

**IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH : BANGALORE**

**BEFORE SHRI CHANDRA POOJARI, ACCOUNTANT MEMBER
AND
SMT. BEENA PILLAI, JUDICIAL MEMBER**

ITA No. 15/Bang/2020
Assessment Year : 2013-14

M/s. Course5 Intelligence Pvt. Ltd., (Formerly Cross Tab Marketing Services Pvt. Ltd.) No. 422, 80 Feet Road, 6 th Block, Koramangala, Bangalore – 560 095. PAN: AABCC6525A	Vs.	The Deputy Commissioner of Income Tax, Circle – 2(1)(1), Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Padam Chand Khincha, CA
Revenue by	:	Shri Srinivas Rao Bandaru, JCIT DR

Date of Hearing	:	14-07-2022
Date of Pronouncement	:	18-08-2022

ORDER

PER BEENA PILLAI, JUDICIAL MEMBER

Present appeal is filed by assessee against order dated 14/10/2019 passed by Ld.CIT(A)-2, Bangalore for A.Y. 2013-14 on following grounds of appeal:

“1. The learned Assessing Officer had erred in passing the order in the manner passed by him and the learned CIT (A) has erred in partially confirming the same. The orders passed being bad in law and liable to be quashed.

2. In any case and without prejudice, the learned Assessing officer had erred in disallowing the entire deduction of Rs. 1,47,84,501 claimed u/s 10AA of the Act holding that

- i) the appellant had artificially inflated the profits of eligible SEZ units by making voluntary adjustments.
- ii) the appellant had failed to substantiate the adjustments made while computing the profits of the eligible undertaking;

And the learned CIT(A) has erred in confirming the same. The reasoning given by the Authorities below being totally contrary to available facts and law are to be disregarded and the denial of deduction as claimed is to be deleted.

3. In any case and without further prejudice, the learned assessing officer had erred in holding that the appellant has not apportioned various general expenses incurred to SEZ unit, thereby inflated the profit of the eligible unit and the learned CIT(A) has erred in confirming the same. The Conclusions of authorities below being contrary to facts and law applicable are to be rejected.

4. The learned Assessing officer had erred in disallowing a sum of Rs. 4,81,257/- being premium on options contract as speculative in nature and the learned CIT(A) has erred in confirming the same. On proper appreciation of facts and the law applicable, the payment is made to hedge the currency fluctuations. There is no speculation at all. The disallowance as made being totally erroneous is to be deleted.

5. The appellant is entitled to set off of brought forward losses from earlier years and same is to be allowed to appellant.

6. The learned Assessing Officer has erred in levying Interest U/s. 234B and 234C of the I.T. Act 1961. The appellant denies the liability to pay interest. The interest debited is bad in law and on facts has to be deleted entirely.

7. In view of the above and on other grounds to be adduced at the time of hearing, it is requested that impugned order be quashed or atleast additions made to income be deleted, the deduction u/s.10AA of the Act be allowed to appellant in the manner claimed by it, premium on option contract be allowed, the claim for set off of

brought forward losses be allowed and interest levied be also deleted.”

2. Brief facts of the case are as under:

2.1 Assessee is a company and filed its return of income declaring Nil on 28/09/2013. The case was selected for scrutiny under CASS and notice u/s. 143(2) r.w.s. 142(1) was issued in response to which the representative of assessee appeared before the Ld.AO and filed requisite details.

2.2 The Ld.AO observed that assessee is engaged in the business of service sector providing IT enabled services, BPO services etc. The Ld.AO observed that assessee claimed deduction u/s. 10AA from three types of unit. One being STPI unit and other being SEZ unit, both in India and the last being USA branch in the following manner.

	STPI Unit	SEZ Unit	US Branches	Total
Profit as per P&L account	(1,02,29,825)	18,36,610	3,86,07,153	3,02,13,938
Add: Transfer Pricing Billing	5,52,19,775	1,22,29,483	(6,74,49,258)	
	4,49,89,950	1,40,66,093	(2,88,42,105)	3,02,13,938

2.3 The Ld.AO was of the opinion that the assessee converted the loss of STPI unit into profit and the profit of USA branch into loss. The assessee was therefore asked to substantiate the claim. The Ld.AO also noted that due to additional transfer pricing billing, the profit of SEZ unit was converted from Rs.18,36,610/- to Rs.1,40,66,093/- and ultimately the claim of assessee u/s. 10AA was at Rs.1,47,84,501/-. The Ld.TPO noted that the assessee declared a voluntary TP adjustment in the computation of income only to increase the profit of SEZ unit and to claim enhanced benefit u/s. 10AA of the Act. The Ld.TPO was therefore of the

opinion that, the assessee has not substantiated the voluntary TP adjustment and the nature source thereof, in order to comply with the claim of deduction u/s. 10AA of the Act.

2.4 The Ld.TPO also noted that the assessee had claimed a premium on option contract of Rs.4,81,257/-, that was disallowed by the Ld.AO as speculative in nature. The Ld.AO further noted that assessee had not debited any expenses incurred on the investments made towards tax free income as per section 14A of the Act and therefore a disallowance of Rs.57,677/- was computed by the Ld.AO by resorting to Rule 8D(2)(iii) of the IT Rules.

2.5 Aggrieved by the above additions made, the assessee preferred appeal before the Ld.CIT(A). The Ld.CIT(A) after considering the submissions made by the assessee upheld the disallowances made by the Ld.AO in respect of the deduction claimed u/s. 10AA and disallowance made u/s. 14A of the Act. With respect to the claim of premium paid on option contracts, the Ld.CIT(A) held that the assessee failed to highlight the receivables / payables against which the hedging transaction were undertaken, and in the absence of such working, the findings of the Ld.AO were that, the losses are speculative in nature can be set off against only speculative income. He thus upheld the observations of the Ld.AO and confirmed the disallowance made.

2.6 Aggrieved by the order of Ld.CIT(A), assessee is in appeal before this *Tribunal*.

3. The Ld.AR at the outset submitted that assessee has raised grounds only in respect of following two issues

Issue – 1: Claim of deduction under section 10AA of Rs.1,47,84,501

Issue – 2: Deduction of premium paid on option contracts amounting to Rs.4,81,257.

