

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "B", HYDERABAD

BEFORE
SHRI RAMA KANTA PANDA, VICE PRESIDENT
&
SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / ITA No. 1407/Hyd/2019 &
आ.अपी.सं / ITA No. 201/Hyd/2021
(निर्धारण वर्ष / Assessment Years: 2015-16 & 2016-17)

R.A.K. Ceramics India Private Vs. Deputy Commissioner of
Limited, Income Tax,
Samalkot Circle-3(1),
[PAN No. AACCR6424N] Hyderabad

अपीलार्थी / Appellant

प्रत्यर्थी / Respondent

निर्धारिती द्वारा / Assessee by: Shri Aliasgar Rampurwala &
Shri Pratik Shah, ARs

राजस्व द्वारा / Revenue by: Shri Jeevan Lal Lavidiya, CIT-DR

सुनवाई की तारीख/Date of hearing: 10/08/2023

घोषणा की तारीख/Pronouncement on: 31/08/2023

आदेश / ORDER

PER K. NARASIMHA CHARY, JM:

Aggrieved by the final assessment orders passed consequent to the directions of Hon'ble Dispute Resolution Panel, Bengaluru ("DRP"), in the case of M/s. R.A.K. Ceramics India Private Limited ("the assessee") for the assessment years 2015-16 & 2016-17, assessee filed these appeals. For the sake of convenience, we dispose of these appeals by way of common order, taking the appeal for the assessment year 2015-16 as lead case.

2. Brief facts of the case are that the assessee is a wholly owned subsidiary of R.A.K. Ceramics PSC, UAE. and is engaged in manufacturing and trading of vitrified tiles and sanitary wares. During the financial year 2014-15 relevant to the assessment year 2015-16, the assessee has undertaken various international transactions, mainly in the nature of purchase of raw material, purchase of finished goods and sale of finished goods with its associated enterprises.

3. By adopting the Transactional Net Margin Method (TNMM) as the Most Appropriate Method (MAM) and applying OP/OR as Profit Level Indicator (PLI), assessee determined its operating margin as 4.36%. Having considered the comparability of the entities picked up by the assessee and also by conducting fresh search, finally the learned TPO prepared the list of comparables with Asian Granito India Ltd., Orient Bell Limited, Somaney Ceramics, Murudeshwar Ceramics Limited, Lexus Granito, HSIL Ltd., Kajaria Ceramics Limited and Cera Sanitary ware Limited. Out of these eight entities, all the entities chosen by the assessee except Schablona India Limited are included. By applying OP/OC as PLI, learned TPO arrived at the margins of the comparables at 7.17% and on that basis proposed an upward adjustment of Rs.76,94,075/-. Accordingly draft assessment order was passed on 06/12/2018.

4. Aggrieved, assessee filed objections before the learned DRP. While such proceedings before the learned DRP are pending, learned TPO passed an order under section 154 of the Act, determining the margin of the comparable Companies at 8.83% as against 7.17% determined earlier, apart from revising the Operating Revenue amount also, thereby reaching the adjustment under section 92CA of the Act at Rs. 1,52,87,439/-.

5. Learned DRP, by order date 31/05/2019 upheld the inclusion of HSIL Ltd and Cera sanitaryware Ltd and exclusion of Schablona India Ltd that was selected by the assessee, directed the learned TPO to adopt the vitrified segmental results of Murudeshwar Ceramics for the purpose of comparable analysis and margin computation, upheld the treatment of provision for doubtful debts as non-operating in nature and directed the learned TPO to take into account the value of purchases relating to both the international transactions in the specified domestic transaction is aggregated to Rs. 2,49,08,13,964/- while calculating the transfer pricing adjustment. Pursuant to the directions of the learned DRP, learned TPO considered six entities as comparables and reached the average margin at 9.44%, leading to the suggestion of the upward TP adjustment to the tune of Rs. 3,08,34,394/-.

6. Assessee is, therefore, before us in this appeal. Though the assessee initially preferred this appeal on so many grounds, during the course of arguments, it is submitted that grounds No. 1 is general, ground No. 2, 5 and 7 are given-up and not pressed, Ground No. 8 is consequential in nature. Learned AR argued grounds No. 3, 4 and 6 only. Ground No. 3 relates to the exclusion of two entities namely, Cera Sanitaryware Ltd., and HSIL Ltd. Ground No. 4 relates to the request of the assessee to direct the learned Assessing Officer/learned TPO to consider the vitrified tiles segment of Murudeshwar Ceramics Limited as comparable instead of considering the said entity on an entity level, as per the directions of the learned DRP and ground No. 6 is about the computation of transfer pricing adjustment of purchase of raw materials by considering the value of the

purchases pertaining to both the international transactions as well as the specified domestic transactions.

