

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

ITA No.536/Bang/2017
Assessment Year : 2010-11

The Income-Tax Officer, Ward-1(1)(2), Bengaluru.	Vs.	M/s Ariba Technologies India (P) Ltd., RMZ Icon, No.51, Palace Road, Bengaluru-560 052. PAN : AADCA 0918 P
APPELLANT		RESPONDENT
CO No.91/Bang/2017		
(By assessee)		

Assessee by	:	Shri Pradeep Kumar, CIT(DR)
Revenue by	:	Shri Aliasgar Rampurawala, C.A

Date of Hearing	:	09-02-2021
Date of Pronouncement	:	11-03-2021

ORDER

PER BEENA PILLAI, JUDICIAL MEMBER

Present cross appeals has been filed by revenue and assessee against order dated 03/11/2016 passed by Ld.CIT(A)-1, Bangalore for assessment year 2010-11 on following grounds of appeal:

ITA No. 536/B/2070

"1. The order of the Learned CIT(Appeals), in so far as it is prejudicial to the interest of revenue, is opposed to law and the facts and circumstances of the case.

2. CorDorate tax issue:

(i) The Ld. CIT(A) erred in directing the AO to exclude expenses incurred in foreign currency on travel etc., of Rs.1,13,46,602/- and Communication charges (internet) of Rs.18,10,315/- from the Total Turnover also for computing the deduction allowable u/s 10A of the Act following the ratio laid down by the Hon'ble High Court of Karnataka in the case of Tata Elxsi Limited in (2012) 349 ITR 98 (Kar), without appreciating the fact that there is no provision in Section 10A that such expenses should be reduced from the 'total turnover' also, as clause (iv) of the Explanation 2 to Section 10A provides that such expenses are to be reduced only from the 'export turnover'.

(ii) The Ld. CIT(A) erred in not appreciating the fact that the jurisdictional High Court's decision in the case of Tata Elxsi Limited (2012) 349 ITR 98 (Kar) has not been accepted by the department and an appeal has been filed before the Hon'ble Supreme Court, hence not reached finality.

ALP Adjustment:

(3) SWD Segment:

(a) M/s Infosys Technologies Limited:

(i) In the facts and circumstances of the case, the Ld. CIT(A) erred in holding that M/s Infosys Technologies Ltd., cannot be taken as comparable, being functionally different, when it satisfies all the qualitative and quantitative filters applied by the TPO.

(ii) The Ld. CIT(A) erred in fact and in law in demanding comparability standards that may itself defeat the purpose of law relating to determination of ALP under the I.T. Act.

(iii) The Ld. CIT(A) erred in fact and in law in demanding that a comparable may be considered as engaged in Software Product business merely because it has developed software product by following software development process without having legal ownership on such software product.

(b) M/s Kals Information Systems Limited

(i) The Ld. CIT(A) erred in fact and law in following the decision of the Hon'ble ITAT without considering the assessee specific information collected u/s 133(6) of the Act from M/s Kals Information Systems Ltd. wherein it was stated that about 88% of its total operating comes from software development services.

(ii) The Ld. CIT(A) erred in relying on the decision of other benches of ITAT instead of deciding the comparability of these companies on the basis of specific facts brought on record by the TPO in the case of the assessee.

(c) M/s Tata Elxsi Ltd.

(i) In the facts and circumstances of the case, the Ld. CIT(A) erred in holding that M/s Tata Elxsi Ltd., cannot be taken as comparable, being functionally different, when it satisfies all the qualitative and quantities filters adopted by the TPO.

(ii) The Ld. CIT(A) erred in relying on the decision of other benches of ITAT instead of deciding the comparability of these companies on the basis of specific facts brought on record by the TPO in the case of the assessee.

(iii) The Ld. CIT(A) erred in fact and in law in demanding that a comparable may be considered as engaged in Software Product business merely because it has developed software product by following software development process without having legal ownership on such software product.

4. ITES Segment: (Eclerx Services Ltd. and Infosys BPO Ltd.)

(I) The Ld.CIT(A) erred in fact and in law in demanding comparability standards that may itself defeat the purpose of law relating to determination of ALP under the I.T.Act.