4. The Ld.AR submitted that Ground nos. 2-3 are in respect of Issue

1. The Ld.AR vide synopsis submitted as under:-

“2.1 The Appellant during the year operated from two STPI and one SEZ unit. The bills/invoices for services are generally raised by respective units. However, in certain cases, the US branch undertook the function of billing for services rendered by the Indian STPI/SEZ units. This was done for business and strategic reasons and at the insistence of the US clients (detailed in the submissions made to the CIT(A) @ Page 57 of the paperbook). This modus operandi has continued in the subsequent years for the purposes of billing/invoicing its US clientele. This practice for the subsequent years remained undisturbed. The return of income for those years has been accepted by the Department without proposing any adjustments. Having allowed the deduction for subsequent years and on the principle of consistency, the deduction claimed by the Appellant under section 10AA for the year under appeal should be allowed following the Apex court decisions in CIT vs. Excel Industries Ltd 358 ITR 295 (SC); Radhasoami Satsang Saomi Bagh v. CIT [1992] 193 ITR 321 (SC); Bharat Sanchar Nigam Ltd. v. Union of India [2006] 282 ITR 273.

Reallocation of revenue from branch to STPI and SEZ units

2.2 The Appellant provided detailed charts to substantiate that the services were rendered from STPI and SEZ units in India and that merely the billing for such services was undertaken by the US branch office. [Page 148-150 of the paperbook].

2.3 The above mentioned charts depicted the activity wise and unit wise services rendered to US clients. The following services were rendered by the STPI and SEZ units to US clients:

- a) Charting*
- b) Coding*
- c) Data Processing*
- d) Survey Programming*
- e) SP-Dimension*
- f) Project Management*

2.4 The chart also depicts the following:

- a) Month-wise details of headcount of employees employed for services rendered by the SEZ and STPI units to US clients.*
- b) Month-wise details of number of hours worked by employees for services rendered by the SEZ and STPI units.*

c) *Month-wise details of the bills raised for the above services rendered by the SEZ and STPI units to US clients*

d) *An amount of USD 2,24,848 was billed by the US branch for the services rendered by the SEZ unit from India. The translated to an amount of Rs. 1,22,29,483 (approx. USD/INR rate = 54.39) which was reallocated to the SEZ unit.*

e) *An amount of USD 10,14,920 was billed by the US branch for the services rendered by the STPI unit from India. This translated to an amount of Rs. 5,52,19,775 (approx. USD/INR rate=54.39) which was reallocated to the STPI unit.*

The Appellant also wishes to submit that employee wise details at both the SEZ and STPI units are also available to corroborate these detailed charts.

2.5 The revenues were reallocated from the US branch to the STPI and SEZ units on a rational, logical and scientific basis. Hence, the deduction as claimed by the Appellant under section 10AA should be allowed.

Adjustment under section 92C(4)

2.6 As per the learned AO deduction under section 10AA was not permissible as per the provisions of section 92C(4) of the Act. The first proviso to section 92C(4) states that no deduction under section 10A or section 10AA or section 10B or under Chapter VIA shall be allowed in respect of the amount of income by which the total income has been enhanced in line with determination of the Arm's Length Price ('ALP') by the assessing officer/TPO.

2.7 The reallocation of revenue of the branch does not constitute an international transaction. Transactions between a foreign Branch and an Indian Head Office do not constitute an international transaction under Chapter X of the Act. The branch office is an apparition, it is merely a projection of the head office on foreign soil. It is not an autonomous body. The status of a branch would also be 'resident'. As no non-resident is involved, the impugned reallocation is not governed by TP provisions. The entire exercise of the learned AO is bad in law.

2.8 Such principles have been enunciated by the Delhi Tribunal in the case of Aithent Technologies (P.) Ltd. vs. DCIT [2016] 74 taxmann.com 214 (Delhi - Trib.) and [2015] 54 taxmann.com 261 (Delhi - Trib.) [Page No. 174-200 of the case law compilation]. The findings of the tribunal is as follows:

"The final accounts of foreign branch office, including all the items of income, expenses, assets and liabilities are merged with the accounts of head office and the accumulated income so determined is liable to tax in India. When the sale made by the Indian Head office is considered as purchase of the foreign branch office and the figures of head office and branch office are consolidated, any under or over invoicing becomes tax neutral. Even if for a moment, the contention of the revenue is accepted as correct that the head office earned profit from its branch office, then such profit earned would constitute additional cost of the Branch office. On aggregation of the accounts of the Head office and branch office, such income of the Head Office would be set off with the equal amount of expense of the Branch Office, leaving thereby no separately identifiable income on account of this transaction. So the over or under invoicing between the Indian head office and foreign branch office is always income-tax neutral in the case of an Indian enterprise having a permanent establishment outside India. Making a transfer pricing adjustment in respect of the international transactions between the Indian head office and the foreign branch office will result into charging tax on income which is more than legitimately due to the exchequer. Obviously, this is impermissible. The rationale in not applying the provisions of Chapter-X on transactions between the head office and branch office is limited only on an Indian enterprise having branch office abroad"

Further, it was also held that - "Reverting to the extant context, it is apparent that when the assessee is only one entity in dealings between the head office and its branch office, such inter se dealings cease to be commercial transactions in the primary sense, what to talk of an 'international transaction, whose pre-requisite is a transaction between two or more associated enterprises. Since the branch office in Canada is only a branch office and not a separate entity distinct from the assessee, the transactions between the head office and branch office in Canada could not be considered as international transaction."

2.9 Even otherwise, the denial of deduction under section 10AA is only when the TPO makes the adjustment. The deduction is not to be denied when the assessee is himself making the adjustment. This view is fortified by the jurisdictional Tribunal in iGate Global Solutions Ltd vs. ACIT [2008] 24 SOT 3 (URO) (Bang.) [Page 163-171 of the paperbook] wherein it was held that the assessee itself computed arm's length price and disclosed income on the

basis of said price, it could not be regarded as a case where there was enhancement of income due to determination of arm's length price by the TPO. In such circumstances, the appellant is entitled to deduction under section 10AA in respect of income declared in return. Similar observations have been upheld by the Delhi Tribunal in GS Engineering & Constructions India (P.) Ltd [2018] 100 taxmann.com 66 (Delhi Trib.) [Page 160-163 of the paperbook].

2.10 The conclusion of the learned AO that the deduction under section 10AA is to be given only after the setting off of loss of other units is also incorrect. The Supreme Court in Yokogawa's case 391 ITR 274 held that deduction under section 10AA has to be immediately on computing the income of the eligible undertaking under Chapter IV uninfluenced by the results of the other undertakings. The ratio of the Supreme Court decision in Yokogawa's case is applicable also to deduction under section 10AA.