7. Learned TPO noted the functional profile of the assessee, according to its website, as - the company is into manufacturing of various products, which includes tiles, urinals, washbasins, comparable since, seat covers, faucets (Prima, Star, Gem), fixing toolkit (Rondo and Mistrel), urinal partition, PVC signal flush etc. Under Elegance Brand, it manufactures apart from other things, Cabinets, Table Tops, Table tops with Vanity Basins, Cabinet with the mirror, concealed cisterns, concealed cisterns plate etc.

8. Coming to ground No. 3, in respect of HSIL Ltd., learned TPO recorded that this company is a producer of premium arrange tiles and sanitaryware under the brand name 'Hindware' along with similar associated products. Assessee objected to the inclusion of this entity on the ground that this company is not functionally comparable, as the company offers sanitaryware, faucets and glass bottles; and the company's segment include building products, division and the packaging products division-whereas the assessee is mainly into the production of vitrified tiles. It was further submitted that it incurs considerable R&D expenditure whereas the assessee does not incur any expenditure towards R&D and also that segmental reporting is not available in the annual report. Learned TPO observed that though the assessee claims to have been dealing exclusively in tiles and sanitaryware unlike HSIL Ltd., as per the website, the assessee is also selling Elite cabin Basin, Cabinet with the basin and mirror, PVC vanity with ceramic basin, faucets of Prima Brand. Learned TPO further observed that way back in 1989 itself acquired

Krishna Ceramics and has been into the tiles business and has been manufacturing different types of vitrified tiles, as the assessee has been doing. Learned TPO brushed aside the contention of the assessee that HSIL Ltd., incurs expenditure on R&D, stating that even the assessee also claims to be receiving superior technology from its parent company with regard to latest techniques, processes of manufacturing tiles and sanitaryware on continuous basis for which it has been paying royalty at 3% of net factory sales, whereas the R&D expenditure of HSIL Ltd., is only 0.03%. In respect of objection as to the non-availability of segmental information, learned TPO observed that TNMM takes care of such things.

9. In respect of Cera Sanitaryware Ltd., assessee raised objection stating that it involved in the manufacture of sanitaryware, faucets, trading in tiles and other bathroom products, it offers wellness products such as steam shower rooms, shower rooms, shower panels, pressure pumps etc., whereas the assessee is essentially into manufacturing of tiles. Assessee further stated that Cera Sanitaryware Ltd., incurred a considerable R&D expenditure whereas the assessee does not incur any expenditure towards R&D. Learned TPO discarded this argument stating that according to the annual report of Cera Sanitaryware Ltd., that company also deals in tiles in all markets and the range includes HD digital wall tiles with the matching floor tiles, digital glazed vitrified tiles, and vitrified tiles with nanotechnology. While referring to the website of Cera Sanitaryware Ltd., learned TPO observed that this company incurs R&D expenditure only to the tune of 0.13% on its turnover whereas the assessee has been paying royalty at 3% of net factory sales. In respect of

the objection as to the non-availability of segmental information, learned TPO recorded that TNMM will take care of this aspect.

10. Learned DRP considered the contentions raised by the assessee in the light of the observations made by the learned TPO and also the annual reports of these companies. In respect of HSIL Ltd., learned DRP found that out of the two divisions of this company, building product division deals with manufacture of tiles and allied products and the financials of this company show that as on 31/03/2015, the sales of sanitary products were Rs. 963.71 crores and profit there from was Rs. 177.89 crores. On a perusal of the standalone financial statement vis-a-vis the consolidated financial results, learned DRP found that the segmental results reported in the consolidated financial statements reflects the financial performance of the divisions of HSIL Ltd., and such figures could be reliably taken for consolidated analysis. Learned DRP directed the learned TPO to take 19.47% as the margin pertaining to the building product division of HSIL Ltd. In respect of R&D expenses, learned DRP found that the R&D expenses of HSIL Ltd., constitute only 0.04% of its gross turnover for the financial year 2014-15 whereas the assessee paid 3% of sales towards royalty for technical know-how and technology upgradation and, therefore, R&D expenditure is no reason to set apart this HSIL Ltd. from comparison.