(ii)The Ld.CIT(A) erred in trying to find out exact replica of the assessee for determining the ALP based on such replica, even when the law and the international jurisdictional jurisprudence itself recognize that there cannot be an exact comparable to a given situation, especially with TNMM as the most appropriate method.

(iii)The Ld.CIT(A) erred in fact and law in disregarding the position of law that there could be difference between the enterprises compared under the TNMM method that are not likely to materially affect the price or cost charged or the profits accruing to such enterprises.

5. For these and such other grounds that may be urged at the time of hearing, it is humbly prayed that the order of the Ld.CIT(A) be reversed and that of the Assessing Officer be restored.

6. The appellant craves leave to add, to alter, to amend or delete any of the grounds that may be urged at the time of hearing of appeal.”

CO 91/B/2017

“1. That the order passed by the learned Commissioner of Income Tax (Appeals) - I, Bangalore [learned CIT (A)], to the extent prejudicial to the Respondent, is bad in law and liable to be quashed.

Transfer Pricing

2. That on the facts and circumstances of the case, the learned CIT(A) erred in not providing any specific direction and upholding the approach of the Additional Commissioner of Income-tax, Transfer Pricing —I (“learned TPO”) in rejecting the Transfer Pricing (TP) documentation maintained by the Respondent on invoking provisions of subsection 3 of 92C of the Income-tax Act, 1961 (‘the Act’) contending that the information or data used in the computation of the arm’s length price is not reliable or correct.

3. That the learned CIT (A) has erred in not providing any specific direction and upholding the learned TPO’s approach using data as at the time of assessment proceedings, instead of that available as on the date of preparing the TP documentation for comparable companies while determining arm’s length price, ignoring the fact that this data was not available to the Respondent at the time of complying with the TP documentation requirements.

4. That the learned CIT (A) erred in not providing any specific direction and upholding the rejection of comparability analysis in the Transfer Pricing documentation undertaken by the Respondent in accordance with the provisions of the Act read with the Income Tax Rules, 1962, (“the Rules”) and in conducting a fresh comparability analysis and application of certain arbitrary filters (i.e., related party transactions to sales > 25%, export earning to sales > 75%) in determining the arm’s length price in

connection with the international transactions of the Respondent, thereby rejecting Crazy Infotech Limited and Goldstone Technologies Limited.

5. That the learned CIT (A) erred in not providing any specific direction and upholding the learned TPO's approach for applying the persistent loss filter and thereby rejecting Alisec Technologies which is otherwise functionally comparable to the Respondent.

Software development segment

6. That the decision of the learned CIT (A) is appropriate based on the facts and in law in rejecting Infosys Ltd since it has presence of significant intangibles assets and brand and is engaged in product development and is functionally not comparable to the Respondent.

7. That the decision of the learned CIT (A) is appropriate based on the facts and in law in rejecting KALS Information Systems Limited since it is engaged in development of product and has significant inventory and is functionally not comparable to the Respondent.

8. That the decision of the learned CIT (A) is appropriate based on the facts and in law in rejecting Tata Elxsi Limited since it is engaged in performing varied services which is functionally not comparable to the Respondent.

9. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including ICRA Techno Analytics in the final list of comparable companies even though it is engaged in providing IT solutions, engineering and business process outsourcing services which is functionally not comparable to the Respondent.

10. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including Persistent Systems Limited in the final list of comparable companies even though it is engaged in product development and has made various acquisitions during the relevant year which is functionally not comparable to the Respondent.

11. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of excluding Akshay Software Technologies Limited and CAT Technologies Limited from the final list of comparable companies even though the details of related party transaction were available in the financial statements and the companies are functionally comparable to the Respondent.

12. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of excluding LGS Global from the final list of comparable companies even though the financial statement were available and is functionally comparable to the Respondent.

IT enabled service segment

13. That the decision of the learned CIT (A) is appropriate based on the facts and in law in rejecting Eclerx Services Limited since it is engaged in performing Knowledge Process Outsourcing ("KPO") activities and is functionally not comparable to the Respondent.

14. That the decision of the learned CIT (A) is appropriate based on the facts and in law in rejecting Infosys BPO Limited since it is engaged in highly integrated services and has presence of brand and is functionally not comparable to the Respondent.

15. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including Accentia

Technologies Limited as it is engaged in KPO activities and product development and functionally not comparable to the Respondent.

16. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including Acropetal Technologies Limited (Seg) as it is engaged in product development and is functionally not comparable to the Respondent.

17. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including Fortune Infotech Limited as it is engaged in design and development of application which is in nature of IT services and is functionally not comparable to the Respondent.

18. That the learned CIT (A) erred in not providing any direction to the contentions of the Respondent, thereby upholding the learned TPO's approach of including ICRA Online Limited (seg) as it is engaged in KPO activities and is functionally not comparable to the Respondent.

19. That the learned CIT (A) erred in not providing any direction and upholding the approach of the learned TPO approach in respect of the negative working capital adjustment granted.

Corporate Tax

20. That the decision of the learned CIT(A) is appropriate in directing the AO to exclude expenses incurred in foreign currency towards travel and communication from the export turnover and total turnover for the purpose of computation of deduction under section 10A by following the decision of Hon'ble High Court of Karnataka in the case of Tata Elxsi Limited in (2012) 349 ITR 98 (Kar).

21. That the Respondent craves leave to add to and/or to alter, amend, rescind, modify the grounds herein above or produce further documents before or at the time of hearing of this Appeal.”

Brief facts of the case are as under

2. Assessee is a company and filed its return of income for year under consideration on 27/09/2010 declaring total income of Rs.1,98,654/-. Assessee is also claimed deduction under section 10A amounting to Rs.11,04,58 970/-. The return was processed under section 143(1) of the Act and subsequently the case was selected for scrutiny. Notices under section 143 (2) and 142 (1) were issued in response to which representative of assessee appeared from time to time and submitted details as called for.

3. The Ld.AO observed that assessee has entered into international transactions exceeding Rs.15 crores and accordingly the case was referred to Transfer Pricing officer for determining the arm's length price of the international transactions entered into by assessee.

4. Upon receipt of reference under section 92CA, the Ld.TPO allowed upon assessee to furnish economic details of international transactions entered into by assessee in Form 3 CEB.

5. The Ld.AO observed that assessee had following international transaction with its associated enterprises:

Sl. No.	Nature of Transaction	Amount (in Rs.)
1.	Receipts for Software Development Services	44,39,90,456
2.	Receipts for IT enabled Services	14,20,98,414
3.	Reimbursement of expenses - ESOP	19,121,498
4.	Reimbursement of expenses — ESPP	2,45,116
5.	Purchase of fixed assets	98,531
6.	Reimbursement of expenses — ESPP Employee Contribution	13,42,234

6. The Ld.TPO noted that assessee has used TNMM as most appropriate method and OP/TC as the PLI thereby computing its margin at 15% under software development service segment and 18% under I T enabled service segment.

Assessee used following filters to shortlist the comparables under both the segments:

Sl No	Filter adopted in TP Study
1	Companies with a ratio of R & D expenses to sales of less than 3% were selected
2	Companies with a ratio of net fixed assets to sales less than 200% were selected
3	Companies that had average sales less than INR 1 crore were rejected

4	Companies with networth less than zero were rejected
5	Companies with a ratio of the sum of advertising, marketing and distribution expenses to sales of less than 3% were selected

7. Assessee used 16 comparables having 13% as the average margin for software development service segment and 15 comparables having 14% as average margin under ITES service segment thereby holding the transactions under both the segments to be at arms length. Following were the comparables considered by assessee under both the segments:

Software Development Service segment

<u>Sl.No.</u>	<u>Comparable Company – SWD</u>	<u>Markup on on Total Cost</u>
1.	Akshay Software Technologies Ltd	-7%
2.	Compulink Systems Ltd	-7%
3.	F C S Software Solutions Ltd	39%
4.	Goldstone Technologies Ltd	12%
5.	L G S Global Ltd	23%
6.	Larsen & Toubro Infotech Ltd	22%
7.	Mindtree Ltd	22%
8.	P S I Data Systems Ltd	5%
9.	Polaris Software Lab Ltd	n%
10.	Reliance Infosolutions Pvt Ltd	1%
11.	Sasken Communication Technologies Ltd*	13%
12.	Synetairos Technologies Ltd	21%
13.	Thinksoft Global Services Ltd*	18%
14.	Zensar Obt Technologies Ltd	19%
15.	Crazy Infotech Ltd.	1%
16.	Teledata Marine Solutions Ltd	3%
	Mean	13%

ITES service segment

	<u>Services</u>	<u>Markup on Total Cost Without Adis %</u>
1.	A O K In-House BPO Services Ltd	13%
2.	Aditya Birla Minacs Worldwide Ltd	8%
3.	Cameo Corporate Services Ltd	10%
4.	Cosmic Global Ltd	34%
5.	Delta Services (I) Pvt Ltd	7%
6.	Informed Technologies India Ltd	12%
7.	Infosys B P O Ltd	24%
8.	K N M Services Pvt Ltd	14%
9.	Optimus Global Services Ltd	-2%
10.	Sparsh B P O Services Ltd	6%

11.	Crossdomain Solutions Pvt Ltd	28%
12.	Omega Healthcare Management services	9%
13.	B N R Udyog Ltd	38%
14.	In House Productions Ltd	4%
15.	Timex Group India Pvt. Ltd.	8%
	Mean	14%

8. Dissatisfied with the comparability analysis in the trans-appraising study by assessee, the Ld.TPO adopted following filters to reject most of the comparables selected by assessee:

- ✓ Companies whose current year data is not available were excluded.
- 1 Companies whose Software Development/ IT Enabled Service revenue <Rs.1 Crore were excluded.
- 1 Companies whose Software Development Service/ IT Enabled revenue is less than 75% of the total operating revenues were excluded
- 1 Companies who have more than 25% related party transactions of the operating revenues were excluded.
- 1 Companies whose export revenues is less than 75% of the revenues from Software Development Services were excluded.
- 1 Companies whose export revenues is less than 25% of the revenues from IT Enabled Services were excluded.
- 1 Companies with employee cost less than 25% of turnover were excluded.
- 1 Companies who have diminishing revenues / persistent losses for the period under consideration were excluded.
- ✓ Companies having different financial year ending (i.e. not March 31, 2010) or date of the company not available for the 12 month period i.e. 01-04-2009 to 31-03-2010, were rejected.
- ✓ Companies that are functionally different from that of taxpayer, were excluded.
- ✓ Companies who have peculiar economic circumstances for the period under consideration were excluded.

9. Based on the above filters, the Ld.TPO shortlisted following comparables under both the segments

Comparables selected by TPO under SWD segment:

SI.N	Name	PLI
1	ICRA Techno Analytics Ltd.(seg)	24.94%
2	Infosys Ltd	44.98%
3	Kals InformationSystems Ltd.(seg)	34.41%

4	Larsen & Toubro Infotech Ltd.	19.33%
5	Mindtree Ltd.(seg)	14.83%
6	Persistent Systems &	15.38%
7	Persistent Systems Ltd.	30.35%
8	R S Software (India) Ltd.	10.29%
9	Sasken Communication	17.36%
10	Tata Elxsi(seg)	20.93%
11	Thinksoft Global Services Ltd.	17.05%
	AVERAGE MARGIN	22.71%

Comparables selected by TPO under ITES segment:

<u>SL.NO</u>	<u>NAME</u>	<u>PLI</u>
1	ACCENTIA TECHNOLOGIES LTD	43.06%
2	ACROPETAL TECHNOLOGIES LTD (SEG.)	22.27%
	E-CLERX SERVICES LTD	55.97%
4	FORTUNE INFOTECH LTD	22.80%
5	ICRA ONLINE LTD(SEG)	43.39%
6	INFORMED TECHNOLOGIES INDIA LTD	26.15%
7	IN FOSYS BP°	31.23%
8	COSMIC GLOBAL LTD	14.97%
9	SUN DARAM BUSINESS SERVICES LTD	-12.31%

10	J EEVAN SCIENTIFIC TECHNOLOGY LTD.(SEG.)	21.05%
	AVERAGE	26.86%

10. The Ld. TPO thus proposed the adjustment being shortfall under both these segment as under:

SWD	10,753,719
ITES	33,781,889
Total Adjustment u/s 92CA	44,535,608

11. On receipt of the Transfer Pricing order, the Ld.AO passed the assessment order under section 143 (3) read with section 92CA of the Act on 05/03/2014. While passing the assessment order the Ld.AO recalculated the deduction under section 10A of the Act at Rs.10,79,79,913/- as against Rs.11,04,58,970/- claimed by assessee, by reducing the expenses in foreign currency and communication charges from the export turnover.

12. Aggrieved by the order passed by Ld.AO, assessee preferred appeal before Ld.CIT(A) Ld.CIT(A) allowed the claim of assessee under section 10A of the Act by following the decision of *Hon'ble Karnataka High Court* in case of *Tata Elxsi Ltd.*, reported in (2012) 349 ITR 98.

13. In regards to the transfer pricing adjustment, the Ld.CIT(A) directed the Ld.AO/TPO to exclude Infosys Technologies Ltd., Kals Information Systems Ltd. and Tata Elxsi Ltd., from the final list of comparable under software development service segment. Under ITES segment Eclerx services Ltd. and Infosys BPO Ltd. were directed to be excluded. These comparables were excluded

for functional dissimilarities observed by Ld.CIT(A). Other comparables were upheld by the Ld.CIT(A).

14. Against order passed by the Ld.CIT(A) revenue is in appeal before us now. Assessee has filed cross objection in the appeal filed by revenue.

We shall 1st take up the appeal filed by revenue.

Before carrying on the comparability analysis, it is *sine qua non* to understand the functions performed by assessee is assets owned and risks assumed.

Functions:

Assessee stated to be having following functions under software development service segment:

Arriba supplies network, platform/infrastructure, Arriba sourcing, Arriba buyer, technical solution centres.

Under ITES segment assessee provides technical support services, Data enrichment services, strategic sales and delivery support shared services.

Assets owned

It is submitted that assessee do not own any significant intangibles. Assessee uses process, technical data software, quality standards etc., owned by the AE for provision of services. Other than that, assessee owns furniture fixtures office equipments computer is except rougher purposes of carrying out its business activity.

Risks assumed:

It is submitted in the TP study that assessee do not undertake any market risk any product/service liability risk any technology risk any credit risk research and development risk is also not undertaken by assessee. The only minimal risk that is borne by assessee is towards the manpower risk with respect to the segments as assessee has to recruit and retained key technical personnel. Assessee also incurs the foreign exchange risk as the remuneration is received by assessee under foreign currency.

Assessee is compensated on a cost plus model and is categorised as a contract service provider that does not assume any price risk in case of development.

Based on the above, we shall undertake the comparability analysis of the comparables sought for inclusion by revenue.

15. Ground No.3-4

15.1 Revenue is aggrieved by the exclusion of Infosys Technologies Ltd., Kals Information Systems Ltd. and Tata Elxsi Ltd., from the final list of comparable under software development service segment. Under ITES segment Eclerx services Ltd. and Infosys BPO Ltd. were directed to be excluded.

15.2 The Ld. CIT DR placed reliance on orders passed by authorities below.

15.3 At the outset, the Ld. AR submitted that these comparables does not qualify to be included for the reason that they are functionally not similar with that of assessee as it owns huge brand values as well as high intangibles which is not the case in

the present assessee. It is also submitted that these comparables are to be excluded for not qualifying the turnover filter as all these comparables have high turnover of more than 200 crores.

15.4 The Ld.AR placed reliance on the decision of coordinate bench of this *Tribunal* in case of *DCIT vs Northern operating services* reported in (2019) 108 *taxmann.com* 451 in support of its contention. He submitted that for the same year under consideration this *Tribunals* excluded following comparables for having high turnover. He submitted that this coordinate bench of this *Tribunal* in case of *Genesis Integrating systems vs.DCIT* reported in (2012) 20 *taxmann.com* 715, suggested guideline in the matter of turnover filter and the categorisation of software companies in the Dunn and Bradstreet study to be adopted as a method of classification of companies by size. It was submitted that the 3 categories of firms were identified, that is small with turnover less than 200 crore, medium with turnover Rs. 200 to 2000 crore and large with turnover greater than 2000 crore. The Ld.AR further submitted that *ITAT Mumbai Tribunal* in case of *Capgemini India Pvt.Ltd., vs ACIT* reported in (2015) 58 *taxmann.com* 175 has held that the concept of economic upscale cannot be applied to service delivering companies and that there is no empirical evidence to suggest that margins are related to turnover. Hence it was submitted by the Ld.AR that company having huge brand value and intangibles with diversified activities of software development, consultancy, engineering

services etc., cannot be compared with the captive service provider like that of assessee that, earns revenue on cost plus basis.

15.4 The Ld.AR even otherwise submitted that, these comparables are not functionally similar with that of assessee as they are involved in software products as has been observed by coordinate bench of this *Tribunal* in case of *DCIT vs Electronics for Imaging India Pvt.Ltd.*, reported in (2016) 70 *Taxmann.com* 299 for assessment year 2010-11, and various other decisions in support of his contentions.

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

16.1 Decision of coordinate bench of this *Tribunal* in case of *Autodesk India Pvt. Ltd., vs DCIT* reported in (2018) 96 *Taxmann.com* 263 has analysed every conflict in view and concluded that the law laid down in case of *Genesis integrating systems India private limited (supra)* has to be followed. The relevant observations of this *Tribunal* are as under:

“17.8 *In view of the above conclusion, there may not be any necessity to examine as to whether the decision rendered in the case of Genisys Integrating Systems (I) (P.) Ltd. (supra) by the ITAT Bangalore Bench should continue to be followed. Since arguments were advanced on the correctness of the decisions rendered by the ITAT Mumbai and Bangalore Benches taking a view contrary to that taken in the case of Genisys Integrating Systems (I) (P.) Ltd. (supra), we proceed to examine the said issue also. On this issue, the first aspect which we notice is that the decision rendered in the case of Genisys Integrating Systems (I) (P.) Ltd. (supra) was the earliest decision rendered on the issue of comparability of companies on the basis of turnover in Transfer Pricing cases. The decision was rendered as early as 5.8.2011. The decisions rendered by the ITAT Mumbai Benches cited by the learned DR before us in the case of Willis Processing Services (supra) and Capegemini India (P.) Ltd. (supra) are*

to be regarded as per incurium as these decisions ignore a binding co-ordinate bench decision. In this regard the decisions referred to by the learned counsel for the Assessee supports the plea of the learned counsel for the Assessee. The decisions rendered in the case of NTT Data (supra), Societe Generale Global Solutions (supra) and LSI Technologies (supra) were rendered later in point of time. Those decisions follow the ratio laid down in Willis Processing Services (supra) and have to be regarded as per incurium. These three decisions also place reliance on the decision of the Hon'ble Delhi High Court in the case of Chriscapital Investment (supra). We have already held that the decision rendered in the case of Chriscapital Investment (supra) is obiter dicta and that the ratio decidendi laid down by the Hon'ble Bombay High Court in the case of Pentair (supra) which is favourable to the Assessee has to be followed. Therefore, the decisions cited by the learned DR before us cannot be the basis to hold that high turnover is not relevant criteria for deciding on comparability of companies in determination of ALP under the Transfer Pricing regulations under the Act. For the reasons given above, we uphold the order of the CIT(A) on the issue of application of turnover filter and his action in excluding companies by following the ratio laid down in the case of Genisys Integrating (supra)."

16.2 For the above reasons we uphold exclusion of Infosys Technologies Ltd., Kals Information Systems Ltd. and Tata Elxsi Ltd., from the final list of comparable under software development service segment. Under ITES segment exclusion of Eclerx services Ltd. and Infosys BPO Ltd. are upheld.

Accordingly these grounds raised by revenue stands dismissed.

17. In respect of **Ground No.2**, We note that Ld.CIT(A) directed Ld.AO to compute the deduction under section 10A in accordance with the decision of *Hon'ble Karnataka High Court* in case of *Tata Elxsi Ltd.* reported in (2012) 349 ITR 98. We do not find any infirmity in such view taken by Ld.CIT(A) and the same is upheld.

Accordingly, this ground raised by revenue stands dismissed.

18. Ground No.1,5&6 are general in nature and do not require any adjudication.

In the result appeal filed by revenue stands dismissed.

34. As the appeal filed by revenue stands dismissed across objection filed by assessee becomes infructuous.

In the result revenue's appeal and assessee's cross objection stands dismissed.

Order pronounced in the open court on 11th March, 2021

(CHANDRA POOJARI)
Accountant Member
Bangalore,
Dated, the 11th March, 2021.
/Vms/

(BEENA PILLAI)
Judicial Member

Copy to :

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

By order

Assistant Registrar, ITAT, Bangalore

		Date	Initial	
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