Ltd. (Seg.):**

18. The Ld.AR referring to the annual report submitted that this company provides open to end web solutions, software consultancy, design and development of solutions which cannot be compared to a BPO company. It has been submitted that this company provides data cleansing services to those companies for which they have developed a software. Placing reliance on observations of this tribunal in case of *Global e-Business Operations Pvt. Ltd. vs DCIT* in *(IT(TP)A No. 1092/B/2011 for assessment year 2007-08)* the Ld.AR submitted that this company had peculiar circumstances during the year under

consideration. He submitted that the company has hived of certain businesses without hiving of the revenue stream. It has also been submitted that there is an absence of segmental results and the company operates only in one segment being software development.

19. On the contrary Ld. CIT DR relied on orders passed by authorities below.

20. We have perused submissions advanced by both sides in light of records placed before us.

21. From the annual report placed at page 1608, we note that this company has incurred trademark expenses thereby indicating that it holds intangible assets. Further we note that there is no segmental details in terms of ITES services rendered by this comparable and the entire revenue is generated from software development services. This itself makes this company to be a software development company and cannot be compared with an ITES service provider.

**Accordingly we direct this comparable to be excluded from the final list.**

**Maple Esolutions Ltd.& Triton Corp Ltd.:**

22. The Ld.AR submitted that, both these companies were owned by Rastogi Group, that was under serious indictment. It has been submitted that the companies were allegedly involved in fraudulent financial activities during the relevant year under consideration and hence operating results of the same cannot be considered as reliable. In support of the submission, the Ld.AR

relied on the observation of coordinate bench of this *Tribunal* in case of *Magma Design Automation India Pvt.Ltd.* in *IT(TP)A No.1214/Bang/2011 for AY 2007-08, e4e Business Solutions India (P.) Ltd. v. Dy.CIT reported in (2016) 69 taxmann.com 73.* The view taken by coordinate bench of this *Tribunal* in these decisions were relied and followed in case of *Sterling Commerce Solution India Pvt.Ltd. vs DCIT reported in (2019) 111 taxmann.com 33* wherein it has been held:

*“Assessee seeks exclusion of Maple Esolutions Ltd and Triton Corporation Ltd. on the ground that their financial results are not reliable. It has been submitted that comparability of Maple E Solutions Ltd., and Triton Corporation Ltd. came up for consideration before co-ordinate bench of this Tribunal in case of e4e Business Solutions India (P.) Ltd. v. Dy.CIT [2016] 69 taxmann.com 73 (Bang.-Trib.), wherein it has been held:*

*“14. With regard to company at SI.Nos.19 & 23 of the list of comparable companies chosen by the TPO viz., M/s. Maple E solutions Ltd., and Triton Corporation Ltd., the Mumbai Bench of the Tribunal in the case of Stream International Services (P.) Ltd., (supra) in para 13(iii) at page-14 of the order held that the promoters of these two companies were involved in fraud for earlier years and hence the financial results of these companies are distorted and cannot be relied upon and in this regard relied on several decisions rendered by the various benches of ITAT. Respectfully following the same, we direct the aforesaid two companies be excluded from the list of comparable companies chosen by the TPO.”*

*Learned Standing Counsel has not brought anything controverting the findings of the Tribunal in the above case. Therefore, we have no reason to differ with the reasoning adopted by the co-ordinate bench in the case of e4e Business Solutions India (P.) Ltd. (supra). Therefore, we direct the AO/TPO to exclude these companies form the list of comparables Before us nothing contrary to the above findings has been brought on record by revenue. Ld. DR do not have any objection in exclusion of this comparable.*

*Respectfully following the same, we therefore direct Ld.TPO to exclude these comparables from final list.”*

**Respectfully following the above stated view, we direct these comparables to be excluded from the finalist.**

**Vishal Information Technologies Ltd.**

23. The Ld.AR submitted that this company fails the RPT filter of less than 25% of the operating revenues. It is also been submitted by him that this comparable is functionally not similar with that of assessee. He submitted that this comparable is mainly into KPO and therefore not comparable with the BPO service provider like that of assessee.

