

IN THE INCOME TAX APPELLATE TRIBUNAL  
"A" BENCH : BANGALORE

BEFORE SHRI N.V. VASUDEVAN, VICE PRESIDENT  
AND SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER

ITA No. 2900/Bang/2018
Assessment year : 2011-12

The Assistant Commissioner of Income Tax, Circle 2(1)(2), Bangalore.	Vs.	M/s. e4e Business Solutions India Pvt. Ltd., No.389/1, 7 <sup>th</sup> Main, 42 <sup>nd</sup> Cross, 5 <sup>th</sup> Block, Jayanagar, Bangalore – 560 041. <b>PAN : AAACI 6324A</b>
APPELLANT		RESPONDENT

Appellant by	:	Ms. Neera Malhotra, CIT(DR)(ITAT), Bengaluru.
Respondent by	:	Shri T. Ravindran, CA

Date of hearing	:	25.11.2020
Date of Pronouncement	:	08.12.2020

**ORDER**

*Per N.V. Vasudevan, Vice President*

This appeal by the revenue is directed against the order dated 31.07.2018 of the CIT(Appeals)-2, Bengaluru relating to assessment year 2011-12.

2. The grounds of appeal raised by the revenue reads as follows:-

“1. Exclusion for ICRA Online Ltd.(Seg) from the list of final comparable selected by the TPO in ITES Segment:-

- i) Whether the Id. CIT(A) ought to have considered the fact in that in the ITES industry there can be different horizontals and accompany can be held as comparable if the veridical remains the same i.e. ITES.

- ii) Whether the Id. CIT(A) was right in seeking exact comparability while searching for comparable companies of the assessee under TNMM method whereas requirement of law and international jurisprudence seeking comparable companies.
- iii) Whether the Ld CIT(A) was right in rejecting the comparable when selection of comparable in a case depends in transfer pricing on assessee specific FAR analysis.
- iv) The Id.CIT(A) ought to have decided the comparability of the company on the basis of specific facts brought on record by the TPO in the case of the assessee.

2. Exclusion of iGate Globale Solutions Ltd. from the list of final comparable selected by the TPO in ITES segment:-

- i) Whether the Ld CIT(A) was right in exclude the comparable while the company has qualified all the qualitative and quantitative filters applied by the TPO.
- ii) Whether the Id. CIT(A) was right in seeking exact comparability while searching for comparable companies of the assessee under TNMM method whereas requirement of law and international jurisprudence seeking comparable companies.
- iii) Whether the Ld CIT(A) was right in rejecting the comparable when selection of comparable in a case depends in transfer pricing on assessee specific FAR analysis.
- iv) The Id.CIT(A) ought to have decided the comparability of the company on the basis of specific facts brought on record by the TPO in the case of the assessee.

3. Negative working capital adjustment was impermissible:-

- i) The Ld. CIT(A) erred by holding that negative working capital adjustment cannot be granted in. the case of the assessee.
- ii) The Id. CIT(A) ought to have considered hat allowing working capital adjustment would result into better comparison.

- iii) The Id.CIT(A) ought to have considered the fact that working capital adjustment is computed scientifically and negative or positive working capital adjustment is only consequential.”

3. The assessee is a company engaged in providing Information Technology enabled Services [ITeS]. The assessee rendered ITeS to its Associate Enterprise [AE] and received a sum of Rs.45,77,476 for providing such services. In accordance with the provisions of section 92 of the Act, the arm's length price [ALP] in respect of international transaction and the income arising therefrom had to be determined by the AO. The AO referred the question of determination of ALP to the Transfer Pricing Officer(TPO) u/s. 92CA of the Act. The TPO after rejecting the Transfer Pricing analysis conducted by the assessee arrived at a final set of 10 comparable companies and the average arithmetic profit margin of those 10 companies was 24.77%. It is not in dispute that the Transaction Net Margin Method (TNMM) was the Most Appropriate Method (MAM) for determination of ALP. The PLI chosen for the purpose of comparing the profit margin of the assessee with that of comparable companies was Operating Profit to Operating Cost [OP/OC]. Since the OP/OC of the comparable companies chosen by the TPO was more than the OP/OC of the assessee, the TPO suggested an addition and adjustment to the total income of assessee on account of determination of ALP and computed the same as follows:-

“12.4. Computation of Arms Length Price:

The arithmetic mean of the Profit Level indicators is taken as the arms length margin. Please see Annexure B for details of computation of PLI of the comparables. Based on this, the arms length price of the services rendered by the taxpayer to its AE(s) is computed as under:

## IT ENABLED SERVICES

Arm's Length Mean Margin on cost		24.77%
Less: Working Capital Adjustment (As per Annex. C)		- 6.25%
Adjusted margin		31.02%
Operating Cost		458876668
Arms Length Price(ALP) 131.02% of Operating Cost)		601,220,210
Price Received		464577470
<b>Shortfall being adjustment u/s</b>		<b>136,642,7401</b>

The above shortfall of Rs. 13,66,42,740/- (Rupees Thirteen Crores, Sixty Six Laths, Forty Two Thousand, Seven Hundred and Forty Only) is treated as transfer pricing adjustment u/s 92CA in respect of ITES segment of the taxpayer's international transactions.”

4. On appeal by the assessee, the CIT(Appeals) excluded some of the comparables and also held that the negative working capital adjustment should not be made. It can be seen from the earlier paragraph of this order that by imputing negative working capital, the average arithmetic mean of the profit margin of the comparable companies has gone up by 6.52%. The following were the observations of the CIT(Appeals) with regard to negative working capital adjustment:-

“Having considered the submissions, I have considered the facts and circumstances of the appellant during this year to find that the same is similar to that of the appellant in the immediate succeeding year i.e. Assessment Year 2012-13, in respect of which the Hon'ble ITAT has directed the AO/TPO to compute ,.working capital adjustment by following the decision of the Hon'ble Hyd Bench of the ITAT in the Case of Adaptec India Pvt Ltd in ITA 206/Hyd/2014, wherein it was held that there is no need for making any negative working capital adjustment when assessee does not carry any working capital risk. Respectfully following the binding decision of the Hon'ble ITAT in the case of the appellant for the Assessment Year 2012-13, I allow this ground of the appellant, by directing the TPO to make only positive working capital adjustment if any.”

5. Aggrieved by the exclusion of 2 out of 10 comparable companies chosen by the TPO and aggrieved by the action of the CIT(A) in holding that negative working capital adjustment should not be made, the revenue has preferred the present appeal before the Tribunal.

6. As far as grounds 1 & 2 are concerned, the Id. counsel for the assessee relied on the decision of the coordinate Bench of the Tribunal in the case of *TRX Technologies India Pvt. Ltd. v. DCIT in IT(TP)A No.487/Bang/2016 for AY 2011-12, order dated 25.09.2020*. The assessee in that case was also an ITeS company such as the present assessee and the very same 10 comparable companies were chosen as comparable companies in that case as in the present case. On the comparability of ICRA Online Ltd. and iGate Global Solutions Ltd., which are in challenge by the revenue in grounds 1 & 2, the Tribunal held as follows:-

“12. The assessee is contending to exclude from the list of comparables M/s. Acropetal Technologies Limited (Seg.), M/s. Accentia Technologies Limited, ICRA Online Ltd. and Jeevan Scientific Technology Limited. In similar circumstances and for the same assessment year, the jurisdictional Tribunal in the case of *Aspect Technology Centre (India) Pvt. Ltd. Vs. ITO (supra)* has held that the above companies are functionally dissimilar and cannot be taken as a comparable. The relevant finding of the Tribunal in the case of *Aspect Technology Centre (India) Pvt. Ltd. Vs. ;ITO (supra)* reads as follows:

“ 41. We have heard the rival submissions of the parties. As far as Gr.No.14 of the revenue's appeal is concerned, the Revenue is seeking the inclusion of Acropetal Technologies Ltd., Jeevan Scientific Technology Ltd., Accentia Technologies Ltd., iGate Global Solutions Ltd. and ICRA Online Ltd. We find that the above companies were rightly rejected by the DRP and the same requires no interference from this Hon'ble Tribunal. We find that Acropetal Technologies Ltd., is engaged in the business of software development and services, contract centre service and IT enabled services and the same are reported together as one segment. In the absence of segmental details made available, the company could not be treated as a comparable.

The TPO, while choosing the company as a comparable, has selected its Engineering Design Segment ('EDS' for short) which is in the nature of high end IT enabled services which are in the nature of Knowledge Process outsourcing ("KPO"). The high end services provided by the company cannot be compared with the routine services provided by the Assessee. This is a settled position and reliance can be placed on the decision of this Hon'ble Tribunal's in the case of Symphony Marketing Solutions India Pvt. Ltd.(ITA No. 1316/Bang/2012) where it was held that Acropetal cannot be considered as a comparable to assessee performing routine low end IT enabled services function. As far as exclusion of company Jeevan Scientific Technology Ltd., we find that this company was rejected by the DRP for the reason that it was engaged in diverse functions and the same were reported under one segment without segmental details regarding the same being made available. The DRP is right in excluding the company as without segmental details, the comparability of the company cannot be determined. In any event, the ERP segment of the company is not comparable to the assessee, the BPO segment of the company fails the filter of service income being greater than 75% of total revenue, and the company suffers from huge fluctuations which indicate that certain peculiar circumstances influencing the profit margin of the company exist, for which appropriate adjustments cannot be made to balance the effect. It is submitted that the ERP implementation services are not in the nature of IT enabled services which were notified by CBDT vide Notification No. SO 890(E) dated 26.09.2000. If the BPO segment is considered, the company fails to satisfy the TPO's own filter of service revenue from the relevant segment having to be in excess of Rs. 1 crore as the revenue from the BPO segment of the said company is Rs. 79 lakhs only. The company is therefore not comparable to the Assessee. This Tribunal in the case of Swiss Re Shared services (India) Pvt. Ltd. v. ACIT (order dated 08.07.2016 in IT(TP)A No. 380/Bang/2016) directed the TPO to verify as to whether the TPO's filter of Sales > 1 Crore is satisfied by this company. In the present case, as can be seen from the annual report of the company the sale of the company in respect of the BPO segment amounts to only 79 lakhs, and therefore it fails the TPO's filter. As far as exclusion of Accentia Technologies Ltd., is concerned, we find that this company was excluded by the DRP for the reason that the details regarding its diverse functions were reported under one segment, without segmental details regarding the same being made available. In the absence of

segmental details being made available, the comparability of the company with that of the assessee cannot be determined. In any event, Accentia is engaged in providing high end services in the nature of Knowledge Process Outsourcing ('KPO') which is evident from its annual report, whereas, the assessee is engaged in rendering routine low end information technology enabled services. Further, the said company not only does medical transcriptions, but has also ventured into healthcare receivables cycle management and high end consultancy to start-ups requiring field experts. As can be seen from the annual report, coding income is contributing 15% of the total income which activities are akin to software development activity while the assessee is a mere provider of IT enabled services. The company has invested huge sums in the development of EMR software. Segmental details of its various activities are unavailable. The company further owns significant intangibles. This Tribunal in the case of Swiss Re Shared India Pvt. Ltd. v. ACIT [TS-598-ITAT-2016(Bang)-TP at paras 9-20 on pages 7-21] where, in similar circumstances and for the same assessment year, this Hon'ble Tribunal directed the exclusion of this company from the list of comparables. Accentia Technologies Ltd. is, therefore, not comparable to the Assessee and was rightly rejected as a comparable. **As far as iGate Global Solutions Ltd., is concerned, DRP rejected this company as comparable company for the reason that the details regarding its diverse functions are reported under one segment without segmental details regarding the same being made available. Therefore, the comparability of the company cannot be determined. It is seen that iGate is engaged in provision of varied services and no segmental breakup of the same is available in its Annual Report. Further, the company's' software services segment is clubbed with its ITES segment and there is no breakup between the revenues generated from the two segments. During the year under consideration, the company has acquired majority equity interest in Patni Computer Systems Ltd. rendering it incomparable due to it failing the TPO's own filter of having peculiar economic circumstances. In addition, the company owns significant intangibles in its name, which is evident from the balance sheet of the company for the Financial Year 2010-11. For the reasons above, the company is not comparable to the Assessee and the DRP's findings on exclusion of iGate is right in law. As far as the company ICRA Online Ltd., is**

concerned, the DRP excluded this company for the reason that the details regarding its diverse functions are reported under one segment without segmental details regarding the same being made available. Therefore, the comparability of the company cannot be determined. In any event, this company is functionally dissimilar for the reason that the outsourced services segment of the company is engaged in the provision of high end consultancy services which cannot be compared to the assessee who is into provision of low end IT enabled services which are routine in nature. Further, the company fails the TPO's own filter of export turnover in excess of 75% of total sales as the export turnover of the company amount to only 61.88% of its sales. Therefore, the company cannot be held as a comparable to the assessee."

13. Since the profile of the assessee and that of the Aspect Technology Centre (India) Pvt. Ltd. Vs. ITO (supra) being similar and the assessment year being the same (i.e. A.Y. 2011-12), we follow the co-ordinate Bench of the Tribunal in the case of Aspect Technology Centre (India) Pvt. Ltd. Vs. ITO (supra) and **direct the AO / TPO to exclude M/s. Acropetal Technologies Limited (Seg.), M/s. Accentia Technologies Limited, ICRA Online Ltd. and Jeevan Scientific Technology Limited from the list of comparables.**

14. The DRP in its direction dt.28.12.2015 has held that the **companies with turnover of lower than Rs.1 Crore and higher than Rs.200 Crores should be excluded from the comparability analysis** (refer page 4 of DRP direction). However, the directions of the DRP was not followed by the AO / TPO and ALP adjustment proposed by the TPO was included in the final assessment order. In the absence of the appeal by the revenue, the directions of the DRP has become final. The assessee's turnover is Rs.23.76 Crores. **Therefore, the AO / TPO is directed to examine whether Infosys BPO Ltd., Mindtree Limited and I-Gate Global Solutions Ltd. are to be excluded on account of DRP direction on turnover filter.** In the light of above, the Ground No.7 is allowed and Ground No.12 is restored to AO / TPO."

(emphasis supplied)

7. As far as ground No.3 with regard to negative working capital adjustment is concerned, the Id. counsel for the assessee has placed reliance on the decision of the coordinate Bench in the case of *DCIT v. M/s. Software AG Bangalore Technologies P. Ltd., IT(TP)A No.1628/Bang/2014, order dated 31.03.2016*, wherein the Tribunal held as follows:-

"12. In the Cross Objection, the assessee has raised various grounds, however, at the time of hearing, the Id. AR of assessee has submitted that the only effective grounds which are prayed by the assessee are ground Nos.5 & 6 in respect of the directions given by the CIT(Appeals) for reconsideration of working capital adjustment, even if it found negative.

13. We have heard the Id. AR and the Id. DR as well as considered the relevant material on record. The Id. AR of the assessee has submitted that when the assessee has not claimed any working capital adjustment, then the TPO cannot make a negative adjustment on account of working capital. He has further contended that when the assessee has not used any borrowed funds for working capital purpose, then the TPO is not justified in making a negative working capital adjustment. In support of this contention, he has relied upon the decision of the Hyderabad Bench of the Tribunal dated 25.3.2015 in the case of *Adapttec (India) P. Ltd. v. ACIT, ITA No.206/Hyd/2014* and submitted that the Tribunal has held that when the assessee is a captive service provider running its business without any working capital risk, then there is no need for making any negative working capital adjustment.

14. On the other hand, the Id. DR has relied upon the order of the TPO.

15. Having considered the rival submissions and on careful perusal of the record, we find that the Hyderabad Bench of the Tribunal in the case of *Adapttec (India) P. Ltd. (supra)* has considered identical issue in paras 10 & 11 as under:-

"10. Ground No.8 pertains to the issue of negative working capital. As briefly stated above, after arriving at the arithmetic mean of all comparables at 22.03%, the A.O. worked out negative working capital adjustment of 3.22% thereby, making arms length price at 25.25%. Even though, DRP refused to interfere with the objections of the assessee in its order, we were informed that DRP has directed the TPOIA.O. not to make any

negative working capital adjustment in some of the cases in the next assessment year, in the cases of Market Tools Research P. Ltd., and Mega Systems Worldwide India P. Ltd., assessee placed on record copies of orders of DRP. In that DRP considered the issue and directed the TPO as under:

"14. Ground No.11 : Negative Working Capital adjustment - Making a negative working capital adjustment without appreciating the fact that the company does not bear any working capital risks. On this issue, the assessee submitted as under:

"The learned TPO determined the ALP for the international transactions with A.Es by making a negative working capital adjustment for the differences in working capital between the assessee and the companies considered as comparables. The assessee does not agree with the learned TPO as :

- The company does not bear any working capital risk since it is been fully funded by it's A.E. from its inception and has no working capital contingencies.
- The company has never taken any loans till date from the date of incorporation nor has incurred any expense for meeting the working capital requirement."

We have gone through the submissions and the order of the TPO. The assessee pleaded that the DRP has acceded such a plea in some other case. On examination, we find that the DRP, Hyderabad in the case of Cordys Software India P. Ltd., for A.Y. 2008-09 in its directions dated 3-08.2012 has given a finding as under:

"7.7.4 Thus, working capital adjustment is made for the time value of money lost when credit time is provided to the customers. The applicant is not an entrepreneur but a captive service provider. Its entire funding needs are provided by the A.E. This being so, the applicant does not stand to lose anything as it is compensated on a total

cost plus basis. The TPO probably was carried away by the large amount of receivables appearing in the books of the applicant. But the applicant is running its business without any working capital risk while comparable companies have such a risk for them. If at all any working capital adjustment is to be made to this situation, only a positive adjustment has to be made to the comparables so that they are brought on par with the applicant. In view of the same, the Panel directs that negative working capital adjustment to the arithmetic mean margin of the comparables shall not be made."

In view of the above, the Panel directs that negative working capital adjustment to the arithmetic mean margin of the comparables shall not be made."

11. In view of the above, we are of the opinion that assessee's case being similar, there is no need for making any negative working capital adjustment when assessee does not carry any working capital risk. In fact, TPO should have done necessary working capital adjustment to the profits of the selected comparables so as to make them comparable to the assessee. In view of this, we direct the TPO not to make negative working capital adjustment."

16. There is no allegation in the case of the assessee that the assessee has used any borrowed fund for working capital or there is any risk of money lost in credit time provided to the customers. Accordingly, following the order of the coordinate Bench of the Tribunal cited above, we hold that negative working capital adjustment is not justified in the case of the assessee."

8. The Id. DR, on the other hand, submitted before us that regarding grounds 1 & 2, the coordinate Bench in the case of *M/s Indecomm Global Services India Pvt Ltd. v. DCIT in ITA No.2130/Bang/2017 for AY 2011-12*, order dated 27.11.2019 and *M/s. CGI Information Systems & Management Consultants P. Ltd. in IT(TP)A No.503/Bang/2016 for AY 2011-12*, order

*dated 30.01.2020*, remanded the comparability of the companies mentioned in ground No.1 & 2 of revenue's appeal viz., ICRA Online Ltd., and iGate Global Solutions Ltd.

9. With regard to ground 3 regarding grant of negative working capital, the Id. DR relied on the decision of the Coordinate Bench in the case of *Technotree Convergence P. Ltd. v. DCIT in IT(TP)A No.1616/Bang/2017*, order dated 27.06.2018 wherein it was held that negative working capital should be allowed.

10. We have given a careful consideration to the rival submissions. As far as the prayer of the revenue for inclusion of ICRA Online Ltd., is concerned, it is seen that in the decision cited by the learned DR in support of remanding the comparability of this company has been remanded to the TPO for fresh consideration. This company was chosen as comparable company by the TPO and the TPO has considered the financials of the ITeS segment alone for the purpose of comparability (paragaraph 7.1 of TPO's order). In the decision cited by the learned counsel for the Assessee, the Tribunal held that segmental details were not available before the revenue authorities. However in the present case, the CIT(A) has analyzed the functional details and come to the conclusion that ICRA Online Ltd. is a Knowledge Process Outsource (KPO) company which is different from Business Outsource Company (BPO) which is the line of business of the Assessee in the present case. Hence, we uphold the exclusion of this company from the list of comparable companies.

11. As far as the prayer for inclusion of iGate Global Solutions Ltd. is concerned, the stand of the Assessee before TPO was that this company renders on site serves, is a product company and there are peculiar economic circumstances and hence should be excluded from the list of comparable companies. The TPO however held that the Assessee has

accepted that this company has only one segment i.e., ITeS and hence he included this company as a comparable company. The CIT(A) held that this company has three segments viz., Software Development and services, Contract Centre Service and ITeS and there were no segmental details available and hence should be excluded from the list of comparable companies. In the decision cited by the learned counsel for the Assessee rendered in the case of *M/S. TRX Technologies India Pvt.Ltd. (supra)*, this company was excluded on the ground that it had turnover of more than Rs.1000 crores. Though in the case cited by the learned DR in the case of *M/s. Indecomm Global Services Pvt.Ltd. (supra)*, this Tribunal remanded the comparability of this company to the TPO for fresh consideration with a direction to get required information on segmental details by issue of notice u/s.133(6) of the Act to this company, the applicability of turnover filter was never considered. Following the decision in the case of *M/s. TRX Technologies India Pvt.Ltd.*, we uphold the exclusion of this company from the list of comparable companies by applying the turnover filter.

12. The third issue is with regard to grant of negative working capital adjustment. Working capital adjustment is made for the time value of money lost when credit period is given to customers. It is the submission of the ld. counsel for the assessee in this case that the assessee is a captive unit which is entirely funded by the AE. The assessee has no borrowings and is fully compensated by the parent on a total cost plus. The assessee has no working capital risk - in other words, it is a risk-insulated service provider to the parent. The only customer of the company is its parent company. The ld. counsel for the assessee has relied on a host of ITAT decisions, the main decision being that of *M/S. Software AG Bangalore Technologies Pvt. Ltd.(supra)* which in turn has relied on the decision of ITAT Hyderabad in the case of *Adaptec (India) Private Limited* and contended that no negative working capital adjustment is called for. The

Id.DR's reliance is on the decision in the case of *Technotree Convergence P. Ltd. (supra)* wherein it was held that negative working capital adjustment has to be allowed.

13. Comparables chosen operate under varied economic conditions. Therefore, while comparing a company to that of similar companies, it is necessary to undertake comparability adjustments. **Balance sheet adjustments are intended to account for different levels of inventories, receivables, payables, interest rates etc. The most common balance sheet adjustments made to reflect different levels of accounts receivable, account payable and inventory are known as working capital adjustments.** As mentioned by the OECD, comparability adjustments should not be performed on a routine or mandatory basis but rather on a case by case basis depending on the facts and circumstances. **Economic rationale of Working capital of a business is the capital used in its day-to-day trading operations. Working capital is affected by numerous business incidences. It is very common for tested party and each of the potential comparables to differ materially in the amount of working capital (inventory, accounts receivables and payable). Such differences are mainly caused due to differences in the terms of purchase and sale, levels of inventory etc. For example: If the business advances a trade credit of (say) 60 days, its cash gets locked up for 60 days and reduces the working capital. It will have to borrow from open market to meet its working capital requirement, and hence incur expenses. Similarly, if it avails of trade credit of 60 days, it has surplus cash at its disposal. It will need to borrow less money to fund operational requirements. Hence, working capital position affects the additional cost incurred by a business by way of interest on borrowing from the open market. Working capital adjustments seeks to adjust for the differences in time value of money between**

**tested parties and potential comparables with an assumption that differences should be reflected in profits Working capital adjustment has a strong rationale in economic theory.** It facilitates to increase the comparability between the tested party and comparables working in an industry which is competitive. Working capital adjustment can work out to be positive or negative. A positive working capital adjustment (WCA) will tend to reduce the arm's length PLI while a negative WCA will tend to increase the arm's length PLI.

14. We find that the facts of the Assessee's case are similar to that of the case of the Bangalore ITAT in the case of *M/S. Software AG Bangalore Technologies Pvt.Ltd.* and therefore we are inclined to delete the negative working capital adjustment. In determining ALP under TNMM, the correct approach would be to look at the costs incurred by the assessee only and should not impute any additional cost as done by TPO, which indirectly enhances the ALP artificially. The contrary view expressed in decision cited by the learned DR takes the view that Working capital adjustment is required in all cases as any credit extended to customers will result in cash locked up and will result in the assessee borrowing money from the banks and incur additional cost towards interest on these borrowings which cost will have effect on the price charged. It is the reasoning in these decisions that under TNM method that every ingredient of profit margins of comparable companies are analysed, whether it is positive or negative. The decision proceeds on the basis of effect on price owing to working capital requirement. We are of the view that working capital adjustment itself is computed on the basis of outstanding current assets and liabilities at the year end. It means that other things being equal, an entity having higher working capital will incur more interest cost which will reduce profitability. Hence no importance shall be given to pricing aspect. Since

the assessee does not have any working capital risk, the question of negative working capital does not arise.

15. In the result, the appeal by the revenue is dismissed.

Pronounced in the open court on this 8<sup>th</sup> day of December, 2020.

Sd/-  
( CHANDRA POOJARI )  
ACCOUNTANT MEMBER

Sd/-  
( N V VASUDEVAN )  
VICE PRESIDENT

Bangalore,  
Dated, the 8<sup>th</sup> December, 2020.

*/Desai S Murthy /*

Copy to:

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

By order

Assistant Registrar  
ITAT, Bangalore.