

**IN THE INCOME TAX APPELLATE TRIBUNAL “K” BENCH, MUMBAI
BEFORE SMT. BEENA PILLAI, JUDICIAL MEMBER**

AND

SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER

ITA No. 2353/MUM/2022

Assessment Year: 2018-19

Clarivate Analytics (India) Private Limited 2 nd Floor, Fleet House, Andheri Kurla Road, Gamdevi Road, Marol Naka, Andheri East., J.B. Nagar Mumbai - 400059 (PAN: AAFCT8504N)	vs	ADDITIONAL/ JT/DY/ASSTT/CIT/ITO, NFAC, Delhi
Appellant		Respondent

Present for:

Appellant by : Shri Nikhil Tiwari, CA
Respondent by : Shri Bhagirath Ramawat, Sr. DR

Date of Hearing : 29.01.2026
Date of Pronouncement : 17.04.2026

ORDER

PER GIRISH AGRAWAL, ACCOUNTANT MEMBER:

This appeal filed by the assessee is against the final assessment order passed pursuant to the directions of the Id. Dispute Resolution Panel-1, Mumbai, (DRP) vide order No. ITBA/DRP/F/144C(5)/2022-23/1043433294(1), dated 14.06.2022, u/s. 144C(5) of the Income-tax Act, 1961 (hereinafter referred to as the “Act”), for Assessment Year 2018-19.

2. Grounds taken by the assessee are reproduced as under:

1. *Erred in assessing the total income of the Appellant at Rs 65,89,87,564 against a total income of Rs 47,09,76,680 as offered by the Appellant in its return of income,*
2. *Erred in making a reference of the Appellant's case to the TPO, without complying to provisions of Section 92CA(1), without satisfying any of the conditions laid down in clauses (a) to (d) of Section 92C(3) of the Act based on the information/ documents available with him; thereby making a transfer pricing (TP) adjustment of Rs 18,80,10,883 in respect of the international transaction of provision of Information Technology enabled Services (ITES'), which is bad in law*
3. *Erred in determining the arm's length operating margin for the provision of ITES transaction to be 25.29% on operating costs,*
4. *Erred in law and facts in rejecting the economic analysis undertaken by the Appellant for determination of arm's length price for the provision of ITES in accordance with the provisions of the Act read with the Rules and imputing a TP adjustment by making modifications to this analysis in a subjective, arbitrary and inconsistent manner.*
5. *Erred in applying accept / reject criteria/ filters in an arbitrary, subjective, inconsistent and erroneous manner for selection of comparable companies,*
6. *Erred in applying a quantitative threshold of 75% for the export earnings filter for selection of comparables for the provision of ITES transaction;*
7. *Erred in applying a filter of rejecting companies following a financial year other than April 2016 to March 2017 for the provision of ITES transaction;*
8. *Erred in applying a turnover filter of 1/10 times to 10 times of Clarivate India's turnover for selection of comparable companies for the provision of ITES transaction;*
9. *Erred in rejecting Sundaram Business services Ltd., Tech Mahindra Business Services Ltd, Interglobe Technologies Pvt. Ltd. considered to be comparable by the Appellant for benchmarking the international transaction of provision of ITES on the basis that these companies are functionally different,*
10. *Erred in rejecting HBD Financial Services Ltd, Athena BPO Pvt Ltd, Cameo Corporate Services Ltd, Genius Consultants Ltd, Bhilwara info technology Ltd, CRP Risk Management Ltd, One Point One Solutions Ltd, Alisec Technologies Ltd, Ultramarine & Pigments Ltd considered to be comparable by the Appellant for benchmarking the international transaction of provision of ITES on the basis that the companies have failed export earnings filter;*
11. *Erred in rejecting R Systems International Limited considered to be comparable by the Assessee on the basis that the company fails the different financial year end filter applied by the TPO for selection of comparables;*
12. *Erred in rejecting Digicall Teleservices Pvt Ltd, Jindal Intellicom Ltd, Surevin BPO Services Ltd, DKM Online Pvt Ltd considered to be comparable by the*

Appellant for benchmarking the international transaction of provision of ITES on the basis that these companies have failed the turnover applied by the learned TPO;

- 13. Erred in rejecting Paraxel International (India) Private Limited selected by the Appellant on the basis that it failed RPT filter applied by the TPO;*
- 14. Erred in considering CES Ltd as comparables for benchmarking the international transaction of provision of ITES services, disregarding the fact that these companies are functionally different from the Appellant,*
- 15. Erred in considering MPS Ltd as comparable for benchmarking the international transaction of provision of ITES services, disregarding the fact that the company is functionally different from Appellant, as it is engaged in development and sale of software platforms and solutions in addition to data digitization services, operates as an entrepreneur bearing significant business risks and undertakes research and development activities,*
- 16. Erred in not allowing Appellant the benefit of working capital adjustment which is required to be undertaken to account for the difference in working capital levels between the comparable companies and the Appellant;*
- 17. Erred in not allowing Appellant the benefit of the risk adjustment to account for the difference between the risks assumed by the Appellant and the risks assumed by the comparable companies;*
- 18. Erred both on facts and in law in not granting credit of Tax deducted at source (TDS) to the Appellant as claimed by the Appellant in the income tax return*
- 19. Erred in initiating penalty proceedings under Section 270A of the Act;*

3. Assessee has raised additional ground on the jurisdictional issue challenging that the impugned final assessment order giving effect to the direction of Id. DRP is barred by limitation as provided u/s. 153 and therefore is without jurisdiction and bad in law. There was no objection from the other side for its admission. However, since the matter was heard and reserved for order, in the meanwhile Finance Act, 2026 has brought in an amendment to this effect rendering the said additional ground infructuous. Accordingly, in view of the amendment brought in by the Finance Act, 2026 in this regard, the said additional ground is dismissed.

4. Assessee has raised as many as 19 grounds of appeals. However, in the course of hearing, the sole emphasis of the Id. Counsel was on ground no.15, contesting on exclusion of comparable company with the name MPS Ltd. which is functionally different from that of the assessee. According to the Id. Counsel, once this exclusion is granted from the final set of comparables, assessee meets the requirement of benchmarking of its margin within the Arm's length margin, requiring no transfer pricing adjustment.

5. Brief facts of the case are that assessee is a company formed through two Composite Schemes of Arrangement, demerging the Intellectual Property and Science (IP&S) division of Thomson Reuters International Services Private Limited (TRISPL), Pangea and Thomson Reuters South Asia Private Limited (TRSAPL) (collectively referred to as the demerged entities). The above-mentioned schemes were approved/effective from the appointed date of the schemes, i.e., 01.08.2016. Therefore, the demerged entities conducted the business in trust from 01.08.2016 till the above-mentioned approval dates (i.e., 29.03.2017 in case of Scheme I and 07.06.2017 in case of Scheme II). Accordingly, business of the assessee was undertaken as per the arrangements of the demerged entities with their respective AEs. IP&S provides comprehensive information, decision support tools and services that drive the Lifecycle of innovation for governments, academia, publishers, corporations and law firms. Technology and content, the two key aspects together create the platform, which is a valuable offering of the IP&S business. The group develops and owns the technology required for this offering. Also, the group decides the kind of content that goes into the platform and outsources the content development activity to the group companies. Assessee provided services to Clarivate Analytics (Singapore) Pte Ltd. (CASPL), TRPAL and Pangea LLC, pursuant to the

agreements entered into by the demerged entities with the AEs. Under these agreements, assessee performs content development and editing services for its AEs. These services largely consist of data aggregation and review, article and citation indexing, and selection for inclusion in the IP&S databases. The AEs coordinate, supervise, provide strategic guidance, and bear all costs and risks associated with ownership of these activities. As the IP owner, the group is ultimately responsible for all content development and editing, and it remunerates assessee on a cost-plus mark-up basis.

5.1. Based on the functional analysis, assessee is characterized as a limited risk bearing service provider. The group owns all the valuable intellectual property rights and other commercial or marketing intangibles and is involved in complex operations of developing proprietary technologies and marketing of the same. Assessee uses the process, technical data software, quality standards etc. owned by the group for provision of services. Thus, it has least complex operations and bears lesser share of risks and was accordingly assessee itself selected it as the tested party for the economic analysis. Assessee selected TNMM as the most appropriate method (MAM) to benchmark this transaction.

5.2. Assessee arrived at 16 comparable companies based on which margins of weighted average OP/TC of the comparable companies was arrived at 6.92% to 11.46% with an adjusted median of 10.54%. Operating margin of the assessee is at 14.75% and thus, it was submitted that it meets the arm's length range required under the transfer pricing regulations of the Act. Ld. TPO arrived at his final set of comparables with arithmetic mean of 29.84% which includes the comparable of MPS Ltd., for which assessee is in appeal through ground

no.15. Ld. TPO accordingly, worked out the upward adjustment of Rs. 26,91,73,076/-.

6. Before we delve into the contention of the assessee for exclusion of MPS Ltd. on account of it being functionally difference, we first take note of the FAR analysis of the assessee carried out by it in its transfer pricing study report (TPSR), forming part of the paper book. Overview of the functions performed by the assessee as noted in the TPSR are as under:

Clarivate provides comprehensive information, decision support tools and services that drive the Lifecycle of innovation for governments, academia, publishers, corporations and law firms. Technology and content, the two key aspects together creates the platform, which is a valuable offering of the business. The Group develops and owns the technology required for this offering. Also, the Group decides the kind of content that goes into the platform and outsources the content development activity to the Group companies.

6.1. As against the above, ld. TPO while including the comparable of MPS Ltd. observed that the comparable company is involved in diversified range of activities such as software development, maintenance publishing solutions, composing of Yellow Page Advertisements date etc. as per the data available in public domain. This company is broadly comparable company to the assessee's business.

6.2. The consideration taken by ld. TPO was affirmed by ld. DRP when objected upon by the assessee which observed that MPS is engaged in providing support services and is functionally at the same level as the assessee company. As per the Annual Report, MPS Ltd operates in only one business segment of providing publishing solutions viz., Typesetting and data digitization services. The company does not sell any software but only provides software-based services to its customers. The company uses software to offer ITeS to customers. The company is

also into ITeS segment, and it is broadly functionally comparable with the assessee.

7. Aggrieved, assessee is in appeal before the Tribunal whereby it has strongly submitted that once this comparable company is excluded, it meets the arm's length margin requirement by furnishing the following computation:

Sr. No.	Name of the company	As per DRP order	Set after exclusion of MPS Ltd
1.	Microland Ltd	7.86%	7.86%
2.	Crystal Voxx Ltd	6.23%	6.23%
3.	MPS Ltd	63.11%	Reject
4.	CES Ltd.	23.96%	23.96%
	No of comparables	4	3
	ALP - Arithmetic Mean	25.29%	12.68%
	Appellant's margin	14.75%	14.75%
	Result	Not at ALP	At ALP

7.1. For this exclusion and to demonstrate that it is functionally different, assessee submitted from the Annual Report of the comparable company placed on record that it is engaged in a business of content solutions, publishing solutions, accessibility solutions and platforms. The platform segment is the fastest growing part of the business of MPS Ltd. which has grown by 20%. MPS has developed numerous platforms in-house such as DigiCore, MPSInsight, ScholarStor, MPSTrak, MPSScholarly Stats and ContentStore. Further, by referring to the Annual Report, it is submitted that MPS focuses on end-to-end solutions to turn-key product development for select products. More importantly, it is submitted that there is no segmental data in the financial statements of the MPS which makes it functionally different

since there is no other segment which is comparable with that of the assessee. Further, by referring to the Annual Report, it is noted that MPS has made transition from operations from back-assembler to a front-end developer. It also actively undertakes research and development for enhancing its technological capabilities, competitive positioning, optimization of resources and so on, which in turn aids in optimization and reduction of its operating cost, giving increased profits. There are certain extraordinary events also, which are reported in the Annual Report, whereby it had made several acquisitions in the past several years from the years 2013 to 2018. It has acquired "THINK" subscription from Digital River and Tata Industries Ltd. E-Learning Business which is a pioneer in technology enabled learning. It has grown inorganically by making several acquisitions over the past several years leading to increased operating revenues and profitability. Further, from the same Annual Report, it is noted that MPS has an in-house development and technology division. Hence, all these factual aspects recorded and reported in the Annual Report of MPS renders it incomparable with that of the assessee on the functional aspect.

8. Ld. Counsel has also pointed to several judicial pronouncements of the Coordinate Benches whereby this comparable for the same assessment year as dealt in this order has been held to be excluded for bench marking analysis. The judicial pronouncements in this respect are as under:

- i. NTT Data Information Processing Services (P.) Ltd. Vs. DCIT in ITA 922/Bang/2022
- ii. Syngenta Services (P.) Ltd vs. ACIT in ITA No.1905/Mum/2022
- iii. Emerson Electric Company (India) (P.) Ltd vs. DCIT in ITA 2323/Mum/2022
- iv. Rage Frameworks India Private Limited vs ACIT in ITA No. 674/Pun/2022

- v. Gallagher Services Center LLP vs. Add/Jt CIT in ITA No. 679/Pune/2022

8.1. We extract findings of the Coordinate Bench in one of the decision in respect of MPS Ltd. from Syngenta Services (P) Ltd. (supra) from para-4 and para-11.

“For exclusion of MPS Ltd., the Id. AR of the assessee submits that this comparable is not functionally comparable with the assessee. It is in diversified business and lack of segmental data. MPS is a leading global provider of platforms and content solutions for the digital world. It is India's only listed pure-play publishing services company. The company provides platforms and publishing services for global publishing industries. MPS is engaged in end to end print and digital solutions to its customers which include services e.g. content production, enhancement, transformation, delivery and customer support making it a trusted partner to the biggest publishers in the world. MPS has successfully positioned itself as a leading product developer for educational, academic and medical publishers and leaning companies. MPS is engaged in developing software projects for end-to-end cloud based publishing namely 'MPS Digicore' 'Digitrack', 'Contentstore' etc. About 82% of total turnover of the company is from providing content solutions in the form of production, transformation, customer support and 18% of total turnover from its platform solutions such as Digicore, THINK, and Scholar Star etc. Further, the segmental information with respect to various activities of MPS is not available in the financial statements. MPS has also incurred outsourcing cost of Rs. 1266.19 crores which is included under the head of 'Other expenses' which implies that MPS uses a different model of business than that of the assessee which has no such expenditure. Accordingly, MPS is not functionally comparable to the assessee's ITES segment and hence ought to be excluded from the final set. MPS has acquired multiple products/business such as THINK Subscription and TATA Interactive Systems which is a well-established company in the field of digital learning solutions including web-based simulated learned. As a result of various acquisitions made by MPS, it has been able to report to sizable free cash with protected margins. This comparable was excluded by Tribunal in assessee's own case in A.Y. 2013-14 and 2014-15 in ITA No. No. 6098 & 513/M/2018

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11. We have considered the rival submission of both the parties and have gone through the orders of lower authorities carefully. We have also deliberated on various case laws First we are considering the plea of id AR of the assessee for exclusion of MPS. On careful perusal of various segmental data, functionality of MPS, we find that this comparable is not comparable with the assessee company. MPS is in diversified business and lack of segmental data. MPS is a leading global provider of platforms and content solutions for the digital world and its India's only listed pure-play publishing services company, provides platforms and publishing services for global publishing industries. MPS is engaged in end to end print and digital solutions to its customers eg. content production, enhancement, transformation, delivery and customer support making it a trusted partner to the biggest publishers in the world and has successfully positioned itself as a leading product developer for educational, academic and medical publishers and leaning companies. Further, 82% of total turnover of the company is from providing content solutions in the form of production, transformation, customer support and 18% of total turnover from its platform solutions such as Digicore, THINK, and Scholar Star etc. Further, in assessee's own

case for A.Y. 201314 and 2014-15, MPS was excluded. Therefore, the Assessing Officer/TPO is directed to exclude MPS from final set of comparable.”

9. Considering the above factual discussion from the Annual Report of MPS Ltd., vis-à-vis functions of the assessee as noted in the TPSR and the judicial precedents for the same assessment year under consideration, we hold that MPS Ltd. is incomparable which ought to be excluded from the final set of comparables for the purpose of working of arm's length margin. Accordingly, ground no. 15 raised by the assessee is allowed.

10. Since the findings arrived in ground no.15 results into meeting the arm's length margin reported by the assessee whereby no transfer pricing adjustment is called for, all other grounds raised by the assessee are rendered academic in nature.

11. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on 17.04.2026.

Sd/-
[Beena Pillai]
Judicial Member

Sd/-
[Girish Agrawal]
Accountant Member

Dated: 17 April, 2026

MP, Sr.P.S.

Copy to:

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BY ORDER,

(Dy./Asstt.Registrar)
ITAT, Mumbai