11. In respect of Cera Sanitaryware Ltd., learned DRP found that both Cera Sanitaryware Ltd., and the assessee are in the business of manufacture and trading of ceramic wall and floor tiles vitrified tiles and sanitaryware, and therefore, there is no much difference in the business of these two entities. Learned DRP noted that in its own TP study, assessee

stated that 'under the TNMM, comparable transactions need to be broadly similar, significant product diversity and some other functional diversity between the controlled and un-controlled parties are acceptable'. Learned DRP agreed with the learned TPO in respect of R&D expenditure. Learned DRP therefore, retained these two entities in the list of comparables.

12. Learned AR described the product difference between the assessee and HSIL Ltd., stating that HSIL Ltd., is engaged into diversified products such as sanitaryware, faucets, kitchen appliances, wellness products such as massage tubs, multifunctions, shower panels, shower enclosures, tiles, extractor fans, glass containers, PET bottles, etc. whereas the assessee is engaged only in the manufacturing & trading of vitrified tiles and sanitaryware; that HSIL Ltd., has manufacturing facilities for faucet a capacity of three million pieces, and they have expanded their capacity by setting up the faucet plant in Rajasthan which will help them become the second largest faucet player in the country; that HSIL Ltd., is also engaged in trading of built-in ovens, microwaves, cooktops, and cooking range and models of Built-in Hob, Induction cooktop whereas the assessee does not deal in kitchen appliances; that HSIL Ltd., is engaged in manufacturing of glass container and PET bottles; that it is India's one of the largest manufacturers of packaging products in India; that it has dedicated manufacturing facilities for glass containers and PET bottles, whereas the assessee is not engaged in packaging products such as PET bottles, etc. which is different from the ceramics industry that HSIL Ltd., does not deal in tiles whereas 92% of the assessee's is from tiles; that HSIL Ltd., have luxury bathroom products/wellness products for bathroom as a spa

concept that includes massage tubs, shower panels, shower enclosures, shower panels, faucets, etc. and world class bath fittings, accessories, etc; that the luxury bathroom products are sold under the brand Queo and wellness product under the brand name Amore; that HSIL Ltd., produce Water Efficient Products (WEP) which include efficient flushing system, sensor operated faucets, etc. which help conserve water and has been awarded the WEP-I star certification by International Association of Plumbing and Mechanical Officials (IAP MO); that these products help them garner premium pricing in the market.

13. He further submitted that faucet manufacturing company cannot be compared to ceramics manufacturer, faucets and bathroom fittings cannot be compared to the ceramics/tiles/sanitaryware industry; that the raw materials required, the technology involved and investment requirements, etc. for faucet manufacturing is very different from ceramics industry; that the main raw materials for faucets and bathroom fittings are metals/alloys such as brass, stainless steel, zinc alloy, etc., whereas the assessee has consumed raw materials such as ball clay, soda feldspar, China clay, zirconium silicate, etc. which are used for manufacturing of ceramics/sanitaryware; that in the absence of segmental results in the standalone financial statements between the abovementioned different businesses of HSIL Ltd., most of which are not comparable to the assessee, it ought to be held as functionally incomparable to the assessee and hence should be excluded from the final set of comparable companies.

14. He submitted that learned DRP's observation that the building product division is comparable to the assessee and segmental results of

building product division to be taken from consolidated financial statement is incorrect. According to him, HSIL Ltd., deals in varied products under building division such as faucets, bathroom fittings, kitchen appliances which are not comparable to the assessee, and therefore, in absence of segmental results of each listed product the company is not comparable to the assessee which deals in tiles.

15. He placed on the decisions in Intoto Software India (P.) Ltd. [2013] 35 taxmann.com 421 (Hyd. -Trib.); Intoto Software India Pvt. Ltd. (ITTA No. 233 of 2014) (AP HC); Aptara (P.) Ltd. [2018] 92 taxmann.com 240 (Bombay HC); Open Solutions Software Services (P.) Ltd. [2020] 116 taxmann.com 708 (Delhi HC); Syniverse Technologies Service (India) (P.) Ltd. [2021] 123 taxmann.com 258 (Hyd. - Trib.) to submit that in absence of segmental results, companies engaged in diversified businesses cannot be held comparable. According to him, segmental reproduced by the learned DRP in page 8 & 9 of direction is segmental for the year under consideration are available only in the consolidated financial statements and not in standalone financial statement. If companies engaged in manufacturing companies engaged in ceramic product industry alone are selected, companies engaged into faucets and bathroom fittings will rightly be excluded.

16. The functional difference between the assessee and Cera Sanitaryware Ltd., described by the learned AR is that the Director's report shows that Cera Sanitaryware Ltd., is engaged in diversified businesses as it has a sanitaryware unit, faucetware unit, bathware unit, tiles unit; that it has a power unit as well to reduce cost and as a green initiative; that the Cera Sanitaryware Ltd., has added products like kitchen sinks, mirrors

besides products like shower cubicles, shower panels, steam cubicles and whirlpools in its bathware unit; that faucet manufacturing company cannot be compared to ceramics manufacturer; that revenue from operations shows that company sold faucetware, fittings, allied products along with tiles and sanitaryware; that faucets and bathroom fittings cannot be compared to the ceramics/tiles/sanitaryware industry; that the raw materials required, the technology involved and investment requirements, etc. for faucet manufacturing is very different from ceramics industry; and that the main raw materials for faucets and bathroom fittings are metals/alloys such as brass, stainless steel, zinc alloy, etc.

17. He further submitted that from Note 22 of the financial statements of Cera Sanitaryware Ltd., cost of materials consumed that, during assessment year 2015-16, it has consumed "Brass ingots and components" worth Rs. 36.57 crores, namely, 51.60% of total cost of material consumption, whereas the key raw materials used by the assessee revolves around sand and related products, namely, ball clay, soda feldspar, china clay, zirconium silicate, etc., which are used for manufacturing of ceramic products, which shows that the assessee is not engaged in selling faucetware and bathroom wares which is a completely different business, not functionally comparable to that of the assessee, who is engaged only in ceramics industry.

18. He further submitted that in the absence of segmental results between the abovementioned different businesses of Cera Sanitaryware Ltd., most of which are not comparable to the assessee, it ought to be held as functionally incomparable to the assessee and hence should be

excluded from the final set of comparable companies. In this connection, he placed on the decisions in Intoto Software India (P.) Ltd. (supra) Intoto Software India Pvt. Ltd. (supra), Aptara Technoloy (P.) Ltd. (supra), Open Solutions Software Services (P.) Ltd. (supra), Syniverse Technologies Service (India) (P.) Ltd. (supra).

19. He further submitted that Cera Sanitaryware Ltd., has produced KWH power during the year; that it has five dedicated plants/wind farms to produce power in order to reduce cost and as a green initiative; and it is observed from Other Expenses schedule in the financial statements that Cera Sanitaryware Ltd., has incurred power & fuel expenses of Rs. 34.10 crores which constitutes only approx. 5% of its total operating cost, whereas the assessee has spent Rs. 160.90 crores which is approx. 20% of its total operating costs on power and fuel; and this has impacted the margin of Cera Sanitaryware Ltd., to a substantial level and thus this company should not be compared to the assessee.

20. Per contra, it is the submission on behalf of the Revenue that the Learned TPO did not dispute the adoption of TNMM as the most appropriate method of the aggregation approach followed by the assessee of aggregating the international as well as specified domestic transactions. In respect of HSIL Ltd it is the submission of the Ld. DR that both these Companies are into the business of premium range tiles and sanitaryware, both incur expenditure for technology and functionally similar. He submitted that while benchmarking the purchase of raw material, it is immaterial what other components the company is making, unless and until it is proved that such making of other material is adversely impacting the comparison of the profit margins. While purchasing the raw material,

all the entities using the same in their processes, are expected to pay a similar price and therefore, it will have no impact on the benchmarking of such a transaction. He took us through the range of products that are manufactured by both these entities to establish that the substantial business of both the company is a similar. Referring to Hindware he submitted that the assessee started this unit in 1990 and has been producing the premium range tiles and sanitaryware under the brand name 'Hindware'.