2.11 On the basis of the above, the denial of deduction under section 10AA by the AO is incorrect, contrary to law and facts. The addition to the total income on this count is liable to be deleted.”

On the contrary, the Ld.Sr.DR placed reliance on orders passed by authorities below.

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

5. We note that the entire premises of disallowance u/s. 10AA of the Act is only on the basis that the assessee has not rendered any additional work for which, there is a voluntary TP adjustment declared by the assessee. The revenue is doubting the rendition of work for the income earned against which the voluntary TP adjustment is made. Voluminous details were filed by assessee before the authorities below in the form of bills, invoices, in respect of the services rendered by the STPI units in India.

6. Further, we note that the Ld.CIT(A) observed that, there is no allocation of expenses between the STPI unit / SEZ unit, due to which, the disallowance was made. The Ld.AR referred to page 91

of the paper book which has been filed before the authorities below that gives the bifurcation of expenditure between the STPI / SEZ unit, non-STPI, non-SEZ unit and US branch. For the sake of convenience, the same is scanned and placed as **Annexure – 1**.

7. We note that none of these details were considered by the revenue authorities. In the interest of justice, we remand this issue back to the Ld.AO to verify all the details in respect of the rendition of services by the STPI/SEZ unit in India, against which voluntary TP adjustment of Rs.6,74,49,258/- was made, and the allocation of expenses by the assessee as per the Annexure – 1 placed herewith. The Ld.AO shall carry out necessary verification in respect of the claim, and the assessee is directed to file all necessary documents in support of and as called by the Ld.AO in order to adjudicate this issue. The Ld.AO is directed to give proper opportunity of being heard to assessee.

Accordingly, Ground nos. 2-3 raised by assessee stands partly allowed for statistical purposes.

8. Ground no. 4 is in respect of mark to market loss claimed by assessee. It is submitted that assessee is engaged in online market research and data analysis. It exports its services and is entitled to receive the consideration in foreign exchange. The consideration received by assessee after conversion depended on exchange rates prevalent on the date of conversion. As the future exchange rates could not be predicted, the assessee was exposed to foreign exchange fluctuation risks. During the year under consideration, assessee entered into option contract with ICICI Bank to hedge itself from foreign currency exposure due to fluctuation risks. The Ld.AR submitted that the total premium charged by the ICICI Bank was Rs.19,25,000/- and the details of the contract entered into by

assessee and ICICI Bank is at pages 93-96 of the paper book. He submitted that as the spot rate was higher than the strike rate of the option contract, and therefore the assessee did not exercise the options and as such the option contracts were not settled by actual delivery. The assessee had therefore charged a sum of Rs. 4,81,251/- to the Profit and Loss Account as three options which were expiring in January , February and March of 2013 were not exercised (i.e., Rs. 19,25,000 X 12/3). This sum was claimed as a deduction in computing the appellant's taxable business income.

8.1 It is a submission of the Ld.AR that the terms and conditions of the hedge manifests that the purpose of buying the put option helps the assessee in hedging the risk of the underlying foreign currency receivables against movements in exchange rate beyond the strike rate by paying premium (Page 94 of the paperbook).

8.2 He also submitted that the assessee did not exercise the options for the month of January, February and March as the spot rate was always higher than the strike rate of the option contract. Therefore, the assessee charged a sum of Rs. 4,81,251 (Rs. 19,25,000 X 3/12) to the profit and loss account. This sum was claimed as a deduction in computing the assessee's taxable business income.

8.3 He placed reliance on the following decisions.

- *Decision of Hon'ble Karnataka High Court in case of Pr.CIT vs. Mphasis Ltd. reported in (2021) 128 taxmann.com 138*
- *Decision of Hon'ble Karnataka High Court in case of CIT vs. Quest Global Engineering Services Pvt. Ltd. in ITA No. 133 of 2015 dated 15.02.2021.*

wherein it is held that the loss sustained by an assessee due to fluctuation in the foreign exchange while implementing export

contract i.e., on receivables is incidental to assessee's business, and therefore such loss is not a speculative loss, but a business loss. Such loss is incurred in the ordinary course of business and could not be considered as speculative in nature under section 43(5) of the Act. The same should be allowed as business expenditure under section 37 of the Act.

8.4 On the contrary, the Ld.DR submitted that it is a merely book entry and cannot be considered to be a business loss and relied on the disallowance upheld by the Ld.CIT(A).

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

8.6 Before us the Ld.AR submitted that the forex loss was on account of outstanding forward foreign currency contracts considering the value of foreign currency as on the reporting date and as per the requirement laid out under Accounting Standard 11, by the Institute of chartered accountants of India has notified by Central Government under section 211 (3C) of the Companies Act, 1956. It is submitted by the Ld.AR that it is an allowable business expenditure by placing reliance on order of *Hon'ble Supreme Court* in case of *CIT vs Woodward Governor India Pvt.Ltd.*, reported in *179 taxman 326*. It has been submitted that as per Accounting Standard 11 assessee was required to reinstate the loan amount on the closing date of the balance sheet. He placed reliance on the decision of *Hon'ble Supreme Court* in case of *Sutlej cotton Mills Ltd. vs CIT* reported in (1979) *116 ITR 1* wherein *Hon'ble Supreme Court* is observed as under:

"Whether the loss suffered by the assessee was a trading loss or not would depend on the answer to the question, whether the loss was in respect of a trading asset or a capital asset. In the former case, it would be a trading loss but not so in the latter. The test may also be formulated in another way by asking

the question whether the loss was in respect of circulating capital or in respect of a fixed capital.”

The court further observed that:

“if the amount in foreign currencies utilised or intended to be utilised in the course of the business or for trading purposes or for effecting a transaction on revenue account, is loss arising from the depreciation in its value on account of alteration in the rate of exchange would be a trading loss, but if the amount is held as a capital asset, the loss arising from depreciation would be a capital loss. This is clearly borne out by the decided cases which we shall presently discuss.”