24. On the other hand Ld.Sr.DR relied on the orders passed by authorities below.

25. We have perused submissions advanced by both sides in light of records placed before us.

26. The objection of the Ld. ar to inclusion of this comparable is on the reason that the company is functionally different, also does not satisfy the RPT filter. From the annual reports placed at page 1739 of paper book it is clear that this comparable has an RPT filter of 82.92% which is abnormally high and also does not satisfy the filter applied by the Ld. TPO.

27. We note that this comparable was considered by coordinate bench of this tribunal in case of *Sterling Commerce Solution India Pvt.Ltd. vs DCIT (supra)* wherein it was observed as under:

*“This comparable was selected by Ld.TPO. Ld.Counsel submitted that this company is not similar in function, assets and risk profile with that of assessee and it has a different business module. Further it has been submitted that Hon'ble Delhi High Court in the case of Rampgreen Solutions (P.) Ltd., (supra) categorised this comparable to be a KPO service provider. Further Ld.Counsel submitted that this entity outsources its ITES services to third-party vendor thereby increasing operating expenses.*

*Ld. DR placed reliance upon the orders of authorities below. We have perused the submissions advanced by both the sides in the light of the records placed before us. It is observed that Hon'ble Delhi High Court in the case of Rampgreen Solutions (P.) Ltd. (supra) has considered this to be a KPO service provider. In the facts of present assessee before us, services are rendered to group concerns, strictly on the basis of contract and requirement of its AE. And therefore this company cannot be comparable with the functions performed by present assessee before us”*

**Respectfully following the above view, we direct this comparable to be excluded from the finalist.**

**Asit C Mehta Financial Services Ltd.**

28. The Ld.AR submitted that this company is functionally not comparable with the assessee, as it has outsourcing of significant portion of its business as the employee cost of this company is 31.372% of the total cost and outsourcing cost 24.75% of the total costs. It is submitted that this comparable provides services under three segments being ITES, software development, portfolio management services and investment activities. The Ld.AR submitted that there are no segmental details in respect of the revenue recognition is and therefore income earned by this comparable under ITES segment is unascertainable. He also submitted that, this comparable is functionally different, as it is engaged in portfolio management services which are not comparable to the functions of the assessee. In support of the submission he relied on *Magma Design Automation India (P.) Ltd. v. Asstt. CIT* ITA No. 1214/Bang/ 2011, dated 29-8-2016. The Ld.AR also placed reliance on *Global E Business Operations Pvt.Ltd* in *ITA (TP) A No. 1092/B/2011* for assessment year 2007-08 by order dated 16/01/2017

29. On the other hand, the Ld.DR placed reliance on orders passed by authorities below.

30. We have perused submissions advanced by both sides in light of records placed before us.

31. On perusal of order passed by the Ld. TPO we note that employee cost filter and outsourcing cost filter has not been applied for the purpose of selecting comparables. However we note that this company has RPT during the year. We note that segmental details are also available at page 1785 of the annual reports. Therefore in the interest of Justice we remand this comparable to Ld. AO/TPO to verify the RPT percentage and to consider this comparable in accordance with law. In the event it is found that the RPT is more than 25% the same may be excluded from the finalist.

**Accordingly this comparable is remanded to learnt AO/TPO for verification.**

**Spanco Ltd. (Seg.)**

32. Assessee sought to exclude this comparable on the basis of failure of revenue filter earned from ITES segment. It has been submitted that this comparable earns only 8.21% from ITES segments and that the employee cost of this company is as lower 7.16%. It has also been pointed out that this comparable has underwent demerger of a division during the year under consideration. In support of his submission he placed reliance on

the decision of coordinate bench of this *Tribunal* in case of *Siemens Information Processing Services (P.) Ltd. (supra)* and *AOL On Line India (P.) Ltd. v. Dy.CIT* reported in [2016] 68 *taxmann.com* 235.

33. The Ld.DR on the contrary placed reliance upon orders of authorities below.

34. We have perused submissions advanced by both sides in the light of the records placed before us.

35. It is observed that coordinate bench of this *Tribunal* in aforesaid decisions have set aside this issue for verification as regarding be employee cost of 7.16% and revenue earned under ITeS segment at 8.21% with a direction to exclude if the alleged fact is found to be correct. Respectfully following the same we direct Ld.AO to verify the same and to consider the comparability of this company with assessee on the basis of details verified.