21. Learned DR submitted that functionally both HSIL Ltd., and Cera Sanitaryware Ltd., are similar to the assessee and merely by enumerating the differences emanating from the use of generic terms in the website, giving an impression that the HSIL Ltd., and Cera Sanitaryware Ltd., into diversified business, assessee cannot escape from the core business of these three entities. He submitted that when compared to the expenditure met by the assessee for securing the benefits of new technology, the other two entities are spending very small amount. R&D is undertaken by those two entities directly whereas assessee outsourced the same. Since the assessee is spending 3% on this pursuit, assessee cannot say that because the other two entities conduct R&D on their own cannot be compared to it, when such an expenditure is 0.03% or 0.13% by others respectively. Lastly he submitted that comparison of functions is different from comparing the variety of products that result in the similar function. He submitted that the manufacture of faucets and glasses by other two companies is miniscule and as a matter of fact, as rightly observed by the learned DRP in their order segmental information is very much available for the HSIL Ltd., also. He submitted that when the figures relating to

consolidated financial results are correlating with the figures in the financial statement standalone, such figures relating to consolidated financial results are reliable and clue can be had from such figures for the comparability of this entity. Further, as observed by the learned DRP, for the suitability of TNMM as MAM, assessee itself said in their TP study report that under the TNMM, comparable transactions need to be broadly similar, significant product diversity and some functional diversity between the controlled and un-controlled parties are acceptable. Here in this case, what all the assessee pleaded is only some degree of product diversity, but little functional diversity.

22. We have gone through the record in the light of the submissions made on either side. It cannot be disputed that HSIL Ltd., under the brand name 'Hindware' is in the business of manufacturing and selling sanitaryware products and related accessories. On the aspect of functional dissimilarity, all the enumeration made by the learned AR boils down to the fact that HSIL Ltd., is doing business in building division and packaging division. There is segmental information in consolidated financial statements though it is not to be found in the financial statement standalone. Assessee says that because non-availability of segmental information in the financial statements (standalone), that too when HSIL Ltd., operates in more than one segment, it is not a good comparable.

23. On a perusal of the annual reports of HSIL Ltd., learned DRP found as a matter of fact that this entity has broadly two divisions, namely, building products division and packaging products division. In the building product division they are manufacturing tiles and allied products. The sales of the sanitary products were Rs. 963.71 crores with a profitability of

Rs. 177.89 crores with a profit margin of 19.47%. Learned DRP perused the financial statement standalone and also the consolidated financial results and gave a factual finding that there is no difference in net turnover of the company as reported in its financial statement (standalone) and the net turnover taken in the consolidated financial results and the segmental results reported in the consolidated financial statement reflect the financial performance of the divisions. To this extent, no contrary material is placed before us. We, therefore, find it difficult that for non-availability of segmental information in the financial statement (standalone), this entity needs to be eliminated from the list of comparables. The approach of the learned DRP is reasonable and correct and a very pragmatic one. By this approach, learned DRP segregated the margins of packing division and culled out the margins of sanitary products.

24. Coming to functional aspect, the submission of learned AR that the annual report shows that HSIL Ltd., is manufacturing 3.8 million pieces sanitaryware and 3 million pieces of faucets and, therefore, significant amount of material that goes into faucet manufacturing. We are not prepared to agree with this approach. Functional comparability cannot take place like this. For every piece of sanitaryware, there would be equal or more number of nuts and bolts or some other thing making the sanitaryware meaningful. That does not mean that such other allied things will constitute the significant portion. With reference to the figures, learned AR took us to Note 25 in the significant accounting policies, where clay, soda ash, cullets, quartz/feldspar and others are mentioned, to say that the assessee does not deal with cullets and quartz/feldspar. Firstly, cullets and quartz/feldspar are useful only in packing division and we are

not considering it now. There is no material to show that the other material that is used has nothing to do with the sanitaryware production. Even if some fraction of it is used, ultimately, the learned DRP while referring to the consolidated financial results held that the segmental results reported therein are agreeing with the figures in the financial statement (standalone) and reflect reliable financial performance of the divisions. When the functions are broadly agreeing with each other, it is not possible to count the differences in the description of the products and to eliminate the entity. Though the terms used are generic in nature giving an impression that the company is engaged in diversified activities, the core activity of both the entities is dealing in tiles and sanitaryware. One shall not lose sight of the fact that information contained in the websites of any entity and sometimes in the annual report would be intended to give a very attractive picture of such company and its areas of activity will be mentioned in usually general and wide spread terms to attract the customers and the same cannot be given much weight. In these circumstances, we agree with the findings of the learned DRP and decline to exclude HSIL Ltd., from the list of comparables.

25. Coming to the Cera Sanitaryware Ltd., broadly, this company also performs the same functions insofar as production of sanitaryware is concerned. However, at the outset, learned AR brought to our notice that Note 22 forming part of the accounts shows out of the total consumption of material worth Rs. 709 crores, the consumption of material of Rs. 323 alone is relevant for the sanitaryware production and Rs. 366 crores goes for brass ingots and components, whereas in the profit and loss account, the revenue from operations to the tune of Rs. 822 crores are shown as

one segment and that too from the sale of vitreous China sanitaryware, faucet ware, fittings, tiles and allied products. He submitted that this clarifies that this company is deriving almost equal amount of revenues from faucetware manufacturing as it has been deriving from the sale of vitreous China sanitaryware, tiles etc. On this ground, he seeks exclusion of this entity from the list of comparables.

26. Unlike in the case of HSIL Ltd., in this case, the consumption of raw material suggests the proportions of different activities of this entity, but without any clue about the proportionate revenues. In the case of HSIL Ltd., learned DRP was able to draw figures of sale and profit in respect of sanitaryware division and packing division, but it is not so in this case. Considering this aspect vis-à-vis the financials of the company, we are of the considered opinion that in the absence of such information, it would not be safe to compare the assessee with this entity to draw the correct margins. We, therefore, direct the learned Assessing Officer/learned TPO to exclude this company from the list of comparables. With these observations, we allow ground No. 3 in part.

27. Coming to ground No. 4, learned DRP found in its directions that segmental details in respect of Murudeswar Ceramics are available and, therefore, vitrified tiles segments is comparable to the assessee. Learned DRP accordingly directed the learned TPO to adopt the vitrified segmental results of the company for the purpose of comparable analysis and margin computation. Grievance of the assessee now is that this particular direction is not carried out by the learned Assessing Officer/learned TPO to its logical conclusion and, therefore, a direction need be given to the learned Assessing Officer/learned TPO to carry out such direction. Learned

DRP reports no objection. Recording the same, we direct the learned Assessing Officer/learned TPO to give effect to the directions of learned DRP on this aspect.

28. Lastly coming to ground No. 6, it is the submission on behalf of the Revenue that since the adoption of TNMM as MAM by the assessee and the aggregation of the transactions, both international as well as specified domestics are not disputed by the learned TPO, the assessee cannot have any grievance with regard to aggregation of transactions and further that since the profit level indicator is same for both international as well as specified domestic transactions, it does not impact in any way the adjustment incase of aggregated approach.

29. On a consideration of the material as a whole, we are of the considered opinion that the learned TPO will give an opportunity to the assessee on this aspect and take a view according to law. For this purpose, this issue is restored to the file of the learned Assessing Officer/learned TPO. Ground is accordingly treated as allowed for statistical purposes. Appeal therefore, stands partly allowed for statistical purposes.

ITA No. 201/Hyd/2021 (AY. 2016-17):

30. Facts for this year are similar to the facts for the assessment year 2015-16. At the outset, learned AR submitted that ground No. 1 is general in nature, and the assessee is not pressing grounds No. 3, 5, 7 and 8, whereas ground No. 10 is consequential in nature. He is arguing only grounds No. 2, 4, 6 and 9 in this appeal. Vide grounds No. 2 and 4, in this year also, assessee challenges the inclusion of HSIL Ltd., and Cera Sanitaryware Ltd., which are infact covered by ground No.3, for the

assessment year 2015-16. Following the same, we direct the learned Assessing Officer/learned TPO to keep the HSIL Ltd., in the list of comparables while deleting Cera Sanitaryware Ltd., therefrom. Ground No. 6 also covered by ground No. 6 of the earlier year's appeal. We follow the same and restore the issue to the file of the learned Assessing Officer/learned TPO. Ground No. 9 relates to rising of demand by the learned Assessing Officer in spite of assessee having accumulated MAT credit. This is only a matter of verification and we direct the learned Assessing Officer to verify the fact and allow the MAT credit. Ground No. 9 is answered accordingly.

31. To sum-up, both the appeals are treated as partly allowed for statistical purposes.

Order pronounced in the open court on this the 31st day of August, 2023.

Sd/-
(RAMA KANTA PANDA)
VICE PRESIDENT

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad,
Dated: 31/08/2023

TNMM

Copy forwarded to:

1. M/s. R.A.K. Ceramics India Private Limited, P.O. Box No. 11, ADB Road, Samalkot, Andhra Pradesh.
2. The Deputy Commissioner of Income Tax, Circle-3(1), Hyderabad.
3. The Dispute Resolution Panel (DRP), Bengaluru.
4. The Director of Income Tax (IT & TP), Hyderabad.
5. The Addl. Commissioner of Income Tax (Transfer Pricing), Hyderabad.
6. DR, ITAT, Hyderabad.
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