8.7 The Ld.AR also relied on following decisions:

- *Decision of coordinate bench in case of Honeywell Technology Solutions Lab vs ACIT in ITA No.977/Bang/2015 vide order dated 12/07/2019*
- *Decision of coordinate bench in case of DCIT vs. Syngene International Ltd., in ITA No.867 to 871/Bang/2914*
- *Decision of Hon’ble Mumbai Tribunal in case of Inventurus Knowledge Services Vs. ITO in ITA No.5922/Mum/2913*
- *Decision of Hon’ble Gujrat High Court in case of Friends & Friends Shipping Vs. CIT reported in 25 taxmann.com 553*

8.8 It is the submission of the Ld.AR that option contract was a vanilla option-Buy, Vanilla put and the assessee purchased for notional put currency of USD 1,00,000 at a strike rate of USD 53. For sake of convenience, the contract is scanned and reproduced hereunder:

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ICICI Bank
VANILLA OPTIONS-BUY VANILLA PUT
Terms & Conditions

Transaction Reference Number: 9548913-9548924
 Party A: ICICI BANK LTD
 Party B (Counterparty): CROSS TAB MARKETING SERVICES PVT LTD
 Transaction / Trade Date: 12-Jan-12
 Spot Reference Rate:

USD/INR
51.6300

Option Structure

Option Expiration Date	Option Type 1
Option Settlement Date	As per the schedule A
Expiration time	As per the schedule A
Premium	Tokyo Cut (11.30 a.m IST)
Premium Payment Date	INR 16,25,000.00
Premium Payer	17-Jan-12
Premium Receiver	Party B
Option Exercise Style	Party A
Option Type	European
Currency Pair	Vanilla
Put Currency & Notional (per maturity)	USD/INR
Call Currency & Notional (per maturity)	USD 1,00,000
Strike Rate	INR 53,00,000
Buyer	53.00
Seller	Party B
	Party A

Schedule A

Expiry Date	Settlement Date	Notional - Option 1 (USD Put)
30-Jan-13	01-Feb-13	1,00,000.00
28-Feb-13	04-Mar-13	1,00,000.00
29-Mar-13	02-Apr-13	1,00,000.00
30-Apr-13	03-May-13	1,00,000.00
30-May-13	03-Jun-13	1,00,000.00
28-Jun-13	02-Jul-13	1,00,000.00
30-Jul-13	01-Aug-13	1,00,000.00
30-Aug-13	03-Sep-13	1,00,000.00
30-Sep-13	03-Oct-13	1,00,000.00
30-Oct-13	01-Nov-13	1,00,000.00
29-Nov-13	03-Dec-13	1,00,000.00
30-Dec-13	02-Jan-14	1,00,000.00
Total		12,00,000.00

Calculation agent: ICICI Bank Ltd.
 Business Day Convention: Modified Adjusted Following Business Day Convention
 Holiday Calendar: Mumbai, New York
 Settlement Basis: Gross Settlement
 Documentation: Based on FEDAI, ISDA and Indian Legal Requirements
 Other Conditions: Subject to internal ICICI Bank approvals
 Basis: Past performance

For Course5 Intelligence Private Limited
 Director



ANNEXURE

Scenario Analysis

Scenarios	Scenario Analysis				Net Profit/Loss #
	Party B likely to Pay to Party A				
	Premium in INR		Fix Rate	INR Amount	
	19,25,000.00		0.00	19,25,000.00	
	Party B likely to receive from Party A				
	Total USD Notional	Average USD/INR Rate @	USD Put Strike Rate	INR Amount	
Scenario A	12,00,000.00	59.3745	53.0000	-	(19,25,000.00)
Scenario B	12,00,000.00	58.7930	53.0000	-	(19,25,000.00)
Scenario C	12,00,000.00	54.2115	53.0000	-	(19,25,000.00)
Scenario D	12,00,000.00	51.6300	53.0000	16,44,000.00	(2,81,000.00)
Scenario E	12,00,000.00	51.0000	53.0000	24,00,000.00	4,75,000.00
Scenario F	12,00,000.00	49.0485	53.0000	47,41,800.00	28,16,800.00
Scenario G	12,00,000.00	46.4670	53.0000	78,39,600.00	59,14,600.00
Scenario H	12,00,000.00	43.8855	53.0000	1,09,37,400.00	90,12,400.00

@ Indicative USD/INR Spot Exchange Rate prevailing 2 business days prior to every cash flow date

The net profit / loss mentioned herein is from the view point of Party B and is only indicative as per limited simulation and may not coincide completely with the actual profit/loss, it could be higher or lower depending upon various market factors.

Risks

In respect of the above deal done, Party B states that various risks of the transaction have been explained to us by Party A and understand that following are the key risks in the transaction :-

Sensitivity Analysis:

In case the transaction is held till maturity,

- (1) If USD/INR spot rate trades above 53 on expiration date then Party B will incur a loss to that extent of premium paid in the transaction, as illustrated in the scenario analysis above.
- (2) If USD/INR spot rate trades below 53 on expiration date but the moneyness is less than the amount of premium paid then Party B will incur a loss to that extent in the transaction, as illustrated in the scenario analysis above.

In case the transaction is terminated before maturity, assuming everything else remaining constant,

- (3) If the value of USD against INR increases then Party B will incur a loss to that extent in the transaction, illustratively Party B will lose around INR 735000 if the value of USD against INR increase to 54.2115 from the current level of 51.63

Purpose

Buying put option helps the Party B in hedging the risk of the underlying foreign currency receivables against movements in exchange rate beyond the strike rate by paying premium

Party A would like to state that in the event of there being a mismatch between the Terms and Conditions and the Annexure, the Terms and Conditions shall prevail.

Risk Disclosure Statement

The Counterparty acknowledges that before entering into Derivative Contracts, it understands the underlying risk of the above mentioned transaction. The Counterparty acknowledges that derivative transactions are in general exposed to various types of risk, including but not restricted to the following:

1. Credit risk

Credit risk is the risk of loss due to a counterparty's failure to perform on an obligation to the institution. Credit risk in derivative products comes in two forms:

Pre-settlement risk is the risk of loss due to a counterparty defaulting on a contract during the life of a transaction. The level of exposure

varies throughout the life of the contract and the extent of losses will only be known at the time of default.

Settlement risk is the risk of loss due to the counterparty's failure to perform on its obligation after an institution has performed on its obligation under a contract on the settlement date. Settlement risk frequently arises in international transactions because of time zone differences. This risk is only present in transactions that do not involve delivery versus payment and generally exists for a very short time (less than 24 hours).

For Course5 Intelligence Private Limited
 Adithi
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2. Market risk

Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposure occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates, equity prices, and commodity prices or in the volatility of these factors.

3. Liquidity risk

Liquidity risk is the risk of loss due to failure of an institution to meet its funding requirements or to execute a transaction at a reasonable

price. Institutions involved in derivatives activity face two types of liquidity risk : market liquidity risk and funding liquidity risk.

Market liquidity risk is the risk that an institution may not be able to exit or offset positions quickly, and in sufficient quantities, at a reasonable price. This inability may be due to inadequate market depth in certain product (e.g. exotic derivatives, long-dated option), market disruption, or inability of the bank to access the market (e.g. credit down-grading of the institution or of a major counterparty).

Funding liquidity risk is the potential inability of the institution to meet funding requirements, because of cash flow mismatches, at a reasonable cost. Such funding requirements may arise from cash flow mismatches in swap books, exercise of options, and the implementation of dynamic hedging strategies.

4. Operational risk

Operational risk is the risk of loss occurring as a result of inadequate systems and control, deficiencies in information systems, human error, or management failure. Derivatives activities can pose challenging operational risk issue because of the complexity of certain products and their continual evolution.

5. Legal risk

Legal risk is the risk of loss arising from contracts which are not legally enforceable (e.g. the counterparty does not have the power or authority to enter into a particular type of derivatives transaction) or documented correctly.

6. Regulatory risk

Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

7. Reputation risk

Reputation risk is the risk of loss arising from adverse public opinion and damage to reputation.

The Counterparty acknowledges that it has given consideration to its objectives, financial situation and needs and has formed the opinion that dealing in Derivative Contracts is suitable for its purposes and is within its Internal Risk Management Framework and policies and procedures with respect to derivative transactions.

The Counterparty acknowledges that under this contract Party A acts solely in the execution of Derivative deals, and not as its adviser or in a fiduciary capacity in respect of the Transaction, and that the Counterparty will use its own judgement before entering into any such Transaction and will make an independent assessment of the appropriateness of the Transaction, including the possible risks and benefits arising from this Transaction. The Counterparty shall consult its own independent financial, legal and tax advisers in order to assess the risks in relation to such Transaction.

The Counterparty further acknowledges that it has read and understood this termsheet including the Risk Disclosure Statement.

Conditions Apply

This term sheet is for indicative purposes only, and is neither meant to be, nor should it be construed as, an attempt to define all of the terms and conditions regarding a proposed derivative transaction or all risks or material considerations which may be associated therewith.

This document does not constitute an offer, or an invitation to offer, advertisement, invitation or a recommendation by Party A to the Counterparty or any other person or persons, to enter into an agreement to acquire, dispose of or subscribe for securities or any form of commitment to enter into any transaction in relation to the subject matter of the term-sheet. Party A does not make any representation or warranty as to the completeness or accuracy of the information contained in this document and accepts no liability whatsoever with respect to the use of this document or its contents.

This term sheet also does not contain or constitute any investment advice to the counterparty. Party A is acting as principal and not as the counterparty's financial adviser or in a fiduciary capacity in respect of this proposed transaction with the counterparty unless otherwise expressly agreed by Party A in writing. Accordingly, this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document and does not constitute investment, legal, accounting or tax advice, or a representation that any investment is suitable or appropriate to any specific person's individual circumstances, or otherwise constitute a personal recommendation to any specific person.

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In particular, the counterparty may seek advice from a licensed or exempt financial adviser or make such independent investigations, as he/she/they considers/consider necessary or appropriate for such purposes. Party A, its related companies, their directors and/or employees may have interests or positions in, and may effect transactions in the underlying product(s) mentioned in this document. An offer, if any, may be made at a later date and is subject to mutually acceptable legal documentation, due diligence, interest rate basis and market conditions.

For Course 5 Intelligence Private Limited

Director

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Declaration made by the counterparty

By countersigning this term sheet the counterparty hereby represents/declares the following, which shall be deemed to be repeated on each day until the maturity date of the transaction:

(i) that as on date until the date of the maturity of the transaction, the counterparty has and shall have the underlying exposure for which this transaction has been entered into as a hedge and as on date there is no other hedge already in place for the said exposure and shall not undertake any other hedge until the maturity date of the transaction for the said exposure.

(ii) that the outstanding notional principal amount of the Transaction does not exceed the outstanding amount of the underlying transaction throughout the life of this transaction and the underlying transaction which, the Counterparty seeks to hedge via this Transaction

(iii) that the maturity of the hedge (this transaction) does not exceed the unexpired maturity of the underlying transaction

(iv) that in case this Transaction does not have a specific underlying and is being booked on past performance basis, booking of this transaction will not result in the breach of the Counterparty's aggregate past performance limits.

(v) that in entering into this Transaction and performing its obligations there under, the Counterparty is and shall be in full compliance with all applicable RBI/FEMA regulations and the counterparty shall do all acts and furnish to Party A all required documents in order to ensure the compliance with such regulations.

(vi) The Counterparty hereby agrees that, without prejudice to any of the other rights of Party A, Party A shall be entitled to cancel this Transaction prior to its maturity date (at the cost and expense of the Counterparty) in the event that any of the Counterparty's declarations made/undertakings furnished above are found to be untrue or are violated.

Confirmed as of the date first above written:

By: _____
Name:
Title:

CROSS TAB MARKETING SERVICES PVT LTD

*This is an authenticated statement, which does not require any signature by ICICI Bank Ltd

For Course5 Intelligent Private Limited
Armita
Director

It is submitted that, these loss arise due to the trading transaction and that, in view of the ratio of *Hon'ble Supreme Court* in case of *Woodward Governor (supra)* assessee had an option of measuring its export receivables at exchange rate of U.S. dollar as on the last date of financial year.

8.9 It is submitted by the Ld.AR that assessee in the present facts of the case the assessee entered into forward contracts with ICICI bank to hedge the foreign exchange fluctuation risk arising in regular course of business from existing sale as well as highly probable forecast transactions. He submitted that foreign

exchange forward contract creates a binding obligation and the losses are not contingent for notional liability. It has been stated that in case of foreign exchange forward contract, the value is derived from exchange of different currencies at a forward rate and not an export receivables/sale contract of the assessee. It is submitted that irrespective of whether such forward contract is entered into for outstanding debts or for future sales, the liability pertains is certain and quantifiable liability. The Ld.AR thus submitted that loss reported is on account of restatement and is an existing liability.

8.10 The authorities below were of the view that assessee entered into forward contract with bank at predetermined exchange rate of foreign currency to safeguard its receivables from any fluctuation in foreign exchange. It was observed by the authorities below that, by entering into such forward contracts, assessee hedged its receivables and immuned itself from effect of any change in exchange rate of foreign currency. It was observed that, whatever may be the foreign exchange rate as on date of receipt of exports, whether it is higher or lower than the contract rate, assessee was certain of receiving the contract rate under the forward contract. However, by revaluing these forward contracts as on 31/03/2013, the assessee made claim of loss, not only on the basis of revaluation of its foreign exchange receivables but also on the basis of forward contracts. Such additional loss was denied by the authorities below by placing reliance on the CBDT instruction No.3/2010.

8.11 It is submitted that an identical issue has been remanded by *Coordinate Bench of this Tribunal* in case of *M/s. Biocon Ltd.*

vs. DCIT in ITA No. 74/Bang/2019 for assessment year 2010-11 by order dated 31.08.2021 by observing as under:

“5.6. Reliance is also placed on Special Bench of Mumbai Tribunal in case of DCIT vs Bank of Bahrain and Kuwait, reported in (2010) 41 SOT 290 took the view that, forward contract entered into by assessee to sell foreign currency at an agreed price on a future date falling beyond last date of accounting period that is before the date of maturity of forward contract, such loss is an allowable deduction. Subsequently in DCIT vs Bank of America NT and SA, reported in (2011) 47 SO T124, the Hon’ble Mumbai Tribunal relying on the Special Bench decision in case of Bank of Baharin and Kuwait (supra) held that revaluation of forward securities contract are being made consistently.

5.7 On account of such revaluation, profits are offered to tax and taxed and by the same token, loss, if any, is also to be allowed. Placing reliance on the decision of Hon’ble Supreme Court in case of CIT vs Woodward Governor India Pvt.Ltd., reported in (2009) 312 ITR 254, it has been submitted that loss suffered by the assessee on account of forest derivatives as on the date of balance-sheet is an item of expenditure under section 37(1) of the Act. Hon’ble Supreme Court while considering this issue observed that the expression “any expenditure” has been used in section 37 of the Act to cover both “expenses incurred” as well as an amount which is really a loss even though such amount has not gone out from the pocket of the assessee. Hon’ble Court held that the unrealised loss due to foreign exchange fluctuation on the last date of accounting year in respect of loans taken for revenue purposes was allowed as deduction under section 37 of the Act.

5.8 On perusal of the decision of Special Bench in case of Quality Engineering and Software Technologies Pvt.Ltd vs DCIT (supra), we note that provision for losses incurred on derivative contracts was held to be an allowable expenditure this Tribunal in that case held that, assessee therein entered into forward contract in order to protect its interest against fluctuation in foreign currency is in respect of

consideration for export proceeds and that there was an actual contract for sale of merchandise, which cannot be termed as speculative transactions.

5.9 In all the grounds considered and argued by both the sides hereinabove, we note that the issue revolves around allowability of losses on account of restatement of exchange losses on forward contracts, option premiums and restatement of losses and bank balances as on the last date of the balance sheet. From the submissions filed by assessee and the details of foreign exchange losses reproduced hereinabove reveals that the forward contracts entered into by assessee are for the purpose of protecting against loss which has an excess to assessee's business. This position has not been denied by the authorities below. The various decisions relied by both sides supports the claim of assessee. However we note that the details of forward contracts and the nexes with its business being capital or revenue have not been submitted by the assessee before the Ld.AO.

5.10 We refer to the consistent view taken by coordinate bench of this Tribunal in following cases:

- 1. Acer India Pvt.Ltd vs ACIT in IT(TP)A No. 458/Bang/2016 dated 18/02/2020*

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

It has been submitted that assessee has been consistently recognising gains/losses arising out of forward contracts, and has been offering income if any to tax arising from such contracts in accordance with accounting standard 11. It has been submitted that, assessee retains outstanding forward contract creditors/ payable s, Balance and loss/gain is recognised as expenses/income in the profit and loss, account at the year end. Further there is no dispute that such contracts have been entered into by assessee in order to protect its interest against fluctuation in foreign currency in respect of consideration for export proceeds which are revenue in nature. Thus, in our view consequent effect of this accounting treatment is to recognise exchange fluctuation gain or loss in the profit and loss account as on the valuation date. Hon'ble Supreme Court in case of CIT vs Woodward Governor India

(P) Ltd., reported in (2009) 312 ITR 254 held that, a transaction in

which a legal liability has been incurred before it is actually disbursed would be regarded as revenue in nature.

In the facts of present case assessee incurred foreign exchange loss far year under consideration towards trading activities, and therefore it is directly attributable to business of assessee, which is an allowable expenditure”

2. DCIT vs M/s Coffee Day Global Ltd. in ITA No.3040 & 3041/Bang/2018 dated 24/02/2020.

“10.8 We have heard the rival submissions and perused the record. The Supreme Court in the case of Sulej Cotton Mills Ltd. vs. CIT reported in (1979) 116 ITR 1 held as under:

"The law may, therefore, now be taken to be well settled that where profit or loss arises to an assessee of account of appreciation or depreciation in the value of foreign currency held by it, on conversion into another currency, such profit or loss would ordinarily be a trading profit or loss if the foreign currency is held by the assessee on revenue account or as a trading asset or as a part of circulating capital embarked in the business. But, if on the other hand, the foreign currency is held as a capital asset or as fixed capital, such profit or loss would be of capital nature"

The ratio of the above decision is whether the gain or loss should be brought to tax or allowed as deduction depends upon whether the foreign currency transactions were carried on account of capital or revenue items. If the foreign 'currency transactions are undertaken on capital account, the gain made out of such transaction is outside ambit of taxation, of course subject to the application of provisions of section 43A of the Act. If the transactions undertaken are on account of revenue items, the gain is clearly taxable and so the loss also is clearly allowable. In the present case, in the assessment year 2013-2014, Rs.18.12 crore represent the notional forex loss that is reinstatement of loan as on 31st March by marking to marketing rate and the balance amount is incurred on actual payment made during the year. In the assessment year 2014-2015, Rs.25.55 crore represent notional forex loss as above and balance amount is incurred on actual payment during the year. The Assessing Officer except making bald assertion that the transactions were undertaken on account of capital items no evidence was brought on record to establish that the foreign currency transactions were undertaken on capital items. The Supreme Court in the case of CIT vs. Woodward Governor India Pvt. Ltd. (2009) 312 ITR 254 had already held that the

actual payment was not a condition precedent for making adjustment in respect of foreign currency transactions at the end of the closing year. We are, therefore, unable to concur or agree with the view of the Assessing Officer that liability could arise only when the contract would have matured as such a stand is totally divorced from the accounting principles and is in variance with the principle upheld by the Apex Court in the case of Woodward Governor -India Pvt. Ltd. (supra). It is also not in dispute that assessee is following the mercantile system of accounting consistently. The foreign exchange loss is due to the reinstatement of the accounts at the end of the financial year as well as loss incurred on account of exchange fluctuation on repayment of borrowings is similar to the interest expenditure and it is to be allowed as revenue expenditure u/s 37 of the I.T.Act, as per the accounting standard approved by the Institute of Chartered Accountants of India. Hence, we do not find any infirmity in the finding of the CIT(A) on this issue and confirm the same. This ground of appeals of the Revenue is dismissed.”

3. ABB global industries and services private limited vs DCIT in ITA No. 1488/B a NG/2017 by order dated 31/12/2020

“10. We have considered the rival submissions. A perusal of the order of the AD shows that the AD called upon the assessee to justify the allowability of the losses on account of exchange loss on forward contracts. The assessee gave two submissions dated 8.1.2014 and 23.1.2014, copies of which are placed at page nos. 26-27 & 28-34 respectively. In both the submissions, the details of forward contracts has not been mentioned.

11. As far as law on the issue is concerned, it is very clear that the forward contracts entered into for the purpose of protecting against loss and which has a nexus to the business of the assessee and which are on revenue account have to be allowed as a deduction. The decision cited on behalf of Id. counsel for the assessee supports the claim made in this regard. We, however, find that the details of forward contracts and nexus with the business of the assessee have not been submitted by assessee before the AO. We therefore are of the view that while upholding the principle that losses on account of exchange fluctuation on forward covered contracts are allowable as a deduction, we hold that the factual details in this regard should be examined by the AO and for the purpose we set aside the order of CIT(Appeals) and remand the issue to the AO for fresh consideration. The assessee has to show the nature of forward contracts and its

nexus with the business of assessee and also the fact that such contracts are on revenue account and not on capital account.”

5.11 *We are therefore remitting issues back to the Ld.AO for examining the factual details in this regards.*

5.12 *At the outset, it has also been submitted by the Ld.AR that the losses are within the limits of the receivables as far as the mark to market losses are concerned. Assessee is directed to file all relevant documents/forward contracts to establish the nexes with the business of assessee and also the fact that such contracts are on account of revenue and not on capital.*

Hon’ble Karnataka High Court in case of CIT vs Wipro Finance Ltd. reported in 351 ITR 153 following the decision of Hon’ble Supreme Court in case of CIT vs Woodward Governor (India) Pvt.Ltd., (supra) held as under:

“4. The view taken by the Supreme Court in this judgment is to the fact that while even notional loss can be claimed by way of a business loss as to a deductible item in computing the income of the assessee for the year, as it is a computation on notional basis, it is made dependent on the manner of conduct of the assessee is in respect of the earlier assessment period and particularly as to the assessee has been following this uniformly over the period of years and the test being when there was a notional gain as to whether it had been offered for tax etc. The Supreme Court took the view that such claim can be entertained subject to fulfilment of the following 6 conditions:

- (i) whether the system of accounting followed by assessee is the Mercantile system, which brings into debit the expenditure amount for which a legal liability has been incurred before it is actually disbursed and brings into credit what is due, immediately it becomes due and before it is actually received;*
- (ii) whether the same system is followed by the assessee from the very beginning and if there was a change in the system, whether the change was bona fides;*
- (iii) whether the assessee has given the same treatment to losses claimed to have accrued and the gains that may have accrued to it;*
- (iv) whether the assessee has been consistent and definite in making entries in the account books in respect of losses and gains;*

(v) whether the method adopted by the assessee for making entries in the books both in respect of losses and gains is as per nationally accepted accounting standards;

(vi) whether the system adopted by the assessee is fair and reasonable or is adopted only with a view to reducing the incidence of taxation.

5. In the wake of the judgment of the Supreme Court, it is now submitted that while the view of the tribunal that the assessee can claim such deduction has to be affirmed, the matter does not end with that, but such claim will have to be examined in the light of the fulfilment of the conditions as indicated by the Supreme Court for which purpose, the matter may have to go back to the assessing officer, who has to apply these tests to the claim made by the assessee and then either admit the claim or rejected depending upon the assessee being in a position to satisfy the fulfilment of the conditions.

6. In the view of joint submission made by both Council, the question is apparently answered in favour of the revenue and in sense that though the view of the tribunal is to be affirmed on the principle that being further made subject to the fulfilment of the conditions, the matter has to go back to the assessing officer for examination. In this view of the matter the appeal is allowed in these terms. The claim of the assessee to be re-examined by the assessing officer and respect of the assessment year applying the test of fulfilment of the 6 conditions mentioned above. The assessing officer to issue notice to the assessee, fixing the date of hearing the assessee or its counsel and then pass orders.”

5.13 We note that the authorities below have not verified the forward contracts entered into for purpose of protecting against losses and whether it has nexes to the business of assessee which are on revenue account. As observed by coordinate bench of this Tribunal in case of DCIT vs M/s Coffee Day Global Ltd. (supra),that;

“If it is found that the foreign currency transactions are undertaken on capital account, the gain/loss made out of such transaction is outside the ambit of taxation, of course subject to application of provisions of section 43A of the Act. If the transaction undertaken are on account of revenue items, the gain is clearly taxable and so the losses clearly allowable.”

5.14 Similar view has been taken by Hon’ble Cochin Bench in case of Baby Memorial Hospital vs ACIT in ITA No. 420/Coch/2019 by order dated 08/11/2019.

5.15 *In view of the above discussion and the ratio laid down by Hon'ble Karnataka High Court in case of CIT vs Wipro Finance Ltd. (supra), we direct the Ld.AO to examine and decide the issue pertaining to forex loss on loan restatement, forex loss on forward exchange contract, and forex loss on restatement of bank balances and expenditure on option premium. The assessee has to show the nature of forward contract and its nexes with the business of assessee and also the fact that such contracts are on revenue account and not on capital account. We direct the Ld. AO to verify all the details and consider the claim of assessee in accordance with law.*

8.12 The Ld.AR submitted that assessee follows mercantile system of accounting and income and expenditure are recorded at the time of their accrual or incurrence. He thus submitted that, income has accrued during the previous year whether it is received during the previous year is immaterial or during the year preceding or following the previous year. Similarly, expenditure is recorded on accrual basis even if it becomes due during the previous year, irrespective of the fact whether it is during the previous year or not.

8.13 Placing reliance on the Accounting Standard 11 and the requirement of compliances under section 211(3A) of Companies Act 1956, it was submitted that assessee is required to make provision towards all known liabilities and losses, even though the amount cannot be determined with certainty. Under section 145 (2) of the Act, recognition of mark to market losses as on last date of the financial year is to be satisfied as per Accounting Standard 1, relating to disclosure of accounting policies. Reliance is also placed on Accounting Standard 30, wherein companies are required to account for Mark to market losses in their books

despite the fact that the contract has not yet matured as on the balance sheet date.

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

9. The next issue is in respect of not allowing the set off of brought forward losses against the business income. The Ld.AO is directed to consider this claim of assessee in accordance with law.

Needless to say that proper opportunity of being heard must be given to the assessee.

In the result, the appeal filed by assessee stands allowed for statistical purposes.

Order pronounced in the open court on 18th August, 2022.

Sd/-
(CHANDRA POOJARI)
Accountant Member

Sd/-
(BEENA PILLAI)
Judicial Member

Bangalore,
Dated, the 18th August, 2022.
/MS /

Copy to:

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

By order

Assistant Registrar,
ITAT, Bangalore

ANNEXURE - 1

Long Expense *Super Added. 24.11.15*

Classification	Ledger name in Books	Bangalore	Mumbai (STPI)	Mumbai (SEEPZ)	US Branch	BMI Divn	Total	India	US
Market Research Cost	Market Research Cost	10,18,529	2,04,44,000	24,77,203	19,15,01,427		21,54,41,219	2,39,30,792	19,15,01,427
Market Research Cost	Market Research Cost-Foreign				10,02,504		10,02,504	-	10,02,504
Market Research Cost	Panel Incentives				16,43,909		16,43,909	-	16,43,909
Market Research Cost	Market Research Cost				-6,74,49,258		-6,74,49,258	-	-6,74,49,258
Market Research Cost	Market Research Cost				10,18,181		10,18,181	-	10,18,181
Printing & Stationary	Printing & Stationary	5,298	5,30,810	4,194			5,40,292	5,40,292	-
Webhosting Charges	Web Hosting Charges	2,02,200	1,36,900				3,39,100	3,39,100	-
Webhosting Charges	Web Server Hosting		10,37,683		12,64,365		23,02,048	10,37,683	12,64,365
Office Expenses	AMC - AC		3,17,943	1,24,585			4,42,428	4,42,428	-
Office Expenses	AMC - Software	2,089					2,089	2,089	-
Office Expenses	AMC -Printers		50,400				50,400	50,400	-
Office Expenses	AMC Software			20,000			20,000	20,000	-
Office Expenses	Fuel	6,732					6,732	6,732	-
Office Expenses	Hire Charges	4,000					4,000	4,000	-
Office Expenses	Insurance	4,66,664	20,46,513		6,64,002		31,77,179	25,13,177	6,64,002
Office Expenses	Insurance Employees					43,878	43,878	-	43,878
Office Expenses	Monitoring Services				28,016		28,016	-	28,016
Office Expenses	Office Exp	64,900					64,900	64,900	-
Office Expenses	Office Maintenance	1,78,379	13,15,706	2,56,823			17,50,908	17,50,908	-
Office Expenses	Office Maintenance				2,65,602		2,65,602	-	2,65,602
Office Expenses	Repair & Maintenance		54,435	4,155			58,630	58,630	-
Office Expenses	Repairs & Maintenance	6,02,038					6,02,038	6,02,038	-
Office Expenses	AMC- Softwares (Antivirus)		1,13,033				1,13,033	1,13,033	-
Office Expenses	Office Expenses			400			400	400	-
Office Expenses	Brokerage & Commission	31,875					31,875	31,875	-
Office Expenses	Loss on Forward Contracts	32,382					32,382	32,382	-
Office Expenses	Premium on Options Contract	4,81,251					4,81,251	4,81,251	-
Business Expenses	Business Expenses	2,22,340	22,77,610		39,98,516		64,98,466	24,99,950	39,98,516
Membership & Subscription	Conferences/Seminar				20,35,232	10,88,900	31,23,232	-	31,23,232
Membership & Subscription	Memberships & Subscriptions	44,681	19,47,233				19,91,914	19,91,914	-
Membership & Subscription	Membership & Subscription				18,09,158		18,09,158	-	18,09,158

Classification	Ledger name in Books	Bangalore	Mumbai (STPI)	Mumbai (SEEPZ)	US Branch	BMI Divn	Total	India	US
Membership & Subscription	Seminar & Conference		69,039				69,039	69,039	-
Software License	Software Expenses		1,12,301				1,12,301	1,12,301	-
Software License	Software License W/OFF	8,100	3,24,477		6,73,486		10,06,063	3,32,577	6,73,486
Misc. Expenses	Bank Charges	1,17,121	5,76,974	47,428	12,97,735		20,38,257	7,41,522	12,97,735
Misc. Expenses	Computer Accessories	900	1,02,479		4,363		1,07,742	1,02,979	4,363
Misc. Expenses	Courier & Postage				56,441		56,441	-	56,441
Misc. Expenses	Filing Fees						-	-	-
Misc. Expenses	Interest on Late Payment of Tax	1,083					1,083	1,083	-
Misc. Expenses	Interest on TDS		1,54,424				1,54,424	1,54,424	-
Misc. Expenses	IT Expenses						-	-	-
Misc. Expenses	Misc. Exp	-520	8,360	300			8,140	8,140	-
Misc. Expenses	Misc. Exp				28,720		28,720	-	28,720
Misc. Expenses	Postage & Courier						-	-	-
Misc. Expenses	Sodexo Service Charge	1,002					1,002	1,002	-
Misc. Expenses	Books & Periodicals	290	33,228	44,548	6,414		84,480	78,096	6,414
Misc. Expenses	Discount Allowed				8,22,202	32,436	8,54,638	-	8,54,638
Security Charges	Security Service Charges	1,55,871					1,55,871	1,55,871	-
Recruitment & Training	Recruitment & Training	1,22,260	6,80,414		11,40,442		19,43,122	9,02,690	11,40,442
Recruitment & Training	Recruitment & Training - Employees		4,92,500				4,92,500	4,92,500	-
Courier & Postage	Courier Charges		2,58,751				2,58,751	2,58,751	-
Courier & Postage	Courier/Postage Charges	1,00,135					1,00,135	1,00,135	-
Courier & Postage	Postage & Telegrams		330				330	330	-
TOTAL		38,69,185	3,30,85,403	29,79,666	14,18,71,157	11,64,314	18,29,79,724	3,99,35,254	14,30,35,471

Director