**Accordingly this comparable is set aside to Ld.TPO.**

**Accurate Data Converters Pvt.Ltd.**

36. Assessee objected for exclusion of this comparable for the reason that it is functionally with that of assessee and financial data are not available in the database. It is also been submitted that it this company fails employee cost filter applied by Ld.TPO. It has been submitted that this comparable has reported employee cost at 1.61% which shows a different business model. Ld.AR further submitted that this company outsources its business and provides software development services.



37. On the other hand the Ld.DR placed reliance upon orders of authorities below.

38. We have perused submissions advanced by both sides in the light of records placed before us.

39. The Ld.AR placed reliance upon decision of coordinate bench of this Tribunal in case of *Siemens Information Processing Services (P.) Ltd. v. Dy. CIT (2016) 71 taxmann.com 281*, wherein this company was considered for comparability analysis under ITeS segment. It has been observed by the *Tribunal* that employee cost is at 1.61% and this company also outsources its business to outside vendors. We are observant that Ld.TPO has not used employee cost filter in the present case before us. It is also been observed by the *Tribunal* therein that in information sought by Ld.TPO under section 133(6) it was found that this company provides software development services. However, before us Ld.TPO has not verified the functions performed by this company. We are therefore inclined to set aside this comparable to Ld.TPO for verification and to decide the comparability on the basis of functional dissimilarities/similarities.

**Accordingly this comparable is remanded to Ld.TPO.**

**Accordingly ground 8-9 stands allowed as indicated hereinabove.**

**Ground No. 10:**

40. The Ld.AR submitted that, assessee has received advance from its AE which was not considered by the DRP/Ld.TPO for computation of working capital adjustment. It has been

submitted that the Ld.TPO considered the working capital adjustment as nil whereas assessee had received the trade receivables of Rs.4,74,87,712/- for the year under consideration and Rs.2,44,32,506/- pertaining to assessment year 2006-07. He submitted that due adjustments deserves to be made to the working capital adjustment in respect of these advances received from customers of assessee.

41. The Ld.DR relied on orders passed by authorities below. We have perused submissions advanced by both sides in light of records placed before us.

42. We note that the ground raised by assessee requires consideration at the end of Ld. AO/TPO. Accordingly we remand this issue back to Ld.AO/TPO for reconsidering the computation in the light of the submissions made by assessee. Assessee is directed to submit all relevant evidences in support of its claim. Ld.AO/TPO is directed to consider this issue in accordance with law.

**Accordingly this ground raised by assessee stands allowed for statistical purposes.**

**In the result appeal filed by assessee stands allowed as indicated hereinabove.**

Order pronounced in the open court on 25<sup>th</sup> March, 2021

Sd/-  
(CHANDRA POOJARI)  
Accountant Member  
Bangalore,

Dated, the 25<sup>th</sup> March, 2021.

Sd/-  
(BEENA PILLAI)  
Judicial Member

/Vms/

**Copy to:**

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR, ITAT, Bangalore
6. Guard file

By order

Assistant Registrar, ITAT, Bangalore

		<b>Date</b>	<b>Initial</b>	
1.	Draft dictated on	On Dragon		Sr.PS
2.	Draft placed before author	-3-2021		Sr.PS
3.	Draft proposed & placed before the second member	-3-2021		JM/AM
4.	Draft discussed/approved by Second Member.	-3-2021		JM/AM
5.	Approved Draft comes to the Sr.PS/PS	-3-2021		Sr.PS/PS
6.	Kept for pronouncement on	-3-2021		Sr.PS
7.	Date of uploading the order on Website	-3-2021		Sr.PS
8.	If not uploaded, furnish the reason	--		Sr.PS
9.	File sent to the Bench Clerk	-3-2021		Sr.PS
10.	Date on which file goes to the AR			
11.	Date on which file goes to the Head Clerk.			
12.	Date of dispatch of Order.			
13.	Draft dictation sheets are attached	No		Sr.PS