

**SCHEME OF ARRANGEMENT**

*BETWEEN*

**VODAFONE IDEA LIMITED**  
*(TRANSFEROR COMPANY)*

*AND*

**VODAFONE TOWERS LIMITED**  
*(TRANSFeree COMPANY)*

*AND*

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

*(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013)*

## **PREAMBLE**

### **(A) BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THE SCHEME**

1. The Scheme (*as defined hereinafter*) is presented pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the transfer of the Fiber Infrastructure Undertaking (*as defined hereinafter*) of the Transferor Company (*as defined hereinafter*) and vesting of the same with the Transferee Company (*as defined hereinafter*), on a going concern basis.

Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

2. The Transferor Company was incorporated on 14<sup>th</sup> day of March 1995 as Birla Communications Limited, a public company with the Registrar of Companies, Maharashtra, under the provisions of the Companies Act, 1956 with Corporate Identification Number L32100GJ1996PLC030976. Its name was changed to Birla AT&T Communications Limited on 30<sup>th</sup> day of May 1996. Its registered office was shifted from the State of Maharashtra to the State of Gujarat on 22<sup>nd</sup> day of October 1996. Its name was further changed to: (i) Birla Tata AT&T Limited on 6<sup>th</sup> day of November 2001; and (ii) Idea Cellular Limited on 1<sup>st</sup> day of May 2002. A composite scheme of amalgamation and arrangement was proposed among Vodafone Mobile Services Limited and Vodafone India Limited and the Transferor Company (“composite scheme”). Pursuant to the sanctioning of the composite scheme by the National Company Law Tribunal, Bench at Ahmedabad and Mumbai, the composite scheme has been made effective from 31<sup>st</sup> day of August 2018. The name of the Transferor Company was changed to Vodafone Idea Limited on 31<sup>st</sup> day of August, 2018. The equity shares of the Transferor Company are listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’). The registered office of the Transferee Company is situated at Suman Tower, Plot No. 18, Sector-11, Gandhinagar, 382 011, Gujarat, India.
3. The Transferor Company, inter alia, holds pan-India Unified Access Service/Unified Licence (authorisation for access services), Cellular Mobile Telephone Service, National Long Distance, International Long Distance and Internet Service Provider licences. The Transferor Company is primarily engaged in the business of providing fixed and mobile telecommunications services to consumers and enterprise customers, including direct-to-consumer video and content services that are bundled with telecommunication services in India. The Transferor Company through its Fiber Infrastructure Undertaking is also in the business of providing fiber infrastructure services. The Transferor Company is the holding company of the Transferee Company.
4. The Transferee Company, was incorporated as Indus Towers Limited on 19<sup>th</sup> day of October 2007 under the provisions of the Companies Act, 1956. Its name was changed to Vodafone Essar Towers Limited on 5<sup>th</sup> day of March 2008. Its registered office was shifted from the State of Maharashtra to the National Capital Territory of Delhi on 23<sup>rd</sup> day of August 2010. Its name was further changed to Vodafone Towers Limited on 7<sup>th</sup> day of October 2011. The Corporate Identification Number (CIN) of the Transferee is U64200DL2007PLC207420. An application for shifting of its registered office from the National Capital Territory of Delhi to the State of Gujarat with the Regional Director, Northern Region is planned to be filed by the Transferee Company. The Transferee Company is an unlisted company.
5. The Transferee Company is a wholly owned subsidiary of the Transferor Company and has IP-1 registration with the Department of Telecommunications, Government of India to carry on the business of passive infrastructure provisioning services in India.

**(B) RATIONALE AND BENEFITS OF THE SCHEME**

The Transferor Company is primarily engaged in the business of providing fixed and mobile telecommunications services to consumers and enterprise customers, including direct-to-consumer video and content services that are bundled with telecommunication services in India. These activities and businesses have been nurtured from a nascent stage and are currently at different stages of maturity and have different capital, operating and regulatory requirements. The Transferee Company is a wholly owned subsidiary of the Transferor Company and the Transferor Company believes that it would be beneficial to restructure its business by divesting the Fiber Infrastructure Undertaking into a separate legal entity with sharper and dedicated focus on the fiber infrastructure business so as to achieve greater infrastructure sharing, operational efficiencies and cost optimization resulting in more affordable and reliable telecommunications services to its consumers.

(C) **PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

- PART A** - Definitions and Share Capital;
- PART B** - Transfer of the Fiber Infrastructure  
Undertaking of the Transferor Company to the  
Transferee Company on a going concern basis;
- and
- PART C** - General Terms and Conditions.

## PART A

### 1. DEFINITIONS

In the Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1** “**Accounting Standards**” means the Indian Accounting Standards as notified under section 133 of the Act read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India;
- 1.2** “**Act**” means the Companies Act, 2013 and shall include the provisions of the Companies Act, 1956, to the extent the corresponding provisions in the Companies Act, 2013 have not been notified;
- 1.3** “**Applicable Law(s)**” means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by any governmental authority and/or any other authority exercising jurisdiction over the Companies;
- 1.4** “**Appointed Date**” means first day of the month in which Scheme is effective;
- 1.5** “**Asset(s)**” mean(s) and include(s) all fixed, movable, intangible, financial, non-financial assets and rights of every kind, nature, character and description of whatsoever nature and wheresoever situated, whether or not required to be reflected on a balance sheet of the Transferor Company in accordance with the Accounting Standards and pertaining to the Fiber Infrastructure Undertaking, including but not limited to optical fiber cables, high density polyethylene duct, inside spiral ribbed duct, joint closure, end plug, simple plug, push fit coupler, double wall corrugated duct coupler and associated capital costs, security deposits, capital work in progress, easementary rights, rights of way associated with laying and operationalising such infrastructure (including those arising pursuant to licenses issued under the Indian Telegraph Right of Way Rules, 2016) and every associated right;
- 1.6** “**Board**” or “**Board of Directors**” means the respective board of directors of the Companies and shall, unless repugnant to the context, include a committee of directors or any person authorized by the Board or such committee of directors;
- 1.7** “**Companies**” means the Transferor Company and the Transferee Company;
- 1.8** “**Effective Date**” means the date on which the certified copy of the NCLT’s order sanctioning the Scheme is filed by the Companies with the Registrar of Companies;  
Any reference in the Scheme to “**upon the Scheme becoming effective**” or “**effectiveness of the Scheme**” shall be a reference to the Effective Date;
- 1.9** “**IT Act**” means The Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.10** “**Liability(ies)**” means all debts, liabilities and obligations of every kind, nature and description whether accrued or not, known or unknown, absolute or contingent, matured or un-matured,

determined or determinable, attributable to and/ or arising out of the activities or operations of the Fiber Infrastructure Undertaking, as on the Appointed Date, and includes, without limitation, all such debts, liabilities and obligations of the Transferor Company, pertaining to the Fiber Infrastructure Undertaking, which (i) pertain to a period prior to the Appointed Date but may arise after the Appointed Date; and/or (ii) may have arisen prior to the Appointed Date but remain outstanding as on the Appointed Date;

- 1.11** “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 1.12** “**NCLT**” means the bench of the National Company Law Tribunal at Ahmedabad and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act;
- 1.13** “**Fiber Infrastructure Undertaking**” means the fiber infrastructure business undertaking of the Transferor Company comprising of and including, underground and over ground cables, on a going concern basis. Without prejudice and limitation to the generality of the above, the Fiber Infrastructure Undertaking means and includes without limitation, the following items:
- (i) all Assets of the Fiber Infrastructure Undertaking wherever situated, including but not limited to, the past track record, experience, credentials and market share of the Transferor Company relating to the Fiber Infrastructure Undertaking;
  - (ii) all rights and licenses, all assignments and grants thereof, all permits, clearances and registrations by whatever name called, whether under central, state or other laws and/ or rules or whether granted by any municipal body/ authority, panchayat body/ authority or any other authority including a development authority, all rights (including rights/obligations under agreement(s) entered into with various persons including independent consultants, subsidiaries/ associate/joint venture companies and other shareholders of such subsidiary/ associate/joint venture companies, contracts, applications, letters of intent, memorandum of understandings or any other contracts), non-disposal undertakings, certifications and approvals, regulatory approvals, entitlements, other licenses, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), advances, recoverables, receivables, advantages, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Fiber Infrastructure Undertaking;
  - (iii) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Fiber Infrastructure Undertaking;
  - (iv) any and all earnest monies and/ or security deposits, or other entitlements in connection with or relating to the Fiber Infrastructure Undertaking;
  - (v) employees of the Transferor Company that are or may be determined by the Transferor Company to be engaged in or in relation to the Fiber Infrastructure Undertaking;
  - (vi) all legal or other proceedings (including before any statutory or quasi-judicial authority

or tribunal) by or against the Transferor Company of whatsoever nature relating to the Fiber Infrastructure Undertaking pending on the Appointed Date;

- (vii) all Liabilities as defined in clause 1.10 of **Part A** of the Scheme; and
- (viii) any other Asset specifically allocated by the Board of Directors of the Transferor Company as relating to or belonging to the Fiber Infrastructure Undertaking.
- 1.14 "Residual Undertaking"** means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company subsequent to the transfer of the Fiber Infrastructure Undertaking to the Transferee Company in terms of and upon the effectiveness of the Scheme;
- 1.15 "Rs."** means Rupees being the lawful currency of the Republic of India;
- 1.16 "Scheme"** means the Scheme of Arrangement in its present form, or with any modification(s), as may be approved or directed by the NCLT;
- 1.17 "SEBI"** means the Securities and Exchange Board of India;
- 1.18 "SEBI Circular"** means, together, the circular no. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> day of March 2017, the circular no. CFD/DIL3/CIR/2017/26 dated 23<sup>rd</sup> day of March 2017, the circular no. CFD/DIL3/CIR/2017/105 dated 21<sup>st</sup> day of September 2017 and circular no. CFD/DIL3/CIR/2018/2 dated 3<sup>rd</sup> day of January 2018, each issued by the SEBI;
- 1.19 "Stock Exchanges"** means the National Stock Exchange of India Limited and the BSE Limited;
- 1.20 "Transferee Company"** means Vodafone Towers Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and currently having its registered office situated at C-48, Okhla Industrial Area, Phase - II, New Delhi 110020, India; and
- 1.21 "Transferor Company"** means Vodafone Idea Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at Suman Tower, Plot No. 18, Sector-11, Gandhinagar, 382 011, Gujarat, India.

The expressions, which are used but are not defined in the Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the rules, regulations made thereunder), the Depositories Act, 1996, the IT Act and other Applicable Laws.

## **2. CAPITAL STRUCTURE**

### **2.1 Transferor Company**

- 2.1.1 The authorized, issued, subscribed and fully paid-up share capital of the Transferor Company as on 31<sup>st</sup> day of October 2018 was as under:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN RS.</b>
<b>Authorized share capital</b>	
2,879,30,02,000 equity shares of Rs.10/- each	28,793,00,20,000

<b>SHARE CAPITAL</b>	<b>AMOUNT IN RS.</b>
1,500 redeemable cumulative non-convertible preference shares of Rs. 1,00,00,000/- each	1,500,00,00,000
<b>Total</b>	<b>30,293,00,20,000</b>
<b>Issued, subscribed and paid-up capital*</b>	
873,53,86,742 equity shares of Rs.10/- each fully paid-up	8,735,38,67,420
<b>Total</b>	<b>8,735,38,67,420</b>

*\*As on 31<sup>st</sup> day of October, 2018, 1,50,12,186 outstanding employee stock options existed. Assuming such options are exercised, the issued, subscribed and paid-up capital of the Transferee Company as on 31<sup>st</sup> day of October, 2018 on a fully-diluted basis was 875,03,98,928 equity shares of Rs.10/- each (Rs. 8,750,39,89,280/-).*

## 2.2 Transferee Company

2.2.1 The authorized, issued, subscribed and fully paid-up share capital of the Transferee Company, as on 31<sup>st</sup> day of October 2018 was as under:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN RS.</b>
<b>Authorized share capital</b>	
50,000 equity shares of Rs.10/- each	5,00,000
<b>Total</b>	<b>5,00,000</b>
<b>Issued, subscribed and paid-up capital</b>	
50,000 equity shares of Rs.10/- each	5,00,000
<b>Total</b>	<b>5,00,000</b>



**PART B**

**TRANSFER OF THE FIBER INFRASTRUCTURE UNDERTAKING OF THE TRANSFEROR COMPANY TO THE TRANSFEEE COMPANY ON A GOING CONCERN BASIS**

**1. Transfer and vesting of the Fiber Infrastructure Undertaking**

- 1.1. Upon the Scheme becoming effective and with effect from the Appointed Date, the Fiber Infrastructure Undertaking of the Transferor Company shall stand transferred to and vested in the Transferee Company on a going concern basis without any requirement of a further act or deed so as to become as and from the Appointed Date, the undertaking of the Transferee Company, and to vest in the Transferee Company, all the Assets, Liabilities, rights, title or obligations of the Fiber Infrastructure Undertaking therein, in the manner described hereunder.

**2. Transfer of Assets**

- 2.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all Assets relating to the Fiber Infrastructure Undertaking, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this clause 2.1 shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
- 2.2. Upon the Scheme becoming effective and with effect from the Appointed Date, all movable Assets of the Transferor Company relating to the Fiber Infrastructure Undertaking, other than those specified in clause 2.1 above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons shall without any requirement of a further act, instrument or deed become the property of the Transferee Company.
- 2.3. Upon the Scheme becoming effective and with effect from the Appointed Date, in relation to Assets, if any, belonging to the Fiber Infrastructure Undertaking, which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed
- 2.4. It is hereby clarified that if any Assets (including but not limited to any estate, rights, title, interest in or authorities relating to such Assets) in relation to the Fiber Infrastructure Undertaking which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Asset in trust for the benefit of the Transferee Company.

### **3. Transfer of Liabilities**

- 3.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company so as to become from the Appointed Date, the Liabilities of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same.
- 3.2. It is hereby clarified that, unless expressly provided for herein, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which any Liability has arisen in order to give effect to the provisions of this clause 3.
- 3.3. The vesting of the Fiber Infrastructure Undertaking as aforesaid, shall be free from any lien, encumbrance, security, charge, hypothecation, interest, claim, pledge or mortgage.
- 3.4. The provisions of clause 3 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions. For avoidance of doubt the provisions of clause 3 shall not be construed as limiting the operation of **Part C** of the Scheme.

### **Contracts, Deeds, Bonds and Other Instruments**

- 3.5. Upon the Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of the Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/associate/joint venture companies and other shareholders of such subsidiaries/ associate/ joint venture companies, arrangements and other instruments of whatsoever nature in relation to the Fiber Infrastructure Undertaking, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Appointed Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- 3.6. Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Fiber Infrastructure Undertaking with the Transferee Company occurs by virtue of the Scheme itself, the Transferee Company may, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 3.7. Without prejudice to the generality of the foregoing, it is clarified that upon the Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licences, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Fiber Infrastructure Undertaking shall stand transferred to the

Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee 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 Transferee Company. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company in relation to the Fiber Infrastructure Undertaking are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company.

- