



IBM India Private Limited
No.12, Subramanya Arcade
Bannerghatta Main Road
Bangalore - 560029, India
www.ibm.com/in

NOTICE OF NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF THE SHAREHOLDERS OF IBM INDIA PRIVATE LIMITED

Day	Tuesday
Date	March 16, 2021
Time	11:00 AM IST to 11:30 AM IST
Place	Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru – 560071

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

COMPANY APPLICATION (CAA) NO. 05/BB/2021

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF APPLICATION UNDER SECTIONS 230 TO 232 AND OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IBM INDIA PRIVATE
LIMITED AND GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

IBM INDIA PRIVATE LIMITED, a company incorporated under Companies Act, 1956 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Demerged Company/Applicant No. 1

AND

GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE LIMITED, a company incorporated under Companies Act, 2013 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Resulting Company/Applicant No. 2

**NOTICE CONVENING THE NATIONAL COMPANY LAW TRIBUNAL CONVENED
MEETING OF THE SHAREHOLDERS OF IBM INDIA PRIVATE LIMITED**

Notice is hereby given that by an order dated January 28, 2021, the Bengaluru Bench of the Hon'ble National Company Law Tribunal ("NCLT", and such order, the "**Order**") has directed IBM India Private Limited ("**Applicant No. 1**" or "**Demerged Company**") to convene the meeting of shareholders of the Demerged Company, for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement proposed to be made between the Demerged Company and the Resulting Company and its respective shareholders and creditors, pursuant to the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "**Scheme**").

In pursuance of the said Order and as directed therein, further notice is hereby given that the meeting of the shareholders of Applicant No. 1 will be held at Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru - 560071 on Tuesday, March 16, 2021 from 11:00 AM IST to 11:30 AM IST ("**Meeting**") at which place, date and time, the shareholders are requested to attend and, if thought fit, approve with or without modification(s) the following resolutions:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("**Act**") and other applicable provisions of the Act (including any statutory modifications or re-enactment thereof, for the time being in force), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and any other rules, circulars and notifications made under the Act as may be applicable, and enabling provisions in the Memorandum of Association and Articles of Association of IBM India Private Limited ("**Company**") and subject to the approval of the requisite majority of creditors of the Company and as directed by National Company Law Tribunal ("**NCLT**"), Bench at Bengaluru, Karnataka constituted under the provisions of the Act and such other competent authority, as may be applicable or any other appropriate authority under the applicable provisions of

the Act and such other approvals / permissions / exemptions, as may be required under applicable laws, the consent of the shareholders of the Company be and is hereby accorded to the Scheme of Arrangement between the Company and Grand Ocean Managed Infrastructure Services Private Limited ("Resulting Company") and their respective shareholders and creditors ("Scheme") for demerger of the Demerged Undertaking (as defined in the Scheme) of Company into the Resulting Company, as a going concern, as placed before this NCLT convened Meeting and duly initialed by the Chairperson of the Meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board of Directors may deem fit and proper."

TAKE FURTHER NOTICE THAT in compliance with the Order and provisions of Section 230(4) of the Companies Act, Applicant No. 1 shall be providing its shareholders the option to vote on the Scheme by a polling paper at the venue of the Meeting so as to enable the shareholders to consider and approve the Scheme by way of the abovesaid resolution. It is clarified that the votes may be cast by the shareholders either personally, or by proxy, or by an authorized representative present at the Meeting in the manner provided in this notice.

The NCLT has appointed Mr. Dushyanth Kumar.K (CS) as Chairperson and Mr. Sudheendra.P.Ghali (FCS) as Scrutinizer of the Meeting. The Scheme, if approved at the Meeting, will be subject to the subsequent approval of the NCLT.

A copy of the explanatory statement under Section 230(3) and 232(2) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with a copy of the Scheme and other annexures including proxy form, attendance slip are enclosed herewith.

Copies of the Scheme and of the explanatory statement under Section 230(3), 232(2) and other applicable provisions of the Companies Act, 2013 can also be obtained free of charge at the registered office of Applicant No. 1 at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029.

Dated: February 8, 2021
Place: Bengaluru


Dushyanth Kumar.K (CS)
Chairperson appointed for the Meeting



Registered Office:

IBM India Private Limited
No. 12, Subramanya Arcade,
Bannerghatta Main Road, Bangalore,
Karnataka, India, 560029

Notes:

1. Only shareholders of Applicant No. 1 (as more particularly detailed in note 7 below) may attend the Meeting (either in person or by proxy or by authorised representative). The authorised representative of a body corporate which is a shareholder of Applicant No. 1 may attend the

Meeting provided that a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Meeting is deposited at the registered office of Applicant No. 1 not later than 48 hours before the scheduled time of the commencement of the Meeting of the shareholders of Applicant No. 1.

2. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a shareholder of Applicant No. 1. The proxy form duly completed should, however, be deposited at the registered office of Applicant No. 1 not later than 48 hours before the scheduled time of the commencement of the Meeting of Applicant No. 1.
3. The authorized representative or proxy are requested to carry a copy of valid proof of identity (i.e., a PAN Card / Aadhaar Card / Passport / Driving License / Voter ID Card) at the Meeting.
4. All alterations made in the proxy form should be initialled.
5. The quorum of the Meeting of the shareholders of Applicant No. 1 shall be both shareholders of Applicant No. 1.
6. Shareholder or its proxy or authorized representative is requested to bring copy of this notice to the Meeting and produce the attendance slip duly completed and signed at the entrance of the Meeting venue.
7. Only such shareholders of Applicant No. 1 may attend and vote (either in person or by proxy or through authorised representatives) at the Meeting, whose name appear in the Chartered Accountant's certificate certifying the list of shareholders of Applicant No. 1 as on December 31, 2020 as had been filed with the NCLT. A person/entity who is not a shareholder on such date should treat this notice for information purposes only and shall not be entitled to avail the facility of voting at the venue of the Meeting.
8. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of equity shareholders of Applicant No. 1 as on December 31, 2020.
9. Mr. Sudheendra.P.Ghali (FCS) has been appointed by NCLT, as the Scrutinizer to scrutinize the votes received.
10. The Scrutinizer will submit his report to the Chairperson of the Meeting after scrutinizing the votes logged by the shareholders. The result of the voting on the resolution at the Meeting shall be announced by the Chairperson of the Meeting or any person authorized by him, within two weeks from the date of conclusion of the Meeting.
11. Relevant documents referred to in the notice and the explanatory statement are open for inspection by shareholders at the registered office of Applicant No. 1 on all working days, except Saturdays and Sundays, between 11:00 AM IST and 1:00 PM IST upto the date of the Meeting and at the Meeting during the meeting hours.

Enclosures: As above

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

COMPANY APPLICATION (CAA) NO. 05/BB/2021

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF APPLICATION UNDER SECTIONS 230 TO 232 AND OTHER
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IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IBM INDIA PRIVATE
LIMITED AND GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

IBM INDIA PRIVATE LIMITED, a company incorporated under Companies Act, 1956 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Demerged Company/Applicant No. 1

AND

GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE LIMITED, a company incorporated under Companies Act, 2013 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Resulting Company/Applicant No. 2

EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 232(2) OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF COMPANIES (COMPROMISE ARRANGEMENT AND AMALGAMATION) RULES, 2016 (“ARRANGEMENT RULES”)

1. Pursuant to the Order dated January 28, 2021, passed by the Hon’ble National Company Law Tribunal, Bengaluru Bench (“NCLT”), a meeting of the shareholders of IBM India Private Limited (“**Applicant No. 1**”/ “**Demerged Company**”) is being convened at Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru - 560071 on Tuesday, March 16, 2021 from 11:00 AM IST to 11:30 AM IST (“**Meeting**”), for the purpose of considering and if thought fit, approving the arrangement embodied in the Scheme of Arrangement between the Demerged Company, Resulting Company and their respective shareholders and creditors (“**Scheme**”) for demerger of the Demerged Undertaking (as defined in Scheme) of Demerged Company into Resulting Company. A copy of the Scheme is enclosed as **Annexure 1**. Notice of the Meeting together with the copy of the Scheme is sent herewith. This statement explaining the terms of the Scheme of Arrangement is being furnished, *inter alia*, as required u/s 230(3) of the Companies Act, 2013.
2. **DETAILS AS PER RULE 6(3) OF THE ARRANGEMENT RULES**
 - 2.1 Venue, Time and Date of Meeting

The National Company Law Tribunal, Bengaluru Bench vide its Order dated January 28, 2021 in CA (CAA) No. 05/BB/2021, filed by IBM India Private Limited and Grand Ocean Managed Infrastructure Services Private Limited under Sections 230 to 232 of the Companies Act, 2013

has directed the calling, convening and conducting of the Meeting of the shareholders of IBM India Private Limited on Tuesday, March 16, 2021 at Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru - 560071 from 11:00 AM IST to 11:30 AM IST.

2.2 Details of the Demerged Company and Resulting Company

A. Details of the Demerged Company

S. No.	Particulars	Demerged Company
1.	Corporate Identification Number	U72200KA1997PTC022382
2.	Permanent Account Number	AAACI4403L
3.	Name of the Demerged Company	IBM India Private Limited
4.	Date of Incorporation	June 13, 1997
5.	Type of the Demerged Company	Private Limited Company
6.	Registered office of the Demerged Company and email id	No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka - 560029 Email: subhsrid@in.ibm.com
7.	Summary of main object as per the memorandum of association; and main business carried on by the Demerged Company	I. The main objects of the Demerged Company as stated in its memorandum of association include the following: a. To design, develop, import, procure, sell, provide, license (whether ready or future delivery) and market in India and abroad (directly, indirectly or through third parties) information technology services including but not limited to information technology consulting, desktop system management, business recovery services, customer software training, project management, application software services, network related services, site services, information kiosk services. b. To design, develop, import, procure, sell, provide license (whether ready or future delivery) and market in India or overseas (directly, indirectly or through third parties) or otherwise deal in information technology services including but not limited to processing services, export of software and hardware design services, professional consulting services, availability services, hardware maintenance, software support, system integration, value added network services,

		managed operations, international procurement operations. c. To manufacture, assemble, produce, repair, procure, import, sell (whether ready or future delivery), hire or let on hire, provide on lease or hire purchase or on deferred payment or on any other basis, supply, export (directly, indirectly or through third parties), render services, extend customer support or otherwise deal in computers and computer systems both hardware and software, including high end Micro-computer systems, graphic and other computer displays, features and systems, including input and output devices, peripherals, network products and software assemblies and sub-assemblies, part/components thereof and related products and services. d. To establish, maintain and conduct customer software training centre, and programming, fee-based education centres and programmes in the field of information technology and related areas. II. Also refer to details mentioned in Part A (General) of the Scheme.
8.	Details of change of name, registered office and objects of the Demerged Company during the last five years	Nil
9.	Name of the stock exchange (s) where securities of the Demerged Company are listed, if applicable	Nil
10.	Details of the capital structure of the Demerged	I. <u>Authorized share capital:</u> INR 250,00,00,000, divided into 25,00,00,000 equity shares of INR 10/- each

	Company including authorized, issued, subscribed and paid-up share capital	II. <u>Issued, subscribed and paid-up share capital</u> : INR 230,35,92,480 divided into 23,03,59,248 equity shares of INR 10/- each (fully paid up)																				
11.	Names of the promoters and directors along with their addresses	I. The details of the promoters of Demerged Company as on date are as follows:<table><tr><th>Name of Promoter</th><th>Address</th></tr><tr><td>IBM World Trade Corporation, USA</td><td>01, Orchard Road, Armonk, USA</td></tr><tr><td>IBM World Trade Holding LLC, USA</td><td>01, Orchard Road, Armonk, USA</td></tr></table> II. The details of directors of Demerged Company as on date are as follows:<table><tr><th>Name of Director</th><th>Address</th></tr><tr><td>Amit Sharma</td><td>#209, 3rd Main, 5th Cross, Defence Colony, Indiranagar Bangalore, Karnataka -560038</td></tr><tr><td>Avinash Vasant Joshi</td><td>401, B Savoy, Raheja Gardens, LBS Marg, Thane, Mumbai, Maharashtra – 400604</td></tr><tr><td>Chaitanya Nandipur Sreenivas</td><td>No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002</td></tr><tr><td>Usha Srikanth</td><td>86, Adarsh Vista Basavanagar Main Road, Vibuthipura, Marthahalli Post, Bangalore – 560037</td></tr><tr><td>Sandip Patel</td><td>No.39 Staniford Street, Auburndale, Massachusetts, USA – 02466</td></tr><tr><td>Tejaswini Shrikant Rajwade</td><td>2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001</td></tr></table>	Name of Promoter	Address	IBM World Trade Corporation, USA	01, Orchard Road, Armonk, USA	IBM World Trade Holding LLC, USA	01, Orchard Road, Armonk, USA	Name of Director	Address	Amit Sharma	#209, 3rd Main, 5th Cross, Defence Colony, Indiranagar Bangalore, Karnataka -560038	Avinash Vasant Joshi	401, B Savoy, Raheja Gardens, LBS Marg, Thane, Mumbai, Maharashtra – 400604	Chaitanya Nandipur Sreenivas	No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002	Usha Srikanth	86, Adarsh Vista Basavanagar Main Road, Vibuthipura, Marthahalli Post, Bangalore – 560037	Sandip Patel	No.39 Staniford Street, Auburndale, Massachusetts, USA – 02466	Tejaswini Shrikant Rajwade	2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001
Name of Promoter	Address																					
IBM World Trade Corporation, USA	01, Orchard Road, Armonk, USA																					
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Name of Director	Address																					
Amit Sharma	#209, 3rd Main, 5th Cross, Defence Colony, Indiranagar Bangalore, Karnataka -560038																					
Avinash Vasant Joshi	401, B Savoy, Raheja Gardens, LBS Marg, Thane, Mumbai, Maharashtra – 400604																					
Chaitanya Nandipur Sreenivas	No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002																					
Usha Srikanth	86, Adarsh Vista Basavanagar Main Road, Vibuthipura, Marthahalli Post, Bangalore – 560037																					
Sandip Patel	No.39 Staniford Street, Auburndale, Massachusetts, USA – 02466																					
Tejaswini Shrikant Rajwade	2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001																					
12.	Date of the board meeting at which the Scheme was approved by the board of directors including the name of the	I. The board of Applicant No. 1 in its meeting held on January 15, 2021 approved the Scheme. II. All directors of Applicant No. 1 (namely, Amit Sharma, Avinash Vasant Joshi, Chaitanya Nandipur Srinivas, Usha Srikanth, Sandip Patel, Tejaswini Shrikant Rajwade) unanimously approved the Scheme. III. Directors who voted against the Scheme: Nil																				

	directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution	IV. Directors who did not participate: Nil
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B. Details of the Resulting Company

S. No.	Particulars	Resulting Company
1.	Corporate Identification Number	U72900KA2021PTC142940
2.	Permanent Account Number	AAICG7692M
3.	Name of the Resulting Company	Grand Ocean Managed Infrastructure Services Private Limited
4.	Date of Incorporation	January 8, 2021
5.	Type of the Resulting Company	Private Limited Company
6.	Registered office of the Resulting Company and email id	No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka - 560029 Email: subhsrid@in.ibm.com
7.	Summary of main object as per the memorandum of association; and main business carried on by the Resulting Company	I. Resulting Company is a newly incorporated company which is a wholly owned subsidiary of the Demerged Company. II. Further, the main objects of the Resulting Company as stated in its memorandum of association include the following: a. To design, develop, import, procure, sell, provide, license (whether ready or future delivery) and market in India and abroad, or otherwise deal in (directly, indirectly or through third parties) information technology services including but not limited to information technology consulting, desktop system management, business recovery services, customer software training, project management,

		application software services, network related services, site services, information kiosk services, processing services, export of software and hardware design services, professional consulting services, availability services, hardware maintenance, software support, system integration, value added network services, managed operations, international procurement operations. b. To manufacture, assemble, produce, repair, procure, import, sell (whether ready or future delivery), hire or let on hire, provide on lease or hire purchase or on deferred payment or on any other basis, supply, export (directly, indirectly or through third parties), render services, extend customer support or otherwise deal in computers and computer systems both hardware and software, including high end micro-computer systems, graphic and other computer displays, features and systems, including input and output devices, peripherals, network products and software assemblies and sub-assemblies, part/components thereof and related products and services c. To establish, maintain and conduct customer software training centre, and programming, fee based education centres and programmes in the field of information technology and related areas.
8.	Details of change of name, registered office and objects of the Resulting Company during the last five years	Nil
9.	Name of the stock exchange (s) where securities of the Resulting Company are listed, if applicable	Nil
10.	Details of the capital	Present capital structure of the Resulting Company:

	structure of the Resulting Company including authorized, issued, subscribed and paid-up share capital	I. <u>Authorized share capital</u>: INR 1,00,000, divided into 10,000 equity shares of INR 10/- each II. <u>Issued, subscribed and paid-up share capital</u>: INR 1,00,000 divided into 10,000 equity shares of INR 10/- each (fully paid up) Capital structure post the effectiveness of the Scheme: Upon the Scheme coming into effect: I. Shares will be issued by Resulting Company to the shareholders of the Demerged Company in accordance with the share entitlement ratio. II. The shares issued by the Resulting Company to the Demerged Company shall stand cancelled without any further act or deed immediately following the issuance of shares by Resulting Company to the shareholders of the Demerged Company, pursuant to the Scheme.						
11.	Names of the promoters and directors along with their addresses	I. Resulting Company is a wholly owned subsidiary of the Demerged Company and as mentioned above, the registered office of Applicant No. 1 is No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka – 560029. II. The details of directors of Resulting Company as on date are as follows: <table><tr><th>Name of Director</th><th>Address</th></tr><tr><td>Chaitanya Nandipur Sreenivas</td><td>No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002</td></tr><tr><td>Tejaswini Shrikant Rajwade</td><td>2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001</td></tr></table>	Name of Director	Address	Chaitanya Nandipur Sreenivas	No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002	Tejaswini Shrikant Rajwade	2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001
Name of Director	Address							
Chaitanya Nandipur Sreenivas	No. 44, Cunningham Apartments, 5 Edward Road, Bangalore, Karnataka – 560002							
Tejaswini Shrikant Rajwade	2A, Crescent Park, 26, Rest House Road, Opposite Rest House Park, Shanthalanagar, Bangalore North, Bengaluru, Karnataka – 560001							
12.	Date of the board meeting at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not	I. The board of the Resulting Company in its meeting held on January 15, 2021 approved the Scheme. II. All directors of the Resulting Company (namely, Chaitanya Nandipur Srinivas and Tejaswini Shrikant Rajwade) unanimously approved the Scheme. III. Directors who voted against the Scheme: Nil IV. Directors who did not participate: Nil						

	vote or participate on such resolution	
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2.3 Other details as per Rule 6(3) of the Arrangements Rules

S. No.	Particulars	Response
1.	Relationship subsisting between the Demerged Company and the Resulting Company	I. The Demerged Company holds 100% of the issued, subscribed and paid-up capital of the Resulting Company and hence the Resulting Company is a wholly owned subsidiary of the Demerged Company. II. Ms. Tejaswini Shrikant Rajwade and Mr. Chaitanya Nandipur Sreenivas are common directors in both the companies.
2.	Details of the Scheme of Arrangement	
2 (a)	Parties involved in the arrangement	The Demerged Company, the Resulting Company and their respective creditors and shareholders (as applicable).
2 (b)	Appointed Date, Effective Date, share entitlement ratio and other considerations	I. Appointed Date: Opening of business on April 1, 2021 or such other date as the NCLT may direct or allow. II. Effective Date: The last of the dates on which all the conditions and matters referred to in Clause 17.1 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. III. Share entitlement ratio: 1 (One) fully paid-up equity share of Rs. 10 (Rupees Ten only) each of the Resulting Company shall be issued and allotted for every 3 (Three) fully paid-up equity shares of Rs. 10 (Rupees Ten only) each held in the Demerged Company. IV. Other considerations, if any: Nil
2 (c)	Summary of share entitlement ratio report	Share entitlement ratio report dated January 13, 2021 has been issued to the Demerged Company and Resulting Company by D and P India Advisory Services LLP, Registered Valuer. The report provides that: (i) that any share entitlement ratio to be proposed by the management would be reasonable considering that the allotment of equity shares to the shareholders of Demerged Company is a mirror image of the shareholding in Demerged Company and all the current shareholders of Demerged Company will, upon demerger, be ultimate beneficial economic owners of Resulting Company in the same ratio as they hold shares in Demerged Company, as on the Appointed Date, (ii) proposed share entitlement ratio of 1 (One) paid up equity share of Resulting Company for every 3 (Three) fully paid up equity shares held in Demerged

		Company is fair and reasonable. Copy of the share entitlement ratio report is annexed hereto as Annexure 2 .
2 (d)	Details of capital restructuring	I. Upon the coming into effect of the Scheme, shares will be issued by Resulting Company to the equity shareholders of the Demerged Company in accordance with the share entitlement ratio. Further, the existing shareholding of the Demerged Company in Resulting Company shall stand cancelled without any further act or deed immediately following the issuance of shares by Resulting Company to the shareholders of the Demerged Company, pursuant to the Scheme. II. There will be no effect on the share capital of the Demerged Company.
2 (e)	Details of debt restructuring	There is no debt restructuring being undertaken pursuant to the Scheme.
2 (f)	Rationale for the Scheme and benefits of the Scheme as perceived by the Board	I. The Demerged Company is a group company of International Business Machines Corporation (“IBM”). IBM has announced its intention to separate its Managed Infrastructure Services unit into a new public company in United States. This transaction is expected to create two industry-leading companies, each with strategic focus and flexibility to drive client and shareholder value. II. The Demerged Company is engaged in the conduct of both the MIS Business (as defined in the Scheme) and the Remaining Business (as defined in the Scheme) and, in connection with the abovementioned transaction, intends to segregate and transfer its MIS Business operations to the Resulting Company. The Demerged Company would continue with the Remaining Business as laid out in Clause 12 of this Scheme. III. That segregation and transfer is intended to enable a more efficient, effective, focused strategy for management and utilization of resources and talent for both the Demerged Company and Resulting Company. You may refer to ‘Rationale for the Demerger’ under Part A (General) of the Scheme.
2 (g)	Amounts due to the unsecured creditors	I. As on December 31, 2020, the Demerged Company has 446 (Four Hundred and Forty Six) unsecured creditors and an amount of Rs. 1597,26,02,295 (Rupees One Thousand Five Hundred Ninety Seven Crores Twenty Six Lakhs Two Thousand Two Hundred and Ninety Five only) is due to such unsecured creditors. II. The Resulting Company does not have any creditors as on date.

3.	Effect of the Scheme	I. Directors, and Key Managerial Personnel: The Scheme will not have any adverse effect on the directors or the Key Managerial Personnel (“KMP”) of the Demerged Company and Resulting Company. II. Promoter and Non-Promoter Members: • With respect to the promoters of the Demerged Company, pursuant to the Scheme, the Resulting Company will issue shares to the shareholders/promoters of the Demerged Company based on the share entitlement ratio. Accordingly, the promoters of the Demerged Company will not be prejudiced by the Scheme. • Pursuant to the Scheme, the existing shares issued by the Resulting Company to its promoters (i.e., the Demerged Company) will get cancelled. • There are no non-promoter members in the Demerged Company or the Resulting Company. III. Creditors: • The Scheme is not prejudicial to the interests of the creditors of the Demerged Company. Upon coming into effect, and with effect from the Appointed Date, all debts, borrowings, liabilities, duties and obligations provided and accounted in the books of the Demerged Company to the extent relating to, arising out of, or resulting from, the Demerged Undertaking as on the Appointed Date shall, without any further act or deed, be and stand transferred to and/or deemed to be transferred to the Resulting Company. • The Resulting Company does not have any creditors as on the date of this notice, and hence this is not applicable for the Resulting Company. IV. Employees: Upon the Scheme coming into effect, the employees of the Demerged Company employed / engaged in the Demerged Undertaking, as identified by the boards of the Demerged Company and the Resulting Company, who are in employment on the Effective Date, shall become the employees of the Resulting Company as if they were in continuous service without any break or interruption in service. The aggregate terms and conditions of employment of such employees shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company on the date immediately preceding the Effective Date.
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		V. Depositors, Debenture Holders, Deposit Trustee or Debenture Trustee: The Demerged Company and the Resulting Company do not have any depositors, debenture holders, deposit trustee or debenture trustee. Hence, no such rights and interests will be affected on effectiveness of Scheme.
4.	Effect of the Scheme on material interest of directors, KMPs and debenture trustee	I. The directors and KMPs of Demerged Company and the Resulting Company do not have any material interest in the Scheme. II. The Demerged Company and the Resulting Company do not have any debenture trustee.
5.	Investigations or proceedings, if any, pending against the companies under Companies Act, 2013 or Companies Act, 1956.	No investigation proceedings have been instituted or are pending in relation to the Demerged Company or the Resulting Company under the Companies Act, 2013 or Companies Act, 1956.
6.	Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities required, received or pending	I. The Scheme was filed by the Demerged Company and Resulting Company with the Bengaluru Bench of the NCLT on January 16, 2021 and the Bengaluru Bench of NCLT has given directions to convene the Meeting vide an Order dated January 28, 2021. II. The Scheme is conditional upon and subject to: (a) approval of the Scheme by the NCLT, whether with any modification or amendment as the NCLT may deem appropriate or otherwise; (b) receipt of approvals and sanctions of any Governmental Authority (as defined in the Scheme), if any, as may be required by applicable law; and (c) the certified copies of the orders of the NCLT sanctioning this Scheme being filed with the Registrar of Companies by the Demerged Company and the Resulting Company.
7.	Details of the documents available for inspection or obtaining extracts or copies	The following documents shall be available for inspection at the registered office of the Demerged Company on working days prior to the date of the Meeting between 11:00 AM IST and 1:00 PM IST: I. Copy of the Scheme of Arrangement between IBM India Private Limited and Grand Ocean Managed

		Infrastructure Services Private Limited and their respective shareholders and creditors; II. Latest audited financial statements of the financial year ended March 31, 2020; III. Supplementary unaudited accounting statement of the Demerged Company for the six months period ended on September 30, 2020 and unaudited opening financial statements of the Resulting Company as on January 15, 2021; IV. Copy of the Order dated January 28, 2021 in CA (CAA) No. 05/BB/2021 of the NCLT directing Applicant No. 1 and Resulting Company separately, to convene the respective meetings; V. Certificate dated January 15, 2021 issued by R.G.N. Price & Co, Chartered Accountants, the Statutory Auditor of the Demerged Company prescribed u/s 133 of the Companies Act, 2013; VI. Copy of the Share Entitlement Report dated January 13, 2021 issued by D and P India Advisory Services LLP; VII. Report adopted by the Board of Directors of the Demerged Company pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013; VIII. Copies of the Memorandum of Association and Articles of Association of Demerged Company and Resulting Company; and IX. Any other information or documents as the Board or management believes necessary and relevant for making decisions.
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- 2.4 The shareholders entitled to attend and vote at the Meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore – 560029, Karnataka, not later than 48 hours before the Meeting.
3. Demerged Company confirms that it has filed the Scheme with the Registrar of Companies, Bengaluru.
4. In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of Demerged Company have adopted a report *inter alia* explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copy of the said report is enclosed herewith as **Annexure 3**.
5. In compliance with the provisions of Section 232(2)(e) of the Companies Act, 2013, the supplementary unaudited accounting statement of Demerged Company for the six months period ended on September 30, 2020 is enclosed herewith as **Annexure 4**.

Place: Bengaluru
Date: February 8, 2021

Registered Office:
IBM India Private Limited
No. 12, Subramanya Arcade,
Bannerghatta Main Road,
Bangalore – 560029



Dushyanth Kumar.K (CS)

Chairperson appointed for the Meeting



SCHEME OF ARRANGEMENT

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES
ACT, 2013 AND RULES FRAMED THEREUNDER

BETWEEN

IBM INDIA PRIVATE LIMITED

(Demerged Company)

AND

GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE LIMITED

(Resulting Company)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PARTS OF THE SCHEME

The Scheme is divided into following parts:

1. **PART A** deals with background of the Demerged Company and the Resulting Company, rationale and objective of the Scheme;
2. **PART B** deals with the definitions, interpretation, operative date and share capital;
3. **PART C** deals with the Demerger of the Demerged Undertaking of the Demerged Company on a going concern basis into the Resulting Company; and
4. **PART D** deals with the general terms and conditions applicable to the Scheme.



PART A – GENERAL

PREAMBLE

This scheme of arrangement (“**Scheme**”, as more particularly defined hereunder) is presented under Sections 230-232 and other applicable provisions of the Companies Act, 2013 between IBM India Private Limited (“**Demerged Company**”), a subsidiary of IBM World Trade Corporation, a corporation incorporated in USA and Grand Ocean Managed Infrastructure Services Private Limited (“**Resulting Company**”), a subsidiary company of the Demerged Company and their respective shareholders and creditors. The Scheme provides *inter-alia* for the demerger of the Demerged Undertaking (as defined below) of the Demerged Company to the Resulting Company (“**Demerger**”) and the consequent issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company under Sections 230-232 and other applicable provisions of the Act (as defined below).

BACKGROUND

- (a) The Demerged Company is a private limited company incorporated under the provisions of the Companies Act, 1956, with corporate identification number U72200KA1997PTC022382 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore – 560029, Karnataka. It was incorporated on June 13, 1997 and was originally named as IBM Global Services India Private Limited. The name of the Demerged Company was changed to ‘IBM India Private Ltd.’ on February 14, 2006 and pursuant to such change, a fresh Certificate of Incorporation was issued by the Registrar of Companies, Karnataka. The Demerged Company has a vast portfolio of information technology products and services and is primarily engaged in producing, selling or licensing (as the case may be) computer hardware, middleware and software, and in providing IT implementation, hosting and consulting services in areas ranging from mainframe computers to nanotechnology. It also carries out lease and other financing activities in connection with its primary business activities. The Demerged Company’s offerings generally fall into the categories of cloud computing, artificial intelligence, commerce, data and analytics, Internet of Things (IoT), IT infrastructure, mobile, and security. The Demerged Company also provides on-site services to customers through its USA branch.
- (b) The Resulting Company is a private limited company incorporated under the provisions of the Companies Act, 2013 on January 8, 2021 with corporate identification number U72900KA2021PTC142940 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore – 560029, Karnataka. The Resulting Company is a wholly owned subsidiary company of the Demerged Company.
- (c) This Scheme has been drawn up so that the Demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company is compliant with the conditions applicable under Section 2(19AA) and other applicable provisions of the IT Act (as defined below). If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with the provisions of IT Act at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the IT Act shall prevail to the extent of such inconsistency and the Scheme shall be deemed to be modified to the minimum extent determined necessary by the Boards of the Demerged Company and the Resulting Company to comply with the IT Act, without any further act or deed of the Demerged Company or the Resulting Company. Such modification will, however, not affect other parts of the Scheme.

RATIONALE FOR THE DEMERGER

- (a) The Demerged Company is a group company of International Business Machines Corporation (“**IBM**”). IBM is a global brand and has its presence in 170 countries and operates through multiple locations across the globe.
- (b) IBM has announced its intention to separate its Managed Infrastructure Services unit into a new public company. This transaction (the “**Separation**”) is expected to create two industry-leading companies, each with strategic focus and flexibility to drive client and shareholder value.



- (c) The Demerged Company is engaged in the conduct of both the MIS Business (as defined below) and the Remaining Business (as defined below) and, in connection with the Separation, intends to segregate and transfer its MIS Business operations to the Resulting Company. The Demerged Company would continue with the Remaining Business as laid out in Clause 12 of this Scheme. That segregation and transfer is intended to enable a more efficient, effective, focused strategy for management and utilization of resources and talent for both the Demerged Company and Resulting Company.
- (d) The financial position of each of the Demerged Company and the Resulting Company shall reflect a positive net-worth upon the Demerger becoming effective.
- (e) There is no likelihood that the interests of any shareholder or creditor of either the Demerged Company or the Resulting Company would be prejudiced as a result of the Scheme becoming effective. The Scheme is not prejudicial or against public interest in any manner and would serve the interest of all shareholders, creditors and other stakeholders of the Demerged Company and the Resulting Company.



PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS AND INTERPRETATIONS

- 1.1. In this Scheme, unless inconsistent with or repugnant to the subject or context, the following expressions shall have the meanings respectively assigned against them:

“**Act**” means the Companies Act, 2013, including any statutory modification or re-enactment thereof together with all rules, regulations, notifications, circulars and clarifications, in each case issued under the Companies Act, 2013;

“**Appointed Date**” means opening of business on April 1, 2021 or such other date as the NCLT may direct or allow;

“**Applicable Law**” means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, press notes, requirement or any similar form of determination by or decision of any Governmental Authority, in each case having the force of law, and that is binding or applicable to a person, whether in effect as of the date on which this Scheme has been approved by the Board of the Demerged Company and the Resulting Company or at any time thereafter;

“**Board**” means the board of directors of the Demerged Company and/or Resulting Company, as the case may be, in office at the relevant time, and shall include a committee duly constituted and authorized by the directors of the Demerged Company or the Resulting Company, as the case may be;

“**Demerged Company**” shall mean IBM India Private Limited;

“**Demerger**” means the transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company as a going concern by way of demerger in accordance with the Act and the provisions of Section 2(19AA) of the IT Act and the consequent issue of equity shares by the Resulting Company to the relevant members of the Demerged Company as set out in this Scheme;

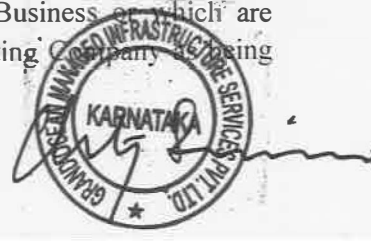
“**Demerged Undertaking**” means the MIS Business comprised solely of the following business undertaking, and properties, of whatsoever nature and kind and wheresoever situated, in each case, of the Demerged Company, and in each case excluding the Excluded Assets:

- (a) all rights, interest and claims of the Demerged Company in immovable properties (i.e. land together with the buildings and structures standing thereon including roads, drains and culverts, bunk house, civil works, foundations for civil works, buildings, warehouses, offices, improvements, fixtures, and appurtenances), whether leasehold, subleasehold, leave and licensed, right of way, or tenancies and including any rights created through the division or replication of any lease, sublease or similar arrangement relating to both the MIS Business and the Remaining Business, in each case which exclusively form part of the MIS Business or which are determined by the Boards of the Demerged Company and the Resulting Company as being necessary or expedient for conduct of, or the activities or operations of, the MIS Business (collectively, the “**Transferred Real Property Interests**”), and all documents (including panchnamas, declarations, deeds or receipts and other similar instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise), or copies thereof, of rights and easements in relation thereto and all rights, covenants, continuing rights, interest, benefits and interests of agreements for lease or license or other rights to use of premises, in connection with the said Transferred Real Property Interests;
- (b) all assets of the Demerged Company, as are movable in nature and which exclusively form part of the MIS Business or which are determined by the Boards of the Demerged Company and the Resulting Company as being necessary for conduct of, or the activities or operations of, the MIS Business (including any such assets which are used in the MIS Business as well as the Remaining Business), whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated



and machinery, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, stores and spares, packing material, raw material, tools and plants, actionable claims, earnest monies, security deposits paid or deemed to have been paid and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment in branches / offices exclusively relating to the MIS Business in India or overseas, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with any Governmental Authority, banks, customers and other persons, the benefits of any bank guarantees and performance guarantees;

- (c) such minimum working capital as is required for the operation of the MIS Business as determined by the Boards of the Demerged Company and Resulting Company;
- (d) all permits, licenses (including special economic zone (SEZ) and software technology parks of India (STPI) license related approvals and permissions, as the case may be), permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, pre-qualifications, eligibility criterion, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, employee visas, work permits, concessions, subsidies, incentives, exemptions and other benefits (in each case, including the benefit of any applications made for the same), liberties and advantages, approval for commissioning of project and other licenses or clearances granted/ issued/ given by any Governmental Authority, organizations or companies, including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, in each case, which exclusively form a part of, or exclusively relate to, the MIS Business or which are determined by the Boards of the Demerged Company and Resulting Company as being necessary for conduct of, or the activities or operations of, the MIS Business;
- (e) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understandings, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, expressions of interest, letters of intent, hire and purchase arrangements, facility management agreements, agreements with customers, purchase and other agreements with the supplier/ manufacturer of goods/ service providers (including resource supply agencies), other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, claims and benefits thereunder, in each case which exclusively form part of the MIS Business (including any such contract created through the division or replication of any contract relating to both the MIS Business and the Remaining Business) or which are determined by the Boards of the Demerged Company and Resulting Company as being necessary for conduct of, or the activities or operations of, the MIS Business;
- (f) any (i) Intellectual Property (as defined below) owned by the Demerged Company; and (ii) rights of the Demerged Company to use any Intellectual Property (by way of license, sub-license or otherwise), in each case, which are determined by the Boards of the Demerged Company and the Resulting Company as being either exclusively related to the MIS Business, or necessary for the conduct of, or the activities or operations of, the MIS Business (**"Transferred IP Rights"**);
- (g) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company, in each case which exclusively form part of the MIS Business or which are determined by the Boards of the Demerged Company and the Resulting Company as being



necessary for conduct of, or the activities or operations of, the MIS Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company which exclusively form part of the MIS Business or which are determined by the Boards of the Demerged Company and the Resulting Company as being necessary for conduct of, or the activities or operations of, the MIS Business;

- (h) all books, records, files, papers, test reports, drawings, manuals, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form which exclusively form part of the MIS Business or which are determined by the Boards of the Demerged Company and Resulting Company as being necessary for conduct of, or the activities or operations of the MIS Business;
- (i) all debts, borrowings, duties, guarantees, and liabilities, including contingent liabilities, present or future, in each case to the extent relating to, arising out of or resulting from the activities or operations of the MIS Business, including specific loans and borrowings (if any), and any current liabilities, to the extent relating to, arising out of or resulting from the MIS Business, all assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any contract or tort based on negligence or strict liability), whether provided for or not in the books of accounts or disclosed in the financial statements pertaining to MIS Business, in each case to the extent relating to, arising out of or resulting from the MIS Business and in case of general or multipurpose borrowings if any, such borrowings which the value of the assets transferred pursuant to the Scheme bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date;
- (j) all tax credits, including CENVAT credits, refunds, reimbursements, claims, scrips/ drawbacks availed under any export-related schemes of the Government, exemptions, benefits under service tax laws, laws relating to Goods and Services Tax ("GST"), value added tax, purchase tax, sales tax or any other duty or tax or cess or imposts under central or state law including sales tax deferrals, and depreciation, deductions, losses and benefits under the IT Act exclusively pertaining to the MIS Business;
- (k) all suits, appeals, arbitrations, legal or other proceedings of whatever nature, whether criminal or civil (including before any statutory or quasi-judicial authority, or tribunal), under any Applicable Law, exclusively relating to the MIS Business and such other proceedings relating to the MIS Business as determined by the Boards of the Demerged Company and the Resulting Company ("**Proceedings**");
- (l) all employees, including fixed term hires and employees deputed on assignments whether in India or outside India, probationers, permanent employees, temporary employees, trainees and interns employed / engaged in connection with the MIS Business as on the Effective Date, or which are otherwise determined by the Boards of the Demerged Company and Resulting Company as being necessary for conduct of, or the activities or operations of, the MIS Business, including with respect to allocation of employees engaged in the MIS Business as well as the Remaining Business ("**Employees**"). It is hereby clarified that in case of an ambiguity about whether an employee is employed/engaged in respect of the Demerged Undertaking or the Remaining Business, the ambiguity would be resolved by the Boards of the Demerged Company and Resulting Company mutually; and
- (m) all other assets and liabilities of the Demerged Company of a type not addressed in clauses (a) through (l) above that exclusively form part of the MIS Business, or which are determined by



the Board of the Demerged Company and the Resulting Company as being necessary for the conduct of, or the activities or operations of, the MIS Business;

It is clarified that the assets, properties, liabilities, etc., included in clauses (a) to (m) above are in accordance with the requirements of Section 2(19AA) and other relevant sections of the IT Act. It is further clarified that in the event there is any ambiguity on whether a particular asset, liability, right, benefit, privilege, contract, debt, record, etc., as noted above, pertains to or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking, then such ambiguity shall be resolved by mutual agreement between the Boards of the Demerged Company and Resulting Company;

“Effective Date” means the last of the dates on which all the conditions and matters referred to in Clause 17.1 occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to date of ‘coming into effect of the Scheme’ or ‘effectiveness of the Scheme’ or ‘Scheme coming into effect’ or ‘Scheme becoming effective’ shall be the Effective Date;

“Encumbrance” or to **“Encumber”** means without limitation any options, claim, pre-emptive right, easement, limitation, attachment, restraint, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;

“Excluded Assets” means assets of the Demerged Company which are not a part of the MIS Business, including:

- (a) all network assets and hybrid cloud assets,
- (b) all Intellectual Property and licenses of, or other rights to use, Intellectual Property, other than Transferred IP Rights,
- (c) all immovable properties and rights, interests and claims thereto, other than Transferred Real Property Interests, and
- (d) such other assets as are determined by the Boards of the Demerged Company and Resulting Company as not being necessary for conduct of, or the activities or operations of the MIS Business and to be retained by the Demerged Company;

“Governmental Authority” means any applicable central or state government or local body, legislative body, statutory authority, regulatory authority, agency, government department, board, commission, administrative authority, tribunal or court, bureau or instrumentality thereof or arbitration or arbitral body or any authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government having or purporting to have jurisdiction on behalf of the Republic of India or any other country where the Demerged Company or Resulting Company conduct their business;

“IT Act” means the Income-Tax Act, 1961 as may be amended or supplemented from time to time (and any successor provisions or law), including any statutory modifications or reenactments thereof together with all applicable by-laws, rules, regulations, orders, ordinances, directions including circulars and notifications and similar legal enactments, in each case issued under the Income-Tax Act, 1961;

“Intellectual Property” means:

- (a) patents, utility models, rights in inventions, supplementary protection certificates;



- (b) rights in information (including know-how, confidential information and trade secrets) and the right to use, and protect the confidentiality of, confidential information;
- (c) trademarks, service marks, rights in logos, trade and business names, rights in each of get-up and trade dress and all associated goodwill, rights to sue for passing off and/or for unfair competition and domain names;
- (d) copyright, moral rights and related rights, rights in computer software, database rights, rights in designs, and semiconductor topography rights;
- (e) any other intellectual property rights; and
- (f) all rights or forms of protection, subsisting now or in the future, having equivalent or similar effect to the rights referred to in paragraphs (a) to (e) above,

in each case: (i) anywhere in the world; (ii) whether unregistered or registered (including all applications, rights to apply and rights to claim priority); and (iii) including all divisionals, continuations, continuations-in-part, reissues, extensions, re-examinations and renewals and the right to sue for damages for past and current infringement in respect of any of the same;

“MIS Business” means the business of the Infrastructure Services unit of IBM’s Global Technology Services (GTS) segment, including the Security, Regulatory and Risk Management Services and Identity Management Services offerings of the Security Services unit of IBM’s Cloud and Cognitive Software segment, but excluding the Public Cloud Platform offering of the Infrastructure Services unit, in each case, as such business has been conducted by the Demerged Company prior to the Effective Date;

“National Company Law Tribunal” or **“NCLT”** means the National Company Law Tribunal at Bengaluru having jurisdiction in relation to the Demerged Company and Resulting Company and/ or the National Company Law Appellate Tribunal as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 - 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 - 232 of the Act, as may be applicable;

“Record Date” means the date to be fixed by the Board of the Demerged Company in consultation with the Board of the Resulting Company for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to this Scheme;

“Registrar of Companies” means the Registrar of Companies, Karnataka at Bangalore, having jurisdiction in relation to the Demerged Company and the Resulting Company;

“Remaining Business” means the undertaking, operations, assets, liabilities and business of the Demerged Company, save and except the Demerged Undertaking. It is hereby clarified that Excluded Assets would form part of Remaining Business;

“Resulting Company” shall mean Grand Ocean Managed Infrastructure Services Private Limited;

“Sanction Order” mean the order passed by the NCLT sanctioning the Scheme;

“Scheme” means this Scheme of Arrangement in its present form or with any modifications made under Clause 21.2 of this Scheme, as approved or directed by the NCLT or any Governmental Authority, as the case may be, as applicable;

“Share Entitlement Ratio” shall have the meaning set out in Clause 13.1;

“Tax” or **“Taxes”** means and includes any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax), GST, excise duty, value added tax (VAT), central sales tax (CST), service tax, ~~control~~, local body tax and customs duty, duties and charges.



levies or other similar assessments by or payable to an Governmental Authority, including in relation to (a) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (b) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof.

- 1.2. In addition to the above terms, certain terms may be defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning so assigned to them.
- 1.3. In this Scheme, unless the context otherwise requires:

(a) all terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and any other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force;

(b) all reference to any statute or statutory provision shall include: (i) all subordinate legislation made from time to time under that statute or provision (whether or not amended, modified, re-enacted, or consolidated); and (ii) such statute or provision as may be amended, modified, re-enacted, or consolidated;

(c) references to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme;

(d) the headings herein shall not affect the construction of this Scheme;

(e) the singular shall include the plural and vice versa; and references to one gender shall include all genders;

(f) any phrase introduced by the terms including in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and

(g) references to person include any individual, firm, body corporate (whether or not incorporated), Government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).
2. OPERATIVE DATE OF THE SCHEME
- The Scheme set out herein in its present form or with any modification(s) made under Clause 21.2 of this Scheme, approved or imposed or directed by the NCLT or by any Governmental Authority as the case may be, as applicable, shall be effective from the Appointed Date but shall be operative from the Effective Date.
3. SHARE CAPITAL
- 3.1. The share capital structure of the Demerged Company as on March 31, 2020 is as under:
- | Share Capital | Amount (In Rs.) |
|---|----------------------|
| <u>Authorized Share Capital</u> | |
| 25,00,00,000 equity shares of Rs. 10/- each | 250,00,00,000 |
| TOTAL | 250,00,00,000 |
| <u>Issued, subscribed and paid-up Share Capital</u> | |
| 23,03,59,248 equity shares of Rs. 10/- each fully paid up | 230,35,92,480 |
| TOTAL | 230,35,92,480 |
-
-

Subsequent to the above date and till the date of filing of the Scheme with the NCLT, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Demerged Company.

3.2. The share capital structure of the Resulting Company as on January 15, 2021 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
10,000 equity shares of Rs. 10/- each	100,000
TOTAL	100,000
Issued, subscribed and paid-up Share Capital	
10,000 equity shares of Rs. 10/- each fully paid up	100,000
TOTAL	100,000

Subsequent to the above date and till the date of filing of the Scheme with the NCLT, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Resulting Company.



PART C – DEMERGER

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Undertaking shall, in accordance with Section 2 (19AA) of the IT Act and pursuant to Sections 230-232 of the Act and other Applicable Laws, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company as a going concern in the manner set out below. It is however clarified that the same shall be subject to payment of applicable stamp duty.

5. TRANSFER OF ASSETS

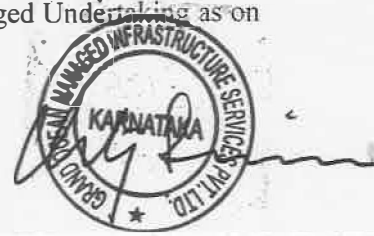
- 5.1. Without prejudice to the generality of Clause 4 above and upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, in accordance with the provisions of this Clause 5 in relation to the mode of transfer and vesting and pursuant to Sections 230 - 232 of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in or be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern without any break or interruptions in the operations thereof, so as to become, as and from the Appointed Date, the assets, investments, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances, if any, in favour of banks and/ or financial institutions. It is hereby clarified that all experience, credentials, certifications, and pre-qualification rights forming part of the Demerged Undertaking (including technical and financial qualifications) shall stand transferred to, and shall vest in, the Resulting Company and all rights and benefits associated with any such experience, credentials, certifications, and pre-qualification rights shall be available to the Resulting Company on the basis that all projects executed, managed and implemented as part of the MIS Business undertaken by the Demerged Company had been so executed, managed and implemented by the Resulting Company.
- 5.2. Upon the Scheme becoming effective, with effect from the Appointed Date, in respect of such of the assets of the Demerged Undertaking as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement and delivery, including cash and bank balances and other securities of the Demerged Undertaking, the same shall stand transferred by the Demerged Company to the Resulting Company pursuant to the provisions of Sections 230 - 232 of the Act or be deemed to be transferred by delivery or possession or by endorsement and delivery and without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Resulting Company subject to the Clauses in this Scheme in relation to Encumbrances (if any) in favour of banks and/ or financial institutions.
- 5.3. Without prejudice to the generality of Clause 5.2 and in respect of movable assets other than those dealt with in Clause 5.2 including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Governmental Authority or any other bodies and/ or customers or any other person, if any, with effect from the Appointed Date, forming part of the Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, bank balances, etc., the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to any person in pursuance of the provisions of Sections 230 - 232 read with other relevant provisions of the Act to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, and that appropriate entries shall be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors, depositors or persons as the case may be. The Resulting Company may, at its sole discretion but without being obliged, give notice in such form, as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto.



- 5.4. Without prejudice to the generality of the foregoing, all assets, rights, title, remedies, claims, rights of action, interest and authorities held by the Demerged Company on the Appointed Date exclusively forming part of the Demerged Undertaking, shall also, without any further act, instrument or deed, stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 - 232 of the Act.
- 5.5. Without prejudice to the generality of the foregoing, with effect from the Appointed Date, all Transferred Real Property Interests, including any leasehold rights, leave and license rights or right of way, of the Demerged Company forming part of the Demerged Undertaking shall, pursuant to Sections 230-232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company on the same terms and conditions. It is further provided that Resulting Company shall not be required to execute any further documents to register such rights, title, interest and claims in immovable properties in its name and Governmental Authority, including Sub-registrar of Assurances, Talati, Tehsildar, Municipality, utility providers, etc., may rely on the Scheme along with the order passed by the NCLT to record name of the Resulting Company as lessee, licensee or holder of such rights, as may be necessary.
- 5.6. All assets, rights, title, interest and authorities acquired by the Demerged Company on or after the Appointed Date and prior to the Effective Date forming part of the Demerged Undertaking shall also stand transferred to and vested or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.
- 5.7. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all regulatory or other permits, licenses, permissions, right of way, approvals, clearances and consents issued to or granted to or executed in favour of the Demerged Company, and the rights and benefits under the same, in each case forming part of the Demerged Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the Demerged Company forming part of the Demerged Undertaking shall be transferred to and vested in or deemed to have been transferred to or vested in the Resulting Company and the concerned licensors and grantors of such statutory and regulatory permissions, environmental approvals and consents, registrations, licenses and consents, shall endorse, where necessary, and record, in accordance with Applicable Law, the Resulting Company on such statutory and regulatory permissions, environmental approvals and consents, registrations, licenses and consents so as to empower and facilitate the transfer and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of the Demerged Undertaking in the Resulting Company without hindrance and that such statutory and regulatory permissions, environmental approvals and consents, registrations, licenses and consents shall remain in full force and effect in favour of or against the Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto. The Demerged Company and the Resulting Company may execute necessary documentation to give effect to the foregoing, where required.
- 5.8. It is hereby clarified that, if the Boards of the Demerged Company and the Resulting Company, in their sole discretion, determine that any of the Transferred Real Property Interests or Transferred IP Rights (forming part of the Demerged Undertaking) would more appropriately be provided to the Resulting Company, by means such as lease, sublease, license, sublicense, services agreements, transitional arrangements or otherwise, as feasible, then notwithstanding anything contained in the foregoing provisions, such Transferred Real Property Interests or Transferred IP Rights shall be made available to the Resulting Company, as part of the Scheme, in the manner determined by the Boards of the Demerged Company and the Resulting Company.

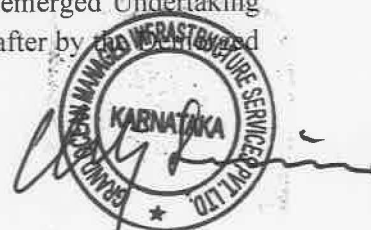
6. TRANSFER OF LIABILITIES

- 6.1. Upon coming into effect of this Scheme and with effect from the Appointed Date, all debts, borrowings, liabilities, duties and obligations provided and accounted in the books of the Demerged Company to the extent relating to, arising out of or resulting from the Demerged Undertaking as on



the Appointed Date shall, without any further act or deed, be and stand transferred to and/or deemed to be transferred to the Resulting Company.

- 6.2. The loans or borrowings (including debentures, if any) forming part of the Demerged Undertaking as on the Appointed Date shall without any further act or deed, be and stand transferred to the Resulting Company. For general or multipurpose borrowings, if any, to the extent that such borrowings form part of the Demerged Undertaking, the primary obligation to redeem or repay such liabilities shall be that of the Resulting Company. However, without prejudice to such transfer of proportionate liability amount, wherever considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Resulting Company may discharge such liability (including accretions) by making respective payments on the respective due dates to the Demerged Company, which shall in turn make payments to the respective creditors.
- 6.3. Where any of the liabilities and obligations of the Demerged Company to the extent relating to, arising out of or resulting from the Demerged Undertaking, as on the Appointed Date, transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and all liabilities and obligations incurred by the Demerged Company for the operations of the Resulting Company after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of the Resulting Company and the provisions of Clause 11 (Conduct of Business) shall accordingly apply. It is hereby clarified that, to the extent the liabilities are outstanding on the Effective Date, they shall also without any further act or deed, be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which they shall meet, discharge and satisfy.
- 6.4. Without prejudice to the foregoing and upon the effectiveness of the Scheme, the Demerged Company and Resulting Company shall execute and deliver from time to time any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 6.5. Upon the coming into effect of this Scheme, Resulting Company alone shall be liable to perform all obligations in respect of the transferred liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such transferred liabilities.
- 6.6. The transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.
- 6.7. In so far as the existing Encumbrances, if any, in respect of the liabilities of the Demerged Undertaking are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of such liabilities as transferred to the Resulting Company pursuant to this Scheme and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company. Provided that if any of the assets comprised in the Demerged Undertaking which are transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of such liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets.
- 6.8. In so far as the existing Encumbrances, if any, over the assets and other properties of the Resulting Company or any part thereof which relate to the liabilities and obligations of the Resulting Company prior to the Effective Date are concerned, such Encumbrance shall, without any further act, instrument or deed continue to relate to only such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking transferred to and vested in the Resulting Company by virtue of the Scheme.
- 6.9. If any Encumbrance of the Demerged Company for the operations of the Demerged Undertaking exists as on the Appointed Date, but has been partially or fully released thereafter by the Demerged



Company on or after the Appointed Date but prior to the Effective Date, such release shall be deemed to be for and on account of the Resulting Company upon the coming into effect of the Scheme and all Encumbrances incurred by the Demerged Company for the operations of the Demerged Undertaking on or after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of the Resulting Company, and such Encumbrances shall not attach to any property of the Demerged Company.

- 6.10. Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances, if any, over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Demerged Company pertaining to the Remaining Business shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to liabilities of the Demerged Company pertaining to the Remaining Business which are not transferred to the Resulting Company pursuant to the Scheme (and which shall continue with the Demerged Company).
- 6.11. In so far as the assets of the Remaining Business is concerned, the Encumbrances over such assets, to the extent they relate to the liabilities of the Demerged Undertaking shall, without any further act, instrument or deed be released and discharged from such Encumbrances.
- 6.12. In so far as the existing Encumbrances in respect of the loans and other liabilities to the extent relating to, arising out of or resulting from the Remaining Business are concerned, such Encumbrances shall, without any further act, instrument or deed be continued with the Demerged Company only on the assets relating to the Remaining Business and the assets forming part of the Demerged Undertaking shall stand released therefrom.
- 6.13. All cheques and other negotiable instruments, pay orders, electronic fund transfers (such as NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Demerged Company after the Effective Date, in so far as the same form part of the Demerged Undertaking, shall be deemed to have been in the name of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company or received through electronic transfers and shall be accepted by the relevant bankers and credited to the accounts of the Resulting Company. Similarly, the banker of the Resulting Company shall honour after the Effective Date all cheques/ electronic fund transfer instructions issued by the Demerged Company (in relation to the Demerged Undertaking for payment). If required, the bankers of the Demerged Company and/ or the Resulting Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Demerged Company by the Resulting Company in relation to the Demerged Undertaking for such time as may be determined to be necessary by the Resulting Company for presentation and deposit of cheques, pay order and electronic transfers that have been issued/ made in the name of the Demerged Company.
- 6.14. The interests of all the unsecured creditors of the Demerged Company in connection with the Demerged Undertaking and Resulting Company remain unaffected by this Scheme as the assets of the Resulting Company upon the effectiveness of the Scheme will be more than its Liabilities and as such sufficient to discharge such Liabilities.

7. EMPLOYEES

- 7.1. On the Scheme becoming effective, all Employees who are in service of the Demerged Company on the date immediately preceding the Effective Date shall be deemed to have become employees of the Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the aggregate terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company on the date immediately preceding the Effective Date. Service of such Employees shall be taken into account from the date of their respective appointment with the Demerged Company for the purposes of all retirement benefits and all other entitlements for which they may be eligible and shall not be treated as having been broken or interrupted on account of the Demerger. The Resulting Company further

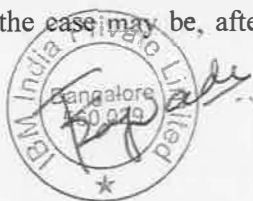


agrees that for the purpose of payment of retrenchment compensation, if any, past service of such Employees with the Demerged Company shall also be taken into account.

- 7.2. On and from the Appointed Date, liability pertaining to employee benefits which is attributable to the Employees shall stand transferred to the Resulting Company and shall become the liability of the Resulting Company. It is expressly provided that, upon the Scheme coming into effect, insofar as:
- (a) the gratuity fund created or existing for the benefit of the employees of the Demerged Company is concerned, such proportion of the funds which are relatable to the Employees, or an equivalent amount of cash, shall be transferred to the Resulting Company, or otherwise be transferred for the benefit of the Employees in such manner as determined by the Boards of the Demerged Company and the Resulting Company following discussions with the trustees of the relevant gratuity fund;
 - (b) the superannuation fund created or existing for the benefit of the employees of the Demerged Company is concerned, such proportion of the funds which are relatable to the Employees shall be made available to the Employees, or for their benefit in such manner as determined by the Boards of the Demerged Company and the Resulting Company following discussions with the trustees of the relevant superannuation fund.
- 7.3. On and from the Appointed Date, in relation to any statutory contributions which are to be made for the benefit of the Employees (including provident fund and employee state insurance), the Resulting Company shall be deemed to be substituted for the Demerged Company for all purposes whatsoever, including relating to the obligation to make contributions in accordance with Applicable Law in respect of such employees. It is clarified that the statutory contributions made by the Demerged Company for the benefit of the Employees (including provident fund and employee state insurance) from the Appointed Date but prior to the Effective Date shall be construed as contributions made by the Resulting Company. Provided further that until such time that the Resulting Company obtains the relevant licenses and registrations and operationalizes its systems for making such statutory contributions for the benefit of the Employees, the Resulting Company may, subject to necessary approvals and permissions (if any), continue to discharge its obligations to make the statutory contributions through the Demerged Company.
- 7.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Business, and the Resulting Company shall have no liability in respect thereof.
- 7.5. After the Effective Date, Resulting Company shall be entitled to determine the terms of employment and remuneration of the Employees in ordinary course of business and in compliance with Applicable Laws.
- 7.6. In respect of the stock options, Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") granted under the global stock-based compensation scheme, if any, in the hands of the Employees as on the Effective Date, upon the coming into effect of this Scheme such options, RSUs, and PSUs granted (whether or not vested), under and pursuant to the global stock-based compensation scheme to such Employees as of the Effective Date would continue on the existing terms and conditions, except for such modification to such stock-based compensation scheme as may be undertaken globally, including any conversions into stock-based compensation awards of an affiliate of the Resulting Company.

8. LEGAL AND OTHER PROCEEDINGS

- 8.1. Upon the coming into effect of this Scheme, the Proceedings forming part of the Demerged Undertaking, as pending on the Effective Date or instituted any time thereafter, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said Proceedings shall be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, after the Effective Date, to the extent determined by



Applicable Law in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Demerged Company in relation to Demerged Undertaking as if this Scheme had not been made.

- 8.2. Notwithstanding anything contained in this Scheme (including Clause 10), any litigation or proceedings, initiated under the IT Act, or relating to any direct tax levies, prior to the Effective Date, whether initiated by or against the Demerged Company, shall be continued, prosecuted and enforced by or against the Demerged Company (to the exclusion of the Resulting Company).
- 8.3. If any Proceedings are taken against the Demerged Company in respect of the matters referred to in this Clause, which is the responsibility of the Resulting Company and for which the Resulting Company has not been made a party in accordance with Clause 8.4, the Demerged Company shall (unless the Boards of Resulting Company and Demerged Company shall determine to otherwise assign control of a proceeding) defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof. If any proceedings are taken against the Resulting Company in respect of the matters referred to in this Clause, which is the responsibility of the Demerged Company and for which the Demerged Company has not been made a party in accordance with Clause 8.4, the Resulting Company shall (unless the Boards of Resulting Company and Demerged Company shall determine to otherwise assign control of a proceeding) defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
- 8.4. In case of any Proceedings which are to be initiated or may be initiated against the Demerged Company in relation to the Demerged Undertaking and which are the responsibility of the Resulting Company under this Clause, the Resulting Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with the Demerged Company and any payment and expenses made thereto shall be the liability of the Resulting Company. In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Resulting Company in relation to the Remaining Business and which are the responsibility of the Demerged Company under this Clause, the Demerged Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with the Resulting Company and any payment and expenses made thereto shall be the liability of the Demerged Company.
- 8.5. Without prejudice to the obligations in Clauses 8.3 and 8.4:
 - (a) The Resulting Company undertakes to have all Proceedings initiated by or against the Demerged Company and which is the responsibility of the Resulting Company under this Clause transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company to the extent permissible under Applicable Law.
 - (b) The Demerged Company undertakes to have all legal or other proceedings initiated by or against the Resulting Company and which are the responsibility of the Demerged Company under this Clause transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Demerged Company to the exclusion of the Resulting Company. Both the Demerged Company and the Resulting Company shall make relevant applications in that behalf.
- 8.6. On and from the Effective Date, the Resulting Company may, if required, initiate any legal proceedings against any third party in relation to the business of the Demerged Undertaking as carried on by the Demerged Company.

9. CONTRACTS AND DEEDS

- 9.1. Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, undertakings, arrangements, policies,



agreements and other instruments, if any, of whatsoever nature forming part of the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.

- 9.2. The Resulting Company may at its sole discretion enter into and/or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will, to the extent necessary and requested by the Resulting Company, also be party in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company for the Demerged Undertaking and to implement or carry out all formalities required to give effect to the provisions of this Scheme.
- 9.3. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Demerged Company and Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with its provisions, if so required under any Applicable Law or otherwise, take such steps or actions as may be necessary and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
- 9.4. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, pre-qualifications, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in each case forming part of the Demerged Undertaking, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall, subject to Applicable Law, stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make necessary applications/ file relevant forms to any Governmental Authority as may be necessary in this behalf.

10. TAXATION MATTERS

Notwithstanding anything to the contrary contained in this Scheme (but subject to Clause 8.2 of this Scheme), upon effectiveness of this Scheme:

- 10.1. All Tax assets and liabilities, i.e., assets and liabilities under Applicable Laws relating to Taxes (“**Tax Laws**”) as on the Appointed Date, or in relation to operations or activities prior to Appointed Date, in each case exclusively relating to the Demerged Undertaking, shall stand transferred to the Resulting Company to the extent permissible under applicable Tax Laws.
- 10.2. The Resulting Company shall be liable for any Tax payable to Governmental Authorities under Tax Laws and shall be entitled to credits and refunds of any Tax from Governmental Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking, on or after the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date.
- 10.3. All Taxes paid or payable by the Demerged Company in respect of the operations and/ or the profits of the Demerged Undertaking on and from the Appointed Date, shall be on account of the Resulting Company. Upon effectiveness of this Scheme, the payment of any Tax, whether by

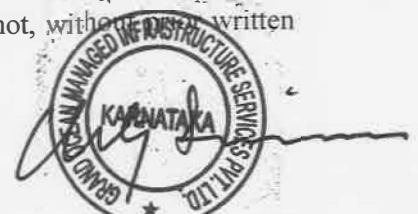


at source (including foreign tax credit), advance tax, self-assessment tax, minimum alternate tax, or otherwise howsoever, by the Demerged Company in respect of the activities or operations of the Demerged Undertaking on and from the Appointed Date, shall be deemed to have been paid by the Resulting Company, and, shall, in all proceedings, be dealt with accordingly.

- 10.4. Any Tax incentives, subsidies, exemptions, special status, Tax benefits (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, value added tax, GST, turnover tax, excise duty and service tax), duty drawbacks, and other benefits, credits, exemptions or privileges, whether granted by a Governmental Authority, or enjoyed, or availed of, by the Demerged Company, in so far as they relate to, or are available for, the operations and activities of the Demerged Undertaking on or after the Appointed Date, shall, without any further act or deed, vest with, and be available to, the Resulting Company on the same terms and conditions, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Resulting Company.
- 10.5. Each of the Demerged Company and the Resulting Company shall be entitled to file/ revise its income-tax returns, TDS certificates, TDS returns, GST returns and other statutory returns, notwithstanding that the period for filing / revising such returns may have lapsed and to obtain TDS certificates, including TDS certificates relating to transactions between or amongst the Demerged Company and the Resulting Company and shall have the right to claim refunds, advance tax credits, input tax credit, credits of all Taxes paid/ withheld, if any, as may be required consequent to implementation of this Scheme.
- 10.6. All exemptions, benefits, allowance, rebates, etc. under the IT Act in relation to the Demerged Undertaking (including right to admissibility of claim under Sections 40, 40A, 43B of the IT Act or any deduction becoming admissible in the period after Appointed Date on discharging liabilities pertaining to Demerged Undertaking) shall be available to and vest in the Resulting Company, upon this Scheme coming into effect, unless required to be claimed by the Demerged Company under Applicable law.
- 10.7. Any actions taken by the Demerged Company to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, filings under Tax Laws) in respect of the Demerged Undertaking on and from the Appointed Date upto the Effective Date shall be deemed to constitute adequate compliance by the Resulting Company with the relevant obligations under such Tax Laws.
- 10.8. Notwithstanding anything contained in this Clause:
 - (a) any unutilized GST credits pertaining to the Demerged Undertaking may be transferred by the Demerged Company to the Resulting Company in accordance with Applicable Laws. The Demerged Company and Resulting Company shall be entitled to take such actions as may be necessary under Applicable Law to effect such transfer.
 - (b) GST credits and GST liability pertaining to the activities or operations of the Demerged Undertaking between the Appointed Date and the Effective Date shall be dealt with in accordance with Applicable Laws.

11. CONDUCT OF BUSINESS

- 11.1. From the Appointed Date till the Effective Date, the Demerged Company shall continue to carry on and be deemed to have been carrying on all its business and activities and shall hold and be in possession of the Demerged Undertaking for and on account of and in trust for the Resulting Company. All profits, incomes, expenditure or losses arising or incurred (subject to Clause 10.1 in respect of the effect of Taxes, if any, thereon) or accruing to the Demerged Company or by the Demerged Company from the business of the Demerged Undertaking, shall for all purposes, be treated as the profits or income or expenditure or losses or Taxes, as the case may be, of the Resulting Company.
- 11.2. From the Appointed Date till the Effective Date, the Demerged Company shall carry on all business and activities with reasonable diligence and business prudence and shall not, without its written



consent of the Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with the assets forming part of the Demerged Undertaking or any part thereof, except in the ordinary course of business.

- 11.3. All assets, rights, titles, interests and authorities accrued to and/ or acquired by the Demerged Company in relation to or in connection with the Demerged Undertaking from the Appointed Date and prior to the Effective Date that would form part of the Demerged Undertaking in accordance with the definition thereof shall be deemed to have been accrued to and/ or acquired for and on behalf of the Resulting Company and shall, pursuant to the provisions of the Act, without any further act, instrument or deed or conveyance, be and stand transferred to or vested in or be deemed to be transferred to or vested in the Resulting Company to that extent and shall become the assets, rights, title, interests and authorities of the Resulting Company.
- 11.4. Where any liability paid for or settled or asset created (including trade receivables) on behalf of / for the benefit of the Demerged Undertaking by the Demerged Company or if any such liability is paid or settled or asset is created for the benefit of the Remaining Business by the Resulting Company, from the Appointed Date and prior to the Effective Date, shall be treated as an intercompany balance between the Demerged Company and the Resulting Company upon the Scheme becoming effective; provided, however in the event there is any ambiguity on whether a particular asset or liability is comprised in the Demerged Undertaking or the Remaining Business, then the Boards of the Demerged Company and Resulting Company shall resolve such ambiguity.
- 11.5. It is anticipated that, immediately upon the Scheme being effective, the Demerged Company and Resulting Company, or their respective affiliates, will enter into one or more agreements for the provision of services on a transitional basis and/or other arrangements as may be considered necessary. Any determination of the Boards of Demerged Company and Resulting Company as to matters being necessary for the conduct of, or the activities or operations of, the MIS Business, shall take into account the services, access to assets or other arrangements to be undertaken pursuant to such agreements.

12. REMAINING BUSINESS

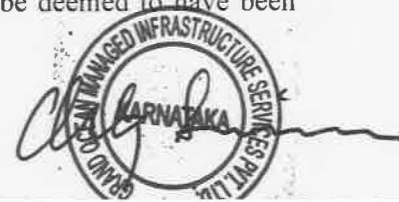
- 12.1. The Remaining Business shall continue to belong to and be vested in and be managed by the Demerged Company, including without limitation to the following:
- (a) the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (b) all profits or losses arising or incurred by the Demerged Company (subject to Clause 10.1 in respect of the effect of Taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, of the Demerged Company;
 - (c) all assets and properties including investments in subsidiaries and overseas branch offices, acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company;
 - (d) without prejudice to the generality of the foregoing, it is specifically provided that the immovable properties owned by the Demerged Company, whether or not used for the operations of the Demerged Undertaking, shall continue to be owned by the Demerged Company and would be treated as part of the Remaining Business. To the extent that the immovable property owned by the Demerged Company is used for the operations of the Demerged Undertaking following the Effective Date, the Demerged Company and the Resulting Company shall enter into appropriate arrangements for use on a transitional basis of such immovable property by the Resulting Company for the Demerged Undertaking on such terms and conditions as may be mutually agreed upon by the Demerged Company and the Resulting Company, including in accordance with the transitional arrangements referred to in Clause 11.5 above. It is expressly provided that the lease rentals for use of such immovable property by the Resulting Company shall be charged by the Demerged Company from Effective Date.



- 12.2. Without prejudice to the generality of the foregoing, it is specifically provided that all trademarks, domain names, logos, patents, intellectual property relating to the registrations, dossiers, trade names, brands, by whatever name called and whether or not registered or pending registration (including in each case, any applications made therefore), including where such application for registration has been withdrawn, abandoned or refused ("**Trademarks**"), owned by the Demerged Company, whether or not used for the operations of the Demerged Undertaking, shall continue to be owned by the Demerged Company and would be treated as part of the Remaining Business unless otherwise determined by the Boards of the Demerged Company and the Resulting Company.
- 12.3. All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date, to the extent relating to the Remaining Business shall be continued and enforced by or against the Demerged Company (or successor thereof). The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company (or successor thereof) to the extent relating to the Remaining Business.
- 12.4. If proceedings or investigations are taken against the Resulting Company and is subjected to liability, damages, fines, penalties or other expenses, in respect of the matters referred to in Clause 12.3 above, then the Demerged Company shall defend, indemnify and hold harmless the same at the cost of the Demerged Company and the latter shall reimburse and indemnify the Resulting Company against all liabilities, costs, expenses (including without limitation attorney's fees) and obligations incurred by the Resulting Company in respect thereof, in each case to the extent relating to the Remaining Business.

13. CONSIDERATION

- 13.1. Upon this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment by the shareholders, issue and allot equity shares, credited as fully paid-up, to the shareholders of the Demerged Company, holding fully paid up equity shares in the Demerged Company and whose names appear in the register of members of the Demerged Company on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner/ratio:
- 1 (One) fully paid up equity share of Rs. 10 (Rupees Ten only) each of the Resulting Company shall be issued and allotted for every 3 (Three) fully paid up equity shares of Rs. 10 (Rupees Ten only) each held in the Demerged Company ("**Share Entitlement Ratio**").
- 13.2. The above equity shares issued shall be subject to the Scheme, the memorandum and articles of association of the Resulting Company and Applicable Laws and shall rank *pari passu* with the equity shares of the Resulting Company.
- 13.3. In case any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of new equity shares on Demerger, the number of equity shares to be issued to such shareholder shall be rounded down to nearest whole number.
- 13.4. The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of equity shares to the members of the Demerged Company under the Scheme.
- 13.5. The equity shares shall be issued to the relevant members of the Demerged Company in dematerialized form or physical form by the Resulting Company, as may be determined by the Board of the Resulting Company.
- 13.6. The issue and allotment of equity Shares by the Resulting Company to the members of the Demerged Company under this Clause is an integral part of this Scheme and shall be deemed to have been



carried out without any further act or deed, and the approval of the members of the Resulting Company to the Scheme shall be deemed to be due compliance of the provisions of Sections 42 and 62 and other relevant or applicable provisions of the Act.

14. CANCELLATION OF SHARE CAPITAL

- 14.1. Notwithstanding anything contained under the Act, pursuant to the provisions of Sections 230-232 of the Act, the existing shareholding of the Demerged Company in the Resulting Company shall stand cancelled without any further act, instrument or deed immediately following the issuance of the new equity shares in accordance with the Scheme and the Resulting Company shall not be required to add "and reduced" as a suffix to its name and the Resulting Company shall continue with its name as may be modified pursuant to this Scheme or otherwise.
- 14.2. The consequent reduction of share capital of the Resulting Company shall be an integral part of this Scheme and the Demerged Company and the Resulting Company shall not be required to follow the process under Section 66 of the Act or any other provisions of Applicable Law separately.
- 14.3. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital.

15. ACCOUNTING TREATMENT

15.1. Accounting treatment in the books of the Demerged Company

Notwithstanding anything to the contrary contained in any other clause of this Scheme in respect of the accounting treatment to be followed, Demerged Company shall account for the demerger in its books of account as per the applicable accounting principles as prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Act, as may be amended from time to time, relevant clarifications issued by Institute of Chartered Accountants of India and other generally accepted accounting principles.

Upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) The Demerged Company, as on the Appointed Date, shall reduce the carrying value of assets and liabilities as well as reserves (general reserve and retained earnings) pertaining to the Demerged Undertaking at its carrying values. The reserves (general reserve and retained earnings) of the Demerged Undertaking will be computed based on the net assets of the Demerged Undertaking being transferred in proportion to the net assets of the Remaining Business.
- (b) The book values, as on the Appointed Date, of net assets (assets minus liabilities) and reserves (general reserve and retained earnings) as computed in sub-clause (a) above comprising of the Demerged Undertaking transferred to the Resulting Company shall be accounted for as follows:
 - (i) In case the assets of the Demerged Undertaking transferred exceeds the liabilities and reserves of the Demerged Undertaking so transferred, then such excess will be adjusted against retained earnings and balance (if any), will be debited to the capital reserve account.
 - (ii) In case the liabilities and reserves of the Demerged Undertaking exceeds the assets of the Demerged Undertaking so transferred, then such excess will be credited to the retained earnings.
- (c) The investment of Demerged Company into the equity shares of the Resulting Company as on the Effective Date, cancelled in accordance with Clause 14 (Cancellation of Share Capital) of the Scheme, shall be adjusted against the retained earnings.



- (d) Any change arising in the deferred tax balance of the Demerged Company on account of transfer of Demerged Undertaking shall be adjusted against retained earnings in the manner as specified in sub-clause (b) above.

15.2. Accounting treatment in the books of the Resulting Company

Notwithstanding anything contrary contained in any other clause in the scheme in respect of the accounting to be followed, the Resulting Company shall account for acquisition of the demerged undertaking in accordance with the “pooling of interests method” laid down in Appendix C of Indian Accounting Standard (Ind AS) 103 - Business combinations of entities under common control and other accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of the Act.

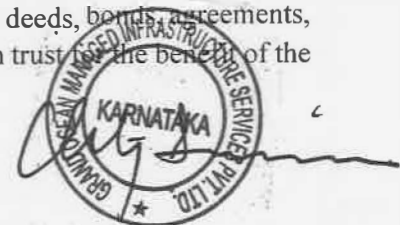
Upon coming into effect of this Scheme and with effect from the Appointed Date:

- (a) The Resulting Company shall record the assets and liabilities as well as reserves (general reserve and retained earnings) of the Demerged Undertaking vested in it pursuant to this Scheme, at their respective carrying values of the Demerged Company as on the Appointed Date. The identity of the reserves will be preserved and shall appear in the financial statements of the Resulting Company in the same form in which they appeared in the financial statements of the Demerged Company. As a result of preserving the identity of reserves, the proportionate reserves (general reserve and retained earnings), which were available for distribution in the books of the Demerged Company, would also continue to be available for distribution to the Resulting Company.
- (b) The Resulting Company shall credit to its share capital and record the new equity shares issued and allotted by it pursuant to Clause 13 (Consideration) of the Scheme at par value.
- (c) The excess, between the carrying value of assets, liabilities and reserves transferred to the Resulting Company and the consideration discharged by way of the new equity shares issued as per above to the shareholders of the Demerged Company in lieu of the Demerged Undertaking shall be recorded as capital reserve in the books of the Resulting Company.
- (d) The deficit between the carrying value of assets, liabilities and reserves as above transferred to the Resulting Company and the consideration discharged by way of the new equity shares issued as per above to the shareholders of the Demerged Company in lieu of the Demerged Undertaking shall be recorded as ‘Amalgamation Adjustment Deficit Account’ in the books of the Resulting Company.
- (e) The Resulting Company shall debit its share capital account with the aggregate face value of shares cancelled in accordance with Clause 14 (Cancellation of Share Capital) of the Scheme with a corresponding credit to the capital reserve account.
- (f) In case of any difference in the accounting policy between the Resulting Company and the Demerged Undertaking of the Demerged Company, the impact of the same will be quantified and adjusted in the capital reserve or Amalgamation Adjustment Deficit Account, as applicable, of the Resulting Company to ensure that the financial statement of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

16. OTHER MATTERS

It is clarified that if any assets or liabilities (including claims, rights, title, interest in or authorities relating to such assets or liabilities) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in each case forming part of the Demerged Undertaking, cannot be transferred to the Resulting Company for any reason whatsoever:

- (a) the Demerged Company shall hold such asset or liability or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the



Resulting Company, insofar as it is permissible so to do, till such time as their transfer is effected;

- (b) the Demerged Company and the Resulting Company shall, however, between themselves, treat each other as if that all assets, liabilities, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking had been transferred to the Resulting Company on the Effective Date, together with the economic benefits and burdens thereof as of and from the Appointed Date; and
- (c) the Resulting Company shall perform or assist the Demerged Company in performing all of the obligations under those contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to such assets and liabilities.



PART D – GENERAL TERMS AND CONDITIONS

17. SCHEME CONDITIONAL ON APPROVALS AND SANCTIONS AND EFFECT OF NON-RECEIPT OF APPROVAL

17.1. This Scheme is conditional upon and subject to:

- (a) approval of this Scheme by the NCLT, whether with any modification or amendment as the NCLT may deem appropriate or otherwise;
- (b) receipt of approvals and sanctions of any Governmental Authority, if any, as may be required by Applicable Law; and
- (c) the certified copies of the orders of the NCLT sanctioning this Scheme being filed with the Registrar of Companies by the Demerged Company and the Resulting Company.

17.2. In the event that this Scheme is not sanctioned by the NCLT and/or in case there are any undue delays in meeting the conditions set out in Clause 17.1, the Boards of the Demerged Company and Resulting Company may mutually agree to terminate the scheme and upon such decision being made, this Scheme shall stand revoked and cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to, or be incurred, or claimed *inter se* by, the parties or their shareholders or creditors or employees or any other person. Each of the Demerged Company and Resulting Company shall in such case bear its own costs, charges and expenses in connection with Scheme.

17.3. The Demerged Company and/ or the Resulting Company (by their respective Boards or such other person or persons, as the respective Board may authorise) shall each be at liberty to withdraw this Scheme in its entirety, in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

17.4. In the event of revocation / withdrawal of the Scheme, no rights and liabilities whatsoever shall accrue to, or be incurred *inter se* by, the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the applicable law and as agreed between the Parties and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

18. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE RESULTING COMPANY

18.1. Increase of Authorised Share Capital

- (a) As an integral part of Scheme, and, upon coming into effect of the Scheme, the authorized share capital of the Resulting Company shall stand suitably increased, without any further act, instrument or deed on the part of the Resulting Company for the purpose of issue of shares, as on the Effective Date such that, upon the effectiveness of the Scheme, the authorised share capital of the Resulting Company shall be Rs. 85,00,00,000 (Rupees Eighty Five Crore only) divided into 8,50,00,000 (Eight Crore Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten) each. Clause V of the memorandum of association of the Resulting Company shall be altered and substituted with the provision set out below, upon coming into effect of the Scheme and without any further act or deed.

“The authorized share capital of the Company is Rs. 85,00,00,000 (Rupees Eighty Five Crore only), divided into 8,50,00,000 (Eight Crore Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten) each.”

- (b) Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its authorized share capital and pay requisite fees.



- (c) The amendments pursuant to this Clause shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the memorandum and articles of association of the Resulting Company and shall not be required to pass separate resolutions under the applicable provisions of the Act.
- (d) It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Resulting Company, and no further resolution under Section 13, Section 14, Section 42, Section 61, Section 62 and Section 64 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

19. CHANGE IN NAME OF THE RESULTING COMPANY

- 19.1. As an integral part of the Scheme, and, upon coming into effect of the Scheme, the name of the Resulting Company may, if so determined by the Board of the Resulting Company, be changed to a new name which is available and approved by the Registrar of Companies, in compliance with the procedural requirements under the Act.
- 19.2. It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed sufficient for change of name of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.
- 19.3. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with Registrar of Companies for such change in name.

20. APPLICATION TO THE NCLT

- 20.1. The Demerged Company and the Resulting Company shall, without undue delay, make all necessary applications and petitions to NCLT for sanctioning this Scheme under Sections 230 - 232 of the Act and other applicable provisions of the Act, including seeking such orders for convening and holding or alternatively, dispensing with requirements for convening and holding meetings of the shareholders and/or creditors of the Demerged Company and Resulting Company as may be directed by the NCLT and obtain such other approvals, as are required by Applicable Law.
- 20.2. The Demerged Company and the Resulting Company shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for obtaining such consents and approvals, as are agreed between the Demerged Company and the Resulting Company, which the Demerged Company and the Resulting Company may require to effect the transactions contemplated under the Scheme or carry on the MIS Business, in any case subject to the terms as may be mutually agreed between the Demerged Company and the Resulting Company.

21. APPLICATIONS AND MODIFICATION OF SCHEME

21.1. Applications

The Demerged Company and the Resulting Company shall make necessary applications before the NCLT for seeking the sanction of this Scheme under Sections 230 - 232 of the Act and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.

21.2. Modifications of Scheme

The Demerged Company and the Resulting Company agree that if and at any time the NCLT or any Governmental Authority suggests or requires material modifications or amendments to the Scheme,



such modifications or amendments shall be carried out by the Demerged Company and the Resulting Company subject to the sole discretion of the respective Boards of the Demerged Company and Resulting Company, provided, however, that where any modification or amendment relates to severance or non-approval of any part of the Scheme, which part is, in the sole discretion of the respective Boards of the Demerged Company and the Resulting Company, capable of otherwise being lawfully performed in accordance with this Scheme or other agreement between the Demerged Company and Resulting Company, the Demerged Company and Resulting Company shall perform such part accordingly subject to the sole discretion of the respective Boards of the Demerged Company and Resulting Company. Subject to the foregoing, the Demerged Company (by any of its respective Directors) and the Resulting Company (by any of its respective Directors) further agree that:

- (a) The Demerged Company and the Resulting Company, acting jointly and through their respective Boards, may mutually consent to any modifications or amendments or additions to this Scheme as applicable or to any conditions or limitations which the NCLT and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable or appropriate for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.
- (b) However, any modifications and/ or amendments to the Scheme after the approval of the Scheme by the NCLT shall be carried out or effected by the Boards with the approval of the NCLT and the same shall be subject to powers of the NCLT under Sections 230 - 232 of the Act, it being understood that any such modifications shall at all times be in compliance with Section 2(19AA) of the IT Act.
- (c) For the purpose of giving effect to this Scheme or to any modifications thereof, the respective Boards of the Demerged Company and the Resulting Company are solely authorized to give their assent or comply with such directions and/or to take such steps as may be necessary or desirable for implementing the Scheme smoothly and in a hassle-free manner or for settling any question or doubt or difficulty, whatsoever that may arise during the implementation of the provisions of the Scheme.
- (d) The Demerged Company and Resulting Company shall take such other steps as may be necessary or expedient and to do and execute all acts, deeds, matters and things necessary to give full and formal effect to the provisions of this Scheme, or review the position relating to satisfaction of the conditions of this Scheme and if necessary waive any such conditions (to extent permissible under law) for bringing the Scheme into effect and/ or to give such consents as may be required in terms of this Scheme.

21.3. Severability

If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Demerged Company and the Resulting Company that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

21.4. Costs

- (a) Except as otherwise determined pursuant to Clause 10.1, the Demerged Company and the Resulting Company shall bear their respective costs, charges, direct and indirect taxes, levies and other expenses until the date of sanction of this Scheme by the NCLT as may be applicable as part of this Scheme.



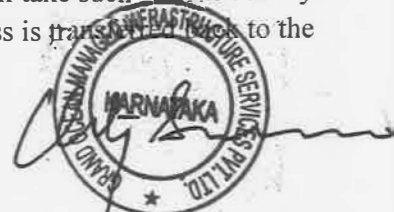
- (b) Except as otherwise determined pursuant to Clause 10.1, upon the sanction of this Scheme by the NCLT, all costs (including but not limited to stamp duty, registration charges, etc.) in relation to the Demerger shall be borne by the Resulting Company. The Resulting Company shall be entitled to claim set off benefits on payment of stamp duty, to the extent permissible under law.
- (c) In the event that this Scheme fails to take effect within such period or periods as may be decided by the Board of the Demerged Company and the Resulting Company then, the Demerged Company and the Resulting Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

22. PROFITS, DIVIDEND, BONUS / RIGHT / PREFERENTIAL ALLOTMENT OF SHARES

- 22.1. The Demerged Company and the Resulting Company may before the Effective Date make any change in the capital structure either by any increase (by issue of shares on rights basis or preferential basis, issue of convertible instruments or otherwise), decrease, reduction, reclassification or in any other manner with the consent of the Board of the Demerged Company and the Resulting Company, respectively and on the terms and conditions as they may be mutually agreed between the Demerged Company and the Resulting Company, particularly the revised Share Entitlement Ratio.
- 22.2. The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective members in respect of the accounting period prior to the Effective Date as applicable; provided, the Resulting Company prior to declaring and paying dividends shall mutually agree with the Demerged Company the revised Share Entitlement Ratio on account of such dividend payout.
- 22.3. The equity shares of the Resulting Company to be issued and allotted to the relevant members of the Demerged Company shall be entitled to dividends from the date of allotment.
- 22.4. The holders of equity shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.
- 22.5. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of the Demerged Company and the Resulting Company, respectively, and subject to the approval, if required, of the members of the Demerged Company and the Resulting Company.
- 22.6. (a) Distributable general reserves and retained earnings recorded by the Resulting Company shall be considered as free reserves for the purpose of issuance of bonus shares to the shareholders of the Resulting Company; (b) Any capital reserve recorded by the Resulting Company may be utilized for the purposes of issuance of bonus shares to the shareholders of the Resulting Company.

23. RETRANSFER IN CERTAIN CASES

- 23.1. No part of the Demerged Undertaking shall be retained by the Demerged Company after the Effective Date pursuant to the Demerger. If any part of the Demerged Undertaking is inadvertently retained by the Demerged Company after the Effective Date, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the Demerged Undertaking is transferred to the Resulting Company promptly and for no further consideration. The Demerged Company shall bear all costs and expenses as may be required to be incurred by the Demerged Company, subject to the prior written consent of the Resulting Company, for giving effect to this Clause.
- 23.2. No part of the Remaining Business shall be transferred to the Resulting Company after the Effective Date pursuant to the Demerger. If any part of the Remaining Business is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business is transferred back to the



Demerged Company, promptly and for no consideration. The Resulting Company shall bear all costs and expenses as may be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause.

- 23.3. If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables forming part of the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, form part of the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration. If the Resulting Company realizes any amounts after the Effective Date that from part of the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company.



AF

IBM India Private Limited

January 13, 2021

Estimation of Share
Entitlement Ratio pursuant
to the Scheme of
Arrangement



D and P India Advisory Services LLP

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To,

January 13, 2021

The Board of Directors
IBM India Private Limited
No. 12, Subramanya Arcade,
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Bangalore – 560029, Karnataka

The Board of Directors
Grand Ocean Managed Infrastructure Services Private Limited
No. 12, Subramanya Arcade,
Bannerghatta Main Road,
Bangalore – 560029, Karnataka

Re: Estimation of Share Entitlement Ratio pursuant to the Scheme of Arrangement

Dear Sir / Madam,

In accordance with the terms of our engagement, dated January 12, 2021, we enclose our report (the "Report") on the share entitlement ratio for the proposed demerger of the MIS Business of IBM India Private Limited into Grand Ocean Managed Infrastructure Services Private Limited, with effect from April 1, 2021 pursuant to the Scheme of Arrangement.

In the process of formulating our estimation, we held discussions with the management of IBM India Private Limited and Grand Ocean Managed Infrastructure Services Private Limited (the "Management") and were provided with historical financial statements of IBM India Private Limited. This data was utilized without verification as correctly representing the financial position of IBM India Private Limited.

Basis of preparation

Our work has been based on financial information of IBM India Private Limited provided by the Management. We have relied on the accuracy and completeness of that information. Regarding the information provided, we have not carried out any form of audit, independent confirmation or verification of the reliability, accuracy or completeness of



the information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of the information provided to us.

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Unless required by law it shall not be provided to any third party or used for any other purpose. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which the Report is disclosed or otherwise made available.

D and P India Advisory Services LLP ("DP") expressly disclaims all liability for any loss or damage of whatever kind which may arise from any person acting on any information and opinions contained in this Report which are contrary to the stated purpose. Full terms and conditions of our work are included in our engagement letter dated January 12, 2021.

If you would like to discuss any aspect of this Report, please do not hesitate to contact me on +91 9945366221.

Sincerely,



Santosh N

Managing Partner
D and P India Advisory Services LLP



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Section 01

Introduction



Introduction

Purpose and Scope

In accordance with the terms of our engagement, dated January 12, 2021, we enclose our Report on the share entitlement ratio for the proposed demerger of the MIS Business of IBM India Private Limited ("IBM India" or the "Demerged Company") into Grand Ocean Managed Infrastructure Services Private Limited ("GOMISPL" or the "Resulting Company"), with effect from April 1, 2021 pursuant to a Scheme of Arrangement.

Transaction Background

IBM India is a group company of International Business Machines Corp, USA ("IBM Corp."). IBM Corp. has presence in 170 countries and operates through multiple locations across the globe. IBM India is a private limited company incorporated in India, primarily engaged in domestic and export business of selling computer systems, software, consulting and information technology services including maintenance services, managed infrastructure services and carrying out lease and other financing activities in connection with sale of such products. It also sells computer systems and software to certain customers in India through its Singapore branch and provides on-site services to customers through its USA branch.

We understand, as part of a global restructuring, IBM India intends to segregate and transfer its MIS Business ("Demerged Undertaking") to GOMISPL on a going concern basis, by way of a demerger ("Proposed Demerger") with effect from April 1, 2021 (the "Appointed Date"). The Demerger is proposed to be implemented through a scheme of arrangement (the "Scheme of Arrangement" or the "Scheme") under the provisions of section 230 to 232 of the Companies Act, 2013 through a National Company Law Tribunal (NCLT) process.

Shareholding

We understand that IBM India has the following shareholding structure as of March 31, 2020

Particulars	Number of Shares	Fully paid up share capital (INR 10 each paid up share)	
		Holding %	
IBM World Trade Corporation	230,359,233	99.99%	2,303,592,330
IBM World Trade Holdings LLC	15	0.0001%	150
Total	230,359,248	100%	2,303,592,480

As informed by the Management, subsequent to the above and till the date of filing of the Scheme of Arrangement with the NCLT, there is no change anticipated in the paid-up share capital or shareholding of IBM India.



GOMISPL is a wholly-owned subsidiary of IBM India with the following shareholding structure as of the date of filing of the Scheme of Arrangement with the NCLT:

Particulars	Number of Shares	Holding %	Fully paid up share capital (INR 10 each paid up share)
IBM India Private Limited	10,000	100%	100,000
Total	10,000	100%	100,000

Upon the Scheme of Arrangement becoming effective and in consideration of vesting of the Demerged Undertaking from Demerged Company to the Resulting Company pursuant to the Scheme, the Resulting Company will allot equity shares to the shareholders of the Demerged Company.

In connection with the Proposed Demerger, Management has requested D and P India Advisory Services LLP ("DP") to estimate the share entitlement ratio (the "Share Entitlement Ratio") of equity shares of GOMISPL to be issued to the shareholders of IBM India.



Section 02

Estimation of Share Entitlement Ratio



Share Entitlement Ratio

Key Inputs and Procedures

We have considered but not limited ourselves to the following key inputs and procedures as considered necessary for estimating the Share Entitlement Ratio, for the shares of GOMISPL to be issued to the shareholders of IBM India:

- Audited standalone financial statements as of March 31, 2020¹.
- Draft Scheme of Arrangement for the Demerger;
- Existing total outstanding equity shares and shareholding pattern of IBM India and GOMISPL;
- Interviews and correspondence with the Management, on which we have relied; and such other analyses, reviews and inquiries, as we considered necessary.

Financial Review of IBM India

We reviewed the financial position of IBM India as of March 31, 2020 based on information provided by Management. This information was used without further verification as correctly reflecting the operations and financial condition of IBM India.

Share Entitlement Ratio

We understand that, as consideration for the Demerged Undertaking, the equity shares of GOMISPL would be issued and allotted to the shareholders of IBM India. The Management has further indicated that the set of shareholders and shareholding proportion of GOMISPL pursuant to the Proposed Demerger of MIS Business into GOMISPL would be identical to the shareholding of IBM India as shares of GOMISPL would be issued to the shareholders of IBM India in the proportion of their shareholding in IBM India at the Appointed Date.

Also, pursuant to the Scheme, the existing shareholding of IBM India in GOMISPL shall stand cancelled. Since, as part of the Scheme, the shareholding of the ultimate beneficial owner i.e. IBM World Trade Corporation in GOMISPL will be a mirror image of its shareholding in IBM India, there will be no economic impact on the ultimate value irrespective of any Share Entitlement Ratio.

The Management has represented, the Demerged Undertaking constituted approximately one-third of IBM India's total revenue for financial year ending March

¹ As provided by the Management. As the Appointed/Effective date of the Demerger is April 1, 2021, Management has represented that the financials of IBM India as of March 31, 2020 would not be materially different from the financials as of Appointed Date



31, 2020. Similarly, employees and fixed assets also approximately constitute one-third of the overall IBM India employees and fixed assets for the financial year ending March 31, 2020. Please note that DP has not independently verified the same.

Based on the factors mentioned above and considering the desired capital structure of GOMISPL, the Management has proposed a Share Entitlement Ratio as follows:

- “1 (One) fully paid up equity share of Rs. 10 (Rupees Ten only) each of GOMISPL shall be issued and allotted for every 3 (Three) fully paid up equity shares of Rs. 10 (Rupees Ten only) each held in IBM India”

As per SEBI circular dated 10 March 2017, (Ref: CFD/DIL3/CIR/2017/21), a detailed valuation of the companies, to determine swap ratio is not required in case of mirror image demergers. Though the circular is not applicable to private companies, the underlying premise should be the same.



Section 03

Conclusion



Conclusion

Conclusion

Based on the aforementioned, information summarized in this Report and subject to our assumptions and limitations, we believe that any Share Entitlement Ratio to be proposed by the Management would be reasonable considering the allotment of equity shares to the shareholders of IBM India is a mirror image of the shareholding in IBM India and all the current shareholders of IBM India will, upon demerger, be ultimate beneficial economic owners of GOMISPL in the same ratio as they hold shares in IBM India, as on the Appointed Date. Accordingly, we believe the proposed Share Entitlement Ratio of 1 paid up equity share of GOMISPL for every 3 fully paid up equity shares held in IBM India is fair and reasonable.

Our Report and Share Entitlement Ratio is based on the envisaged equity share capital structure of IBM India and GOMISPL as mentioned earlier. Any variation in the equity capital structure mention in the Scheme may have an impact on Share Entitlement Ratio.



Section 04

Assumptions and Limiting Conditions



Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

This service was performed with the following general assumptions and limiting conditions.

DP has relied on explanations and information provided by the Management and accepted the information and projections provided to us as accurate. Although, DP has reviewed such data for consistency and reasonableness, DP has not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.

The MIS Business of IBM India is proposed to be demerged into GOMISPL with effect from the Appointed Date. The Management has explained that the MIS Business would be carried on in due course of business from the Appointed Date and subsequently, till the Scheme is approved. The Management has represented that audited standalone financial statements as of March 31, 2020, provided to us, include all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles in India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject.

Our scope of work is limited to expression of our view on the proposed Share Entitlement Ratio and its impact on the economic interest of the shareholders of IBM India and GOMISPL. The recommendation contained herein is not intended to represent value at any date other than the date mention in the Report. Our recommendation will not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors. Our Report is not, nor should it be construed as, opining or certifying the compliance of the proposed Demerger with the provisions of any law including Companies Act, FEMA, taxation related laws or as regards any legal implications or issues arising from such proposed demerger.

This Report is issued on the understanding that Management has drawn our attention to all matters of which they are aware concerning the financial position and capital structure of IBM India and GOMISPL, which may have an impact on this Report up to the date of issue. DP has no responsibility to update this report for events and circumstances occurring after the date of this Report.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore, no indisputable single share entitlement ratio. While we have concluded on the reasonableness of the Share Entitlement Ratio based on the information available to us and withing the scope and constraints of our engagement, others may have a different opinion on the same.



This Report does not look into the business/ commercial reasons behind the Proposed Demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction or other alternatives or whether or not such alternatives could be achieved or are available. The decision to proceed on the Proposed Demerger as well as acceptance of the Final Share Entitlement Ratio depends on the Management.

The Report assumes IBM India, its subsidiaries and GOMISPL comply fully with relevant laws and regulations in all their areas of operations unless otherwise stated, and that all the companies will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, the Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded on the audited/ unaudited balance sheet of IBM India and its subsidiaries. Our conclusion assumes that the assets and liabilities of IBM India and its subsidiaries, reflected in their respective balance sheets remain intact as of the date of Report.

These are the conditions and assumptions upon which our reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and Terms of Engagement. These conditions and assumptions apply to the report that is the subject of this instruction. We have made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement but rather, treated as "a supposition taken to be true". In the event that any of these assumptions prove to be incorrect then our assessment will need to be reviewed.

IBM India and GOMISPL are the sole intended users of this Report, and the use of the Report is restricted to IBM India and GOMISPL for the purpose indicated herein. This restriction does not preclude IBM India and GOMISPL from providing a copy of the Report to third parties whose review would be consistent with the intended use. DP is not responsible for the unauthorized use of this Report.





IBM India Private Limited
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Report adopted by the Board of Directors of IBM India Private Limited on February 4, 2021 (by circulation) in accordance Section 232(2)(c) of the Companies Act, 2013 explaining the effect of the Scheme on each class of shareholders, key managerial personnel, and promoter and non-promoter shareholders.

1. Background

- 1.1 The proposed Scheme of Arrangement between IBM India Private Limited ("**Demerged Company**") and Grand Ocean Managed Infrastructure Services Private Limited ("**Resulting Company**") and their respective members and creditors ("**Scheme**") for demerger of the Demerged Undertaking (as defined in the Scheme) into the Resulting Company under the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") was approved by the Board of Directors of the Demerged Company at their meeting held on January 15, 2021.
- 1.2 In accordance with the provisions of Section 232(2)(c) of the Act, the Directors of the Company are required to adopt a report explaining the effect of Scheme on each class of shareholders, key managerial personnel ("**KMP**"), promoter and non-promoter shareholders of the Company laying out, in particular, the share exchange ratio, specifying any special valuation difficulties, if any ("**Report**"). The Report will be circulated along with the notice convening meeting of the shareholders and unsecured creditors of the Demerged Company.
- 1.3 Having regard to the aforesaid provision, this Report is adopted by the Board in compliance with the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were considered by the Board of Directors for the purpose of issue of this report:
 - (a) Draft Scheme duly initialed by the Company Secretary of the Company for the purpose of identification; and
 - (b) Share Entitlement Report dated January 13, 2021 issued by D and P India Advisory Services LLP ("**Share Entitlement Report**").

2. Effect of the Scheme on each class of shareholders, KMP, promoters and non-promoter shareholders:

- 2.1 Equity Shareholders: Please refer to the section on promoter and non-promoter shareholders below.
- 2.2 KMPs: The Scheme will not have any adverse effect on the KMPs of the Demerged Company.
- 2.3 Promoter and Non-Promoter Shareholders:

Registered Office: Subramanya Arcade, No. 12, Bannerghatta Main Road, Bangalore – 560029

CIN: U72200KA1997PTC022382





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- (a) Pursuant to the Scheme, the Resulting Company will issue shares to the shareholders / promoters of the Demerged Company based on the Share Entitlement Ratio (defined below). Accordingly, the promoters of the Demerged Company will not be prejudiced by the Scheme.
- (b) There are no non-promoter shareholders in the Demerged Company.

3. Share Entitlement Ratio and valuation difficulties (if any)

3.1 The Scheme provides that:

- (a) Upon the Scheme becoming effective and in consideration of vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment by the shareholders, issue and allot equity shares, credited as fully paid-up, to the shareholders of the Demerged Company, holding fully paid up equity shares in the Demerged Company and whose names appear in the register of members of the Demerged Company on the Record Date (as defined in the Scheme) or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner/ratio:

1 (One) fully paid up equity share of Rs. 10 (Rupees Ten only) each of the Resulting Company shall be issued and allotted for every 3 (Three) fully paid up equity shares of Rs. 10 (Rupees Ten only) each held in the Demerged Company ("**Share Entitlement Ratio**").

- (b) Upon issuance of shares in the manner set out above, the existing shareholding of the Demerged Company in the Resulting Company shall stand cancelled.

- 3.2 The revenue of the Demerged Undertaking constitutes approximately one-third of the Demerged Company's total revenue for the financial year ending March 31, 2020. Similarly, the employees and fixed assets of the Demerged Undertaking also approximately constitute one-third of the overall Demerged Company's employees and fixed assets for the said financial year. Based on this and considering the desired capital structure of the Resulting Company, the abovementioned Share Entitlement Ratio has been determined.

- 3.3 D and P India Advisory Services LLP, registered valuer No. IBBI/RV-E/05/2020/131 ("**D&P**"), were appointed to provide the Share Entitlement Report on the share entitlement ratio for the said demerger. In the Share Entitlement Report, D&P have stated that:

- (a) In the present facts, the proposed Share Entitlement Ratio is fair and reasonable; and
- (b) In any event, since, as part of the Scheme, the shareholding of the ultimate beneficial owners of the Demerged Company in the Resulting Company will be a mirror image of

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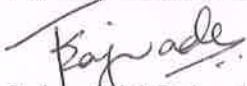


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their shareholding in the Demerged Company, there will be no economic impact on the ultimate value irrespective of any Share Entitlement Ratio.

- 3.4 Neither the management of the Demerged Company nor D&P has expressed any difficulty in determining the Share Entitlement Ratio.

For IBM India Private Limited


Tejaswini S Rajwade
Director
DIN: 08999569
February 5, 2021



IBM INDIA PRIVATE LIMITED
(All amounts in INR million, unless otherwise stated)
Management Accounts as at September 30 2020
Standalone Balance Sheet

	Note	As at Sept 30, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	4	10,539
Right-of-Use assets	25	20,011
Capital work-in-progress		1,098
Intangible assets	5	185
Investments	6	3,417
Financial assets		
i. Trade receivables	7(e)	2,851
ii. Loans	7(c)	2,835
Non-current tax assets	8	43,432
Deferred tax assets (net)	26	6,825
Other non-current assets	9	2,961
Total non-current assets		94,154
Current assets		
Inventories	10	1,293
Financial assets		
i. Trade receivables	7(e)	48,034
ii. Cash and cash equivalents	7(a)	14,177
iii. Bank balances other than (ii) above	7(b)	254
iv. Loans	7(c)	2,943
v. Other financial assets	7(d)	-
Other current assets	11	15,631
Total current assets		82,332
Total assets		176,486



IBM INDIA PRIVATE LIMITED
(All amounts in INR million, unless otherwise stated)
Management Accounts as at September 30 2020
Standalone Balance Sheet

	Note	As at Sept 30, 2020
EQUITY AND LIABILITIES		
Equity		
Equity share capital	12(a)	2,304
Other equity	12(b)	83,863
Total equity		86,167
Liabilities		
Non-current liabilities		
Financial liabilities		
i. Borrowings	13(a)	-
ii. Other financial liabilities	13(b)	76
iii. Lease liabilities	25	19,804
Provisions	14	17,924
Other non-current liabilities	15	2,708
Total non-current liabilities		40,512
Current liabilities		
Financial liabilities		
i. Trade payables	13(c)	25,451
ii. Other financial liabilities	13(b)	3,996
iii. Lease liabilities	25	487
Provisions	14	2,919
Other current liabilities	16	16,954
Total current liabilities		49,807
Total liabilities		90,319
Total equity and liabilities		176,486

For and on behalf of the Board

Tejaswini Rajwade
Director
DIN: 08999569



IBM INDIA PRIVATE LIMITED
(All amounts in INR million, unless otherwise stated)
Management Accounts as at September 30 2020
Standalone Statement of Profit and Loss

	Note	For the year ended Sept 30, 2020
Revenue from operations	17	131,043
Other income	18(a)	342
Other gains/(losses), net	18(b)	184
Total income		131,569
Expenses		
Cost of materials consumed	19(a)	1,358
Purchases of stock-in-trade	19(b)	8,374
Changes in inventory of stock-in-trade	19(c)	285
Employee benefit expense	20	73,855
Depreciation and amortisation expense	21	6,485
Other expenses	22	25,237
Finance costs	23	768
Total expenses		116,362
Profit before tax		15,207
Income tax expense		
- Current tax	24	8,471
- Deferred tax (credit)/charge	24	(903)
Total tax expense		7,568
Profit for the year		7,639
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurements of post-employment benefit obligations		(1,759)
- Deferred tax relating to these items		447
Other comprehensive income for the year, net of tax		(1,312)
Total comprehensive income for the year		6,327
Earnings per equity share (basic & diluted): [Nominal value per share: INR 10/-]	27	33

For and on behalf of the Board

Tejaswini Rajwade
Director
DIN: 08999569



IBM INDIA PRIVATE LIMITED
(All amounts in INR million, unless otherwise stated)
Management Accounts as at September 30 2020
Standalone Statement of Changes in Equity

	Reserves and Surplus						Total	Total Equity
	Share Capital	Capital Reserve	General Reserve	Retained Earnings	Special Economic Zone ('SEZ') Reinvestment Reserve	Equity Compensation Reserve		
Balance as at April 1, 2020	2,304	(33)	877	204,216	9,180	360	214,600	216,904
Profit for the year	-	-	-	7,639	-	-	7,639	7,639
Other comprehensive income	-	-	-	(1,312)	-	-	(1,312)	(1,312)
Total Comprehensive Income	-	-	-	6,327	-	-	6,327	6,327
Transactions with owners:								
Dividend paid	-	-	-	(137,064)	-	-	(137,064)	(137,064)
Balance as at September 30, 2020	2,304	(33)	877	73,479	9,180	360	83,863	86,167

For and on behalf of the Board

Tejaswini Rajwade
Director
DIN: 08999569



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

1. Background

IBM India Private Limited (the 'Company') is a private limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka.

The Company is primarily engaged in domestic and export business of selling computer systems, software, consulting and information technology services including maintenance services and carrying out lease and other financing activities in connection with sale of products. The Company also sells computer systems and software to certain customers in India through its Singapore branch and provides on-site services to customers through its US branch and in other overseas jurisdictions.

The Company's immediate and ultimate holding companies are IBM World Trade Corporation ('IBM WTC'), USA and International Business Machines Corporation, USA ('IBM Corporation'), respectively.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Rule 3 of Companies (Indian Accounting Standard) Rules, 2015 as amended and other relevant provisions of the Act.

Accounting policies have been consistently applied except where newly issued accounting standards are initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Division II of Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets or inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- (i) certain financial assets and financial liabilities and contingent consideration are measured at fair value;
- (ii) defined benefit plans - plan assets measured at fair value; and
- (iii) share-based payments

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

7 The Board of the Company assesses the financial performance of the Company and makes strategic decisions about allocation of resources. Accordingly, the Board has been identified as the chief operating decision maker.



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

2.4 Foreign Currency Translation

a. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Indian Rupee which is the functional currency of the Company.

b. Transaction and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates that approximate the actual rates at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the average exchange rates that approximate the actual rates at the date of transactions. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the other gains/(losses) and translation differences on non-monetary assets such as equity investments classified as fair value through other comprehensive income ('FVOCI') are recognised in other comprehensive income.

2.5 Revenue From Operations

Revenue from contracts with customers

A. General Policies

The Company accounts for a contract with a customer when the contract is approved by the parties to the contract, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Unless there is an indication of significant change in facts and circumstances of the contract, the contract with the customer is not reassessed.

Revenue is recognised when, or as, the Company satisfies a performance obligation i.e., when control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. The Company's contracts may include terms that could cause variability in the transaction price, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses. Such variability is accounted for using the highly probable criteria guidance. If the consideration promised in a contract includes a variable amount, the Company estimates the amount to which it expects to be entitled using either the expected value or most likely amount method.



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

2.5 Revenue From Operations (continued)

Performance Obligation and Combination of Contracts

A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. If the Company enters into two or more contracts at or near the same time, the contracts may be combined and accounted for as one contract, in which case the Company determines whether the products or services in the combined contract are distinct. The contracts may be combined and accounted for as one contract if the contracts are negotiated as a package with a single commercial objective, or the amount of consideration to be paid in one contract depends on the price or performance of the other contract, or the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

To the extent the Company grants the customer the option to acquire additional products or services in one of these arrangements, the Company accounts for the option as a distinct performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into the contract, in which case the customer in effect pays in advance for the option to purchase future products or services. The Company recognises revenue when those future products or services are transferred or when the option expires.

Allocation of Transaction price

When products and services are distinct, the arrangement consideration (transaction price) is allocated to each performance obligation on a relative standalone selling price basis.

Standalone Selling Price

The Company allocates the transaction price to each performance obligation on a relative standalone selling price basis or by adopting residual approach depending on the facts and circumstances. The standalone selling price ('SSP') is the price at which the Company would sell a promised product or service separately to a customer. The Company typically establishes a standalone selling price range for its products and services which are reassessed on a periodic basis or when facts and circumstances change.

Principal-agent consideration

The Company may include subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Company is acting as an agent between the customer and the vendor, and gross when the Company is the principal for the transaction. To determine whether the Company is an agent or principal, the Company considers whether it obtains control of the products or services before they are transferred to the customer. In making this evaluation, several factors are considered, most notably whether the Company has primary responsibility for fulfilment to the customer, as well as inventory risk and pricing discretion.

Arrangements with Multiple Performance Obligations

The Company's capabilities as a service provider include services, software, hardware and related financing. These are offerings across the segments that address market opportunities in analytics, data, cloud and security. Revenue from these offerings follows the specific revenue recognition policies for arrangements with multiple performance obligations and for each major category of revenue, depending on the type of offering, which are comprised of services, hardware and/or software. The Company enters into revenue arrangements that may consist of any combination of these products and services based on the needs of its customers.

To the extent that a product or service in multiple performance obligation arrangements is subject to other specific accounting guidance, such as leasing guidance, that product or service is accounted for in accordance with such specific guidance.



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2.5 Revenue From Operations (continued)

B. Services

The Company's primary services offerings include infrastructure services, including outsourcing, and other managed services; application management services; global process services ('GPS'); maintenance and support; and consulting, including the design and development of complex IT systems to a customer's specifications (e.g., design and build). The Company's services are provided on a time-and-material basis, as a fixed-price contract or as a fixed-price per measure of output contract.

Revenue from time-and-material contracts is recognised on an output basis as labour hours are delivered and/or direct expenses are incurred. Revenue from as-a-Service type contracts, such as Infrastructure-as-a-Service, is recognised either on a straight-line basis or on a usage basis, depending on the terms of the arrangement (such as whether the Company is standing ready to perform or whether the contract has usage-based metrics).

In fixed-price contracts, revenue is recognised based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion ('POC') method of accounting). Revenue is recognised based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract. Revisions to estimates of revenues, costs, or extent of progress toward completion may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in revenue on a cumulative catch-up basis in the period in which the circumstances that gave rise to the revision become known by the Company.

In services arrangements, the Company determines whether the services performed during the initial phases of the arrangement, such as setup activities, are distinct. In cases where the arrangement is a single performance obligation comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service), the Company applies a measure of progress (typically time-based) to any fixed consideration and allocates variable consideration to the distinct periods of service based on usage. As a result, revenue is generally recognised over the period the services are provided on usage basis.

Revenue related to maintenance and support services and extended warranty is recognised on a straight-line basis over the period of performance as the Company is standing ready to provide services throughout the contract period.

For contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. Onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

In some services contracts, the Company bills the customer prior to recognising revenue from performing the services and accordingly such advance billings are classified as deferred income. In other services contracts, the Company performs the services prior to billing the customer. When the Company performs services prior to billing the customer in design and build contracts, the right to consideration is typically subject to milestone completion or customer acceptance and the unbilled accounts receivable is classified as a contract asset.



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2.5 Revenue From Operations (continued)

C. Hardware

The Company's hardware offerings include the sale of system servers and storage solutions. These products can also be delivered through as-a-Service or cloud delivery models, such as Storage-as-a-Service. The Company also offers installation services for its more complex hardware products. Hardware offerings are often sold with distinct maintenance services, described under the Services section above.

Revenue from hardware sales are recognised when control has been transferred to the customer which typically occurs when the hardware has been shipped to the customer, risk of loss has transferred to the customer and the Company has a present right to payment for the hardware. In limited circumstances, when a hardware sale includes customer acceptance provisions, revenue is recognised either when customer acceptance has been obtained, customer acceptance provisions have lapsed, or the Company has objective evidence that the criteria specified in the customer acceptance provisions have been satisfied.

Revenue from as-a-Service arrangements hardware offerings is recognised either on a straight-line basis or on a usage basis as described in the Services section above. Installation services are accounted for as distinct performance obligations with revenue recognised as the services are performed. Any cost of standard warranties is accrued when the corresponding revenue is recognised. Shipping and handling activities are accounted as distinct performance obligations with revenue recognised when control is transferred to the customer.

D. Software

The Company's software offerings include solutions software, which comprise of the Company's strategic areas including analytics, data and security; transaction processing software, which primarily runs mission-critical systems for customers; integration software, which helps customers to create, connect and optimise their applications data and infrastructure; and, operating systems software, which provides operating systems for IBM Z and Power Systems hardware. Many of these offerings can be delivered entirely or partially through as-a-Service or cloud delivery models, while others are delivered as on-premise software licenses.

Revenue from perpetual (one-time charge) license software is recognised at a point in time at the inception of the arrangement when control transfers to the customer, if the software license is distinct from the post-contract support offered by the Company. In limited circumstances, when the software requires continuous updates to provide the intended functionality, the software license and post-contract support are not distinct and revenue for the single performance obligation is recognised over time as the post-contract support is provided. This is only applicable to certain security software perpetual licenses offered by the Company.

Revenue from post-contract support (where considered as a distinct performance obligation) is recognised over the contract term on a straight-line basis.

Revenue from software hosting or Software-as-a-Service arrangements is recognised either on a straight-line basis or on a usage basis.

Revenue from term license software is recognised at a point in time for the committed term of the contract (which is typically one month due to customer termination rights).

E. Intercompany Services and Sales

The Company's intercompany services include support services, infrastructure services, consulting services, software development services and research and development services provided to its related companies. These services are provided on a cost plus pre-agreed mark-up. The Company has elected the practical expedient to recognise revenue from these services in the amount to which the Company has a right to invoice. Customers are generally invoiced monthly and consideration is payable as per the agreed credit terms.



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2.5 Revenue From Operations (continued)

F. Commission and export incentive

Commission income disclosed under 'Other operating Income' is earned for procuring orders on behalf of related parties and is recognised upon fulfilment of the obligation as per terms of the contract. Export incentives are recognised as income when the right to receive credit as per the terms of the relevant scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

G. Incremental cost to fulfil a contract

Certain eligible, non-recurring costs incurred in the initial phases of outsourcing contracts and other cloud-based services contracts (i.e., setup costs) are capitalised when the costs relate directly to the contract, the costs generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future, and the costs are expected to be recovered. These costs consist of transition and setup costs related to the installation of systems and processes and other deferred fulfilment costs, including, prepaid assets used in services contracts (i.e., prepaid software & services cost). Capitalised costs are amortised on a straight-line basis over the expected period of benefit, which includes anticipated contract renewals or extensions, consistent with the transfer to the customer of the services to which the asset relates.

The Company performs periodic reviews to assess the recoverability of deferred contract transition and setup costs. If the carrying amount is deemed not recoverable, an impairment loss is recognised.

H. Software Costs

Certain eligible, non-recurring costs incurred in the initial phases of Software-as-a-Service contracts are deferred and amortised over the expected period of benefit, which includes anticipated contract renewals or extensions.

I. Incremental Costs of Obtaining a Contract

Incremental costs of obtaining a contract (e.g., sales commissions) are capitalised and amortised on a straight-line basis over the expected customer relationship period if the Company expects to recover those costs. The expected customer relationship is determined based on the average customer relationship period, including expected renewals, for each offering type. Expected renewal periods are only included in the expected customer relationship period if commission amounts paid upon renewal are not commensurate with amounts paid on the initial contract. Incremental costs of obtaining a contract include only those costs the Company incurs to obtain a contract that it would not have incurred if the contract had not been obtained. Additionally, as a practical expedient, the Company expenses costs to obtain a contract as incurred if the amortisation period would have been a year or less.

J. Contract Assets

The Company classifies the right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset which is a right to consideration that is conditional upon factors other than the passage of time. The majority of the Company's contract assets represent unbilled amounts related to design and build services contracts when the cost-to-cost method of revenue recognition is utilised, revenue recognised exceeds the amount billed to the customer, and the right to consideration is subject to milestone completion or customer acceptance. Contract assets are generally classified as current and are recorded on a net basis with deferred income (i.e., contract liabilities) at the contract level.



IBM INDIA PRIVATE LIMITED*(All amounts in INR Millions, unless otherwise stated)**Management Accounts as at September 30 2020***Notes to the standalone financial statements****2.5 Revenue From Operations (continued)****K. Contract Liabilities**

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

II Revenue from Leasing/Asset Financing/Other Financing

Finance income from finance leases / asset financing is recognised based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. Lease income from operating leases is recognised on a straight line basis over the lease term. Other financing income is recognised when the Company provides financing to the customers (distributors) of third party equipment suppliers in accordance with the agreements entered into by the Company with the distributors and the third party equipment suppliers.

2.6 Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

2.7 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its branches operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent if it is probable that future taxable profit will be available to utilise those temporary differences and losses. Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2.7 Income Tax (continued)

For Units under tax holiday period, deferred tax is recognised only for such temporary differences which originate during the tax holiday period but reverse after the tax holiday period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



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2.8 Leases

With effect from April 1, 2019 :

The Company adopted the new accounting standard on Leases (Ind AS 116) for the first time, effective from April 1, 2019. Detailed information and impact arising from adoption of the new standard is disclosed in Note 35.

The Company conducts business as both a lessee and a lessor. In its ordinary course of business, the Company enters into leases as a lessee for property, plant and equipment. The Company is also the lessor of certain equipment.

When procuring goods or services, or upon entering into a contract with its customers, the Company determines whether an arrangement contains a lease at its inception. As part of that evaluation, the Company considers whether there is an implicitly or explicitly identified asset in the arrangement and whether the Company, as the lessee, or the customer, if the Company is the lessor, has the right to control that asset.

The Company determines whether there is a right to control the use of the asset by assessing its rights, as the lessee, or the customer's rights, if the Company is the lessor, to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. If there is either an explicit or embedded lease within a contract and the Company is the lessor, the Company determines the classification of the lease (e.g., finance or operating lease) at the lease inception date.

The Company as lessee

Effective April 1, 2019, when the Company is the lessee, all leases with a term of more than 12 months are recognised as Right-of-Use ('ROU') assets and associated lease liabilities in the balance sheet. The lease liabilities are measured at the lease inception date at the present value of the lease payments not yet paid determined using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. ROU assets represent the Company's right to control the underlying assets under lease, and the lease liability is the obligation to make the lease payments related to the underlying assets under lease. The interest rate implicit in the lease is generally not determinable in transactions where the Company is the lessee. The ROU asset equals the lease liability adjusted for any initial direct costs ('IDCs'), prepaid and accrued rent and lease incentives. Fixed and in-substance fixed payments are included in the recognition of ROU assets and lease liabilities, however, variable lease payments, other than those based on a rate or index, are recognised in the statement of profit and loss in the period in which the obligation for those payments is incurred. Real estate lease contains predefined escalations which are mainly due to inflation and does not have variable portion. However, for certain leases common area maintenance ('CAM') is variable. The lease agreements do not impose any covenants on the Company.

ROU assets are generally amortised on a straight-line basis over the lease term with the interest expense on the lease liability recorded using the effective interest rate method. The amortisation and interest expense are recorded separately in the statement of profit and loss. The Company has elected to not recognise leases with a lease term of less than 12 months in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognised in the statement of profit and loss.

For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components (e.g. maintenance services) and account for the combined unit as a single lease component.



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2.8 Leases (continued)

The Company as Lessor

IBM typically enters into leases as an alternative means of realizing value from equipment that it would otherwise sell. Assets under lease include new and used IBM equipment and certain OEM products.

Lease payments due to the Company are typically fixed and paid in equal instalments over the lease term. Payments that are made directly by the customer to a third party, including insurance, are not considered part of variable payments and therefore are not recorded by the Company. The Company excludes from consideration in contracts all collections from sales and other similar taxes.

When lease arrangements include multiple performance obligations, the Company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases, whereas leases where all the risks and rewards incidental to ownership are not transferred to the lessee are classified as operating leases. Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term.

If a lease is classified as a finance lease, the carrying amount of the asset is derecognised from inventory and a net investment in the lease is recorded. Net investment in the lease is measured at commencement date as the sum of the lease receivable and the estimated residual value of the equipment less unearned income and allowance for credit losses. Any selling profit or loss arising from a finance lease is recorded at lease commencement. Selling profit or loss is presented on a gross basis when the Company enters into a lease to realise value from a product that it would otherwise sell in its ordinary course of business, whereas in transactions where the Company enters into a lease for the purpose of generating revenue by providing financing, the selling profit or loss is presented on a net basis. Under a finance lease, Initial Direct Costs ('IDCs') are expensed at lease commencement. Over the term of the lease, the Company recognises finance income on the net investment in the lease and any variable lease payments, which are not included in the net investment in the statement of profit and loss.

2.9 Business Combination

Common control transactions

Business combinations involving entities/businesses that are controlled by the Company or group companies are accounted for using the pooling of interests method as follows:

- (i) The assets and liabilities of the combining entities/businesses are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- (iii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- (iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- (v) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- (vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of net assets of the transferor is transferred to capital reserve.



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2.10 Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit and loss or in the other comprehensive income, as applicable, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant change in value.

2.12 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment (Note 2.15).

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories include all costs incurred in bringing the inventories to their present location and condition. The costs of components and spare parts are ascertained based on weighted average method. Stock-in-trade which are Micro Processor based Systems, Storage systems, Servers, Software and Other peripherals are valued based on specific identification method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Investment in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognised in the statement of profit and loss.

2.15 Non-derivative Financial Instruments

Initial recognition

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.



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2.15 Non-derivative Financial Instruments (continued)

Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.16 Property, Plant and Equipment

Property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss, within other gains / losses.



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2.16 Property, Plant and Equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Property restoration costs are capitalised at present value when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Depreciation method, useful lives and residual value

Depreciation on tangible assets is provided using straight line method on a pro rata basis over the estimated useful lives of assets which are not longer than useful lives of assets indicated under Schedule II of the Companies Act, 2013 (except in the case of office equipment and furniture and fittings), as determined by the Management's expert for all tangible assets to reflect the actual usage of assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets	Useful Life
Buildings including improvements and building equipment	20 - 50 years
Plant and Machinery	7 years
Computer Equipment:	
Personal Computers	3 years
Servers, Printers, Networking equipment etc.	5 years
Office Equipment	10 years
Furniture and Fittings:	
Telecom equipment	5 years
Office Furniture and Fittings	10 - 15 years

Leasehold land are amortised on a straight line basis over the lease period.

However, in case of used assets acquired, the rates determined by the management are as follows:

Assets	Useful Life
Computers:	
Personal Computers	1.5 years
Servers, Printers, Networking equipment etc.	3 years
Office Equipment	3 years
Furniture and Fittings	3 years

Assets individually costing less than INR 0.005 are depreciated fully in the year of purchase.

Leasehold improvements are depreciated on a straight-line basis over the lease period or the estimated useful life, whichever is shorter.



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2.17 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any (Note 2.10).

Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life
Computer Software	2 to 10 years

Operating Software is capitalised along with the related property, plant and equipment and amortised over the useful life of the asset. Application software is capitalised, if it has an enduring benefit, and is amortised over its useful life or term of the contract whichever is lower.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which the goodwill arose (Note 2.10).

2.18 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

2.20 Borrowing Costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the statement of profit and loss in the period in which they are incurred.



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2.21 Provisions and Contingent Liabilities

Provisions for claims, indirect taxes and service warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses, unless they are onerous in nature. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. If the effect of time value of money is material, provisions are discounted to their present value.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where it is either not probable that an outflow of resources will be required to settle the present obligation or a reliable estimate of the obligation cannot be made.

2.22 Employee Benefits

a. Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

b. Defined Contribution Plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

c. Other Short term Employee Benefits

Liability towards leave encashment and compensated absences is determined based on independent actuarial valuation as at the balance sheet date. Changes in liabilities are recognised immediately in the statement of profit and loss.

Undiscounted liability of performance incentives is recognised during the period when the employee renders the services, based on management estimate.



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2.22 Employee Benefits (continued)

d. Share-based payments

Stock-based compensation represents the cost related to group stock-based awards granted to employees.

IBM Corporation grants Restricted Stock Units ('RSUs') and Performance Share Units ('PSUs') and periodically grants stock options to eligible employees of the Company. The fair value of the RSUs and PSUs are determined and fixed on the grant date based on the IBM Corporation's stock price, adjusted for the exclusion of dividend equivalents. The Company estimates the fair value of stock options using a Black-Scholes valuation model.

RSUs are stock awards granted to employees that entitle the holder to shares of common stock as the award vests, typically over a one-to five-year period. PSUs are stock awards where the number of shares ultimately received by the employee depends on the Company's performance against specified targets and typically vest over a three-year period. The fair value of the awards is determined and fixed on the grant date based on the IBM Corporation's stock price, adjusted for the exclusion of dividend equivalents.

The stock option award vests in four years and has a contractual term of 10 years. The fair value of stock options at the date of grant is estimated using the BlackScholes valuation model.

The total expense in respect of the above share-based payment schemes is recognised over the vesting period with a corresponding adjustment to equity compensation reserve as a capital contribution from IBM Corporation. A liability towards the inter-company charge is recognised when the award is released to or exercised by the Company's employees and billed by IBM Corporation. The inter-company charge is offset against the equity compensation reserve.

IBM Corporation maintains a non-compensatory Employees Stock Purchase Plan ('ESPP'). Any discount provided to the Company's employees under the ESPP is considered compensation expense. The Company is not being cross charged by the ultimate parent company towards this expense.

2.23 Dividends Payable

Provision is made for the amount of any dividends declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares, if any.

2.25 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of the Schedule III, unless otherwise stated.



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

3 Significant Estimates

The application of accounting standards and policies requires the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance. Accounting estimate could change from period to period. Actual results could differ from such estimates. Changes in estimates are made as and when the management becomes aware of changes in the circumstances of those estimates. Change in estimates is reflected in the period in which changes are made and disclosed accordingly, if material.

Gratuity assumptions

The measurement of the Company's defined benefit obligation to its employees and net periodic defined benefit cost/income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans and actuarial gain/loss recognised in other comprehensive income. The carrying amount and the required sensitivity analysis are presented in Note 15.

Contingent Liabilities

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise factual and legal issues that are subject to uncertainties and complexities including the facts and circumstances of each particular case / claim, the jurisdiction and the differences in applicable law. The Company consults with legal counsels and other experts on the matters related to specific litigations where considered necessary. The Company accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible, or an estimate is not determinable, the matter is disclosed as a contingent liability.



IBM INDIA PRIVATE LIMITED

(All amounts in INR Millions, unless otherwise stated)

Management Accounts as at September 30 2020

Notes to the standalone financial statements

4 Property, Plant and Equipment as at September 30, 2020

Description	Gross Block - at Cost				Accumulated Depreciation				Net Book Value
	April 1, 2020	Additions/ Adjustments	Disposals/ Adjustments	Sept 30, 2020	April 1, 2020	Additions	Disposals/ Adjustments	Sept 30, 2020	Sept 30, 2020
Own Assets:									
Buildings	867	-	(0)	867	166	19	(0)	185	682
Plant and Machinery	147	-	(135)	12	146	0	(135)	11	1
Computer Equipment	47,464	1,310	(886)	47,888	40,529	2,062	(835)	41,757	6,131
Furniture and Fittings and Office Equipment	5,458	81	(1,134)	4,405	4,071	197	(1,130)	3,138	1,267
Leasehold Improvements	5,341	271	(790)	4,822	3,324	442	(789)	2,977	1,845
Total (A)	59,277	1,662	(2,947)	57,992	48,236	2,720	(2,890)	48,067	9,926
Assets given on Operating Lease:									
Computer Equipment	2,463	131	(899)	1,695	1,463	327	(708)	1,082	613
Total (B)	2,463	131	(899)	1,695	1,463	327	(708)	1,082	613
Total (A) + (B)	61,740	1,793	(3,845)	59,688	51,557	3,047	(3,598)	49,149	10,539



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

5 Intangible Assets as at September 30, 2020

Description	Gross Block - at Cost				Accumulated Amortization				Net Book Value
	April 1, 2020	Additions	Disposals	Sept 30, 2020	April 1, 2020	For the year	Disposals	Sept 30, 2020	Sept 30, 2020
Acquired Assets:									
Goodwill	13	-	-	13	13	-	-	13	-
Computer Software	5,654	222	-	5,876	5,516	175	-	5,691	185
Total	5,667	222	-	5,889	5,529	175	-	5,704	185



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

6 Investments	As at
	Sept 30, 2020
Investment in subsidiaries	3,417
Other Investments	*
Total	3,417

* Amount is below the rounding off norm adopted by the Company.

6(a) Investment in subsidiaries	As at
	Sept 30, 2020
Non-Current	
Investment in Equity Instruments (Unquoted)	
1,857,429 equity shares of INR 10/- each held in Sterling Commerce Solutions India Private Limited [Net of impairment in the value of investment of INR 895]	1,283
26,705,683 equity shares of INR 1/- each held in Sanovi Technologies Private Limited [Refer Note below] [Net of impairment in the value of investment of INR 1,000]	1,716
966,013 equity shares of INR 10/- each held in Truven Health Analytics India Private Limited	418
Total	3,417
Aggregate amount of unquoted investments	5,312
Aggregate amount of impairment in the value of investments	(1,895)
	3,417

6(b) Other Investments	As at
	Sept 30, 2020
Non-current	
Unquoted	
Government and trust securities (6-year National Savings Certificates) [Lodged with sales tax authorities INR 0.20]	*
Investment in Equity Instrument (Unquoted)	
1 equity share of INR 10/- held in Network Solutions Private Limited	*

* Amount is below the rounding off norm adopted by the Company.

7 Financial assets	
7(a) Cash and Cash Equivalents	
	As at
	Sept 30, 2020
Balances with banks	
- in current accounts	2,417
- demand deposits with original maturity of less than three months	11,760
Total	14,177



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30, 2020
Notes to the standalone financial statements

7(b) Bank balance other than cash and cash equivalents

	As at Sept 30, 2020
Balances with a bank held as margin money	254
Total	254

7 Financial assets (continued)

7(c) Loans (At amortised cost)

	As at Sept 30, 2020
Non-Current	
Security Deposits, Unsecured	2,835
Total non-current loans	2,835
Current	
Loan to related parties , Unsecured	2,291
	2,291
Loans to employees, Unsecured	2
	2
Security Deposits, Unsecured	650
Total current loans	2,943
Total loans	5,778

7(d) Other Financial Assets

	As at Sept 30, 2020
Current	
Interest Receivable	-
Total	-

7(e) Trade Receivables

	As at Sept 30, 2020
Current	
Related Party	21,873
Others (net of provision)	26,161
	48,034
Non-current	
Related Party	-
Others (net of provision)	2,851
	2,851

8 Non- Current Tax Assets

	As at Sept 30, 2020
Advance Tax [Net of Provision for tax]	6,484
Income Tax Paid under protest [Net of provision]	36,948
Total	43,432



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
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9 Other Non-Current Assets	As at
	Sept 30, 2020
Prepayments:	
Prepaid software and services cost	1,157
Advances recoverable in cash or in kind or for value to be received	
- Considered good	1,804
Total	2,961

10 Inventories	As at
	Sept 30, 2020
Stock-in-trade (includes in transit)	217
Components and spares (includes in transit)	1,076
Total	1,293

11 Other Current Assets	As at
	Sept 30, 2020
Prepayments:	
Prepaid software and services cost	3,633
Advances recoverable in cash or in kind or for value to be received	
- Considered good	8,179
- Considered doubtful	98
(Less): Allowance for doubtful advances	(98)
Contract Assets (Net of Provision)	3,071
Total	15,631



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
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12 Equity Share Capital and Other Equity

(a) Equity Share Capital

	As at Sept 30, 2020
Authorised:	
250,000,000 Equity Shares of INR 10/- each	2,500
Issued, subscribed and fully paid:	
230,359,248 Equity Shares of INR 10/- each fully paid up	2,304

(i) Reconciliation of number of shares

	Sept 30, 2020	
	Number of Shares	Amount
Balance as at beginning of the year	230,359,248	2,304
Issued during the year	-	-
Balance as at end of the year	230,359,248	2,304

(ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a face value of INR 10/- per share. Each shareholder of the equity shares is entitled to one vote per share. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any in proportion to their shareholdings.

(iii) Shares held by holding company and subsidiaries of holding company

	As at Sept 30, 2020
Equity Shares of INR 10/- each held by:	
230,359,233 Shares held by IBM World Trade Corporation, USA., the holding company	2,304
15 Shares held by IBM World Trade Holding LLC, USA, a fellow subsidiary	*

* Amount is below the rounding off norm adopted by the Company.

(iv) Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at Sept 30, 2020
Equity Shares:	
IBM World Trade Corporation, USA., the holding company	230,359,233 99.9%

(v) There are no shares reserved for issue under options.

(vi) During the five years immediately preceding September 30, 2020, there are no shares allotted as fully paid-up pursuant to contracts without payment being received in cash or by way of issue of bonus shares and there are no shares that have been bought back.



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

12 Equity Share Capital and Other Equity (continued)

(b) Other Equity	As at	
	Sept 30, 2020	
Reserve and Surplus		
Capital Reserve		(33)
General Reserve		877
Special Economic Zone Reinvestment Reserve		9,180
Equity Compensation Reserve		360
Retained Earnings		73,479
Total		83,863
Retained Earnings		
Opening Balance		204,216
Total comprehensive income for the year		6,327
Transfer from/(to) Special Economic Zone Reinvestment Reserve		-
Dividend paid		(137,064)
Closing Balance		73,479
Total		83,863

13 Financial Liabilities

(a) Non-Current Borrowings	As at		
	Range	Range	Sept 30, 2020
Secured:			
Finance Lease obligations	2018 - 2021	6.95% - 19.96%	-
Unsecured:			
Other loan	2020 - 2021	Interest free	-
Total			-

Note:
(i) Nature of security and terms of repayment for secured borrowings:

Nature of Security	Terms of Repayment
Finance Lease obligations are secured by hypothecation of assets underlying the leases	Monthly payment of equated monthly instalments beginning from the month subsequent to taking the lease.

(ii) Terms of repayment for unsecured borrowings:

Borrowings	Terms of Repayment
Other loan	Repayable in quarterly and annual instalments over a period ranging from 3 years to 5 years



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

13 Financial Liabilities (continued)

(b) Other Financial Liabilities

	As at Sept 30, 2020
Non-Current	
Performance based earn out consideration and deferred consideration related to acquisition	76
Total	76
	As at Sept 30, 2020
Current	
Current maturities of other loan	92
Other payables to related parties	3,904
Total	3,996

(c) Trade Payables

	As at Sept 30, 2020
Current	
Trade Payables : others	18,599
Trade Payables to related parties	6,852
Total	25,451

14 Provisions

	As at Sept 30, 2020
Current	
Compensated absences	2,896
Warranty	23
	2,919
Non-current	
Gratuity	17,902
Warranty	-
Other provisions	22
	17,924

15 Other Non - Current Liabilities

	As at Sept 30, 2020
Deferred Income	2,596
Other Liabilities	112
Total	2,708

16 Other Current Liabilities

	As at Sept 30, 2020
Deferred Income	6,687
Employee Benefits Payable	6,725
Statutory dues including Provident Fund and Tax Deducted at Source	3,179
Other Liabilities	363
Total	16,954



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

17 Revenue From Operations

	For the year ended Sept 30, 2020
Sales of products:	
Exports	52
Domestic	10,222
Sales of services:	
Exports	96,275
Domestic:	
Income from finance leases	551
Income from operating leases	427
Other financing income	7
Income from Information Technology Services	23,409
Other Operating Income - Commission and export incentives	100
Total	131,043

18 (a) Other Income

	For the year ended Sept 30, 2020
Interest Income on fixed deposits and related party	342
Total	342

18 (b) Other Gains / (Losses)

	For the year ended Sept 30, 2020
Net foreign exchange gain	186
Total	184

19 (a) Cost of Material Consumed

	For the year ended Sept 30, 2020
Cost of equipment and software for services contracts	1,070
Components and spare parts for sales and services	288
Total	1,358

19 (b) Purchases of Stock-in-Trade

	For the year ended Sept 30, 2020
Computer Systems and Software	8,374
Total	8,374

19 (c) Changes in Inventory of Stock-in-Trade

	For the year ended Sept 30, 2020
(Increase)/ Decrease in Stock in Trade	
Inventory at the end of the year:	
Computer Systems and Software (including Stock in Transit)	217
Total (A)	217
Inventory at the beginning of the year:	
Computer Systems and Software (including Stock in Transit)	502
Total (B)	502
Decrease/ (Increase) in Stock in Trade (B-A)	285



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
Management Accounts as at September 30 2020
Notes to the standalone financial statements

20 Employee benefit expenses	For the year ended Sept 30, 2020
Salaries, wages and bonus	66,195
Contribution to provident and other funds	3,082
Employee share-based payment expenses	545
Gratuity	1,684
Staff Welfare expenses	2,349
Total	73,855

21 Depreciation and Amortisation Expense	For the year ended Sept 30, 2020
Depreciation on Property, Plant and Equipment	3,047
Amortisation of Intangible assets	175
Amortisation of Right-of-Use assets	3,263
Total	6,485

22 Other Expenses	For the year ended Sept 30, 2020
Operating Lease Rentals	509
Rates and Taxes	14
Power and Fuel	669
Repairs and Maintenance	1,004
Software Expenses	474
Freight and Transportation	234
Bank charges	19
Subcontracting, Professional and Consultancy expenses	13,351
Travelling and Conveyance	2,036
Communication	3,264
Advertisement and Marketing [Net of recoveries from related parties]	223
Warranty [Net of recoveries from related parties]	57
Allowance for doubtful debts	
Trade receivables and other assets	964
Bad debts written off	123
Less: Allowance for doubtful debts no longer required	-
Recruitment expenses	294
Royalty	1,070
Payments to Auditors	
As auditor:	
- Audit fee	-
- Certification fees	-
Corporate social responsibility expenditure	727
Miscellaneous expenses [Net of recoveries from related parties]	205
Total	25,237

23 Finance Cost	For the year ended Sept 30, 2020
Interest expense on lease liabilities	768
Total	768

24 Income Tax Expense	For the year ended Sept 30, 2020
Profit before tax	15,207
Tax at India tax rate	7,568
Income tax expense	7,568



IBM INDIA PRIVATE LIMITED
(All amounts in INR Millions, unless otherwise stated)
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25 Leases

(a) The Company as lessee

The balance sheet and statement of profit and loss show the following amounts relating to leases:

	Carrying Amount Sept 30, 2020
Right-of-Use Assets	
Land and Buildings	19,282
Machinery and Equipment	102
Vehicles	627
Total	20,011
Lease Liabilities	
Current	487
Non-current	19,804
Total	20,291

26 Deferred tax assets (net)

	As at Sept 30, 2020
Opening Balance as on 1st April 2020	5,922
Movement during the year	903
Closing Balance	6,825

27 Earnings per Share

	For the year ended Sept 30, 2020
(a) Earnings per share (basic and diluted) From continuing operations attributable to the equity holders of the Company (in INR)	33
(b) Profit attributable to the equity holders of the Company used in calculating earnings per share From continuing operations	7,639
(c) Weighted Average number of Equity shares of INR. 10/- each outstanding used as denominator	230,359,248

There are no potentially dilutive equity shares outstanding at the balance sheet date.

For and on behalf of the Board

Tejaswini Rajwade
Director
DIN: 08999569



**Form No. MGT – 11
PROXY FORM**

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

COMPANY APPLICATION (CAA) NO. 05/BB/2021

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF APPLICATION UNDER SECTIONS 230 TO 232 AND OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IBM INDIA PRIVATE
LIMITED AND GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

IBM INDIA PRIVATE LIMITED, a company incorporated under Companies Act, 1956 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Demerged Company/Applicant No. 1

AND

GRAND OCEAN MANAGED INFRASTRUCTURE SERVICES PRIVATE LIMITED, a company incorporated under Companies Act, 2013 and having its registered office at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore, Karnataka, India, 560029

.....Resulting Company/Applicant No. 2

PROXY FORM

*[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]*

CIN: U72200KA1997PTC022382

Name of the Company: IBM India Private Limited
Registered Office: No. 12, Subramanya Arcade,
Bannerghatta Main Road,
Bangalore – 560029

Name of the shareholder:
Registered address:
E-mail ID:

I /We, being the shareholder of IBM India Private Limited hereby appoint:

1. Name:
- Address:
- Email Id:
- Signature:
- Or failing him/her

2. Name:

Address:

Email Id:

Signature:

as my / our proxy and whose signature(s) are appended below to attend and vote (on a poll) for me/ us and on my/ our behalf at the National Company Law Tribunal directed meeting of the shareholders of IBM India Private Limited to be held on Tuesday, March 16, 2021 from 11:00 AM IST to 11:30 AM IST at Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru – 560071 and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

Sr. No.	Particulars
1	Approval of Scheme of Arrangement between IBM India Private Limited and Grand Ocean Managed Infrastructure Services Private Limited and their respective shareholders and creditors.

Signed this day of 2021.

(Signature of Shareholder)

Signature of Proxy

NOTES:

1. This proxy form in order to be effective should be duly completed and deposited at the registered office of IBM India Private Limited at No. 12, Subramanya Arcade, Bannerghatta Main Road, Bangalore – 560029 not less than 48 hours before the commencement of the meeting.
2. Alterations, if any, made in the proxy form should be initialled.
3. Body corporate would be required to deposit certified copies of Board Resolution authorizing the individuals named therein, to attend and vote at the meeting on its behalf.
4. A proxy need not be shareholder of the company.
5. No person shall be appointed as proxy who is a minor.



IBM India Private Limited
No.12, Subramanya Arcade
Bannerghatta Main Road
Bangalore - 560029, India
www.ibm.com/in

Attendance Slip

(Please complete this attendance slip and hand over at the entrance of the meeting venue)

Name and address of the shareholder	
Full name of proxy / authorised representative (if applicable)	
Shareholder's / proxy's / authorised representative's signature	

I/We hereby record my/our presence at the meeting of the shareholders of IBM India Private Limited, convened pursuant to the order of the National Company Law Tribunal, Bengaluru Bench dated January 28, 2021 passed in the Company Application (CAA) NO. 05/BB/2021, held on Tuesday, March 16, 2021 at Hilton Bangalore Embassy Golflinks, Embassy Golf Links Business Park, Off Intermediate Ring Road, Bengaluru - 560071 from 11:00 AM IST to 11:30 AM IST.

Full name of the shareholder / proxy
(in block capitals)

Signature

Route map for the venue of the meeting

Map Link: <https://g.page/HiltonBangalore?share>

Address:

Hilton Bangalore Embassy GolfLinks,
Embassy Golf Links Business Park,
Off Intermediate Ring Road, Bengaluru – 560071

Map:

