

The SWD services rendered by the assessee include product customization, upgradation and error correction activities for its AEs. The ITE services rendered by the assessee are in the nature of business support functions like operational accounting process and recruitment process for its AE. In terms of Sec.92(1) of the Act, the Any income arising from an international transaction (transaction with an Associated Enterprise) shall be computed having regard to the arm's length price. In this appeal by the Assessee, the dispute is with regard to determination of Arms' Length Price (ALP) in respect of the aforesaid international transaction of rendering SWD services and ITeS to the AE.

3. The Assessee filed a Transfer Pricing Study (TP Study) to justify the price paid in the international Transaction as at ALP by adopting the Transaction Net Margin Method (TNMM) as the Most Appropriate Method (MAM) of determining ALP. The Assessee selected Operating Profit/Operating Cost (OP/OC) as the Profit Level Indicator (PLI) for the purpose of comparison. During the previous year relevant to the assessment year 2009-10, two of the international transactions that took place between the assessee and its AEs were the provision of the provision of ITe Services by the assessee at a price of Rs. 3,24,84,774/- in respect of which an adjustment of Rs.62,66,504/- was made by the Transfer Pricing Officer (TPO) and SWD services by the assessee at a price of Rs. 18,46,18,296/, for which a TP Adjustment was made by the TPO to an extent of Rs.2,32,81,079/-. Initially, a draft assessment order dated 15.03.2013 under section 143(3) read with section 144C of the Income-tax Act, 1951 ("the Act") came to be passed by the Assessing Officer ('AO' for short) upon incorporating the aforesaid TP adjustments.

4. Aggrieved, the assessee filed its objections before the DRP which, vide its directions dated 30.12.2013, rejected the objections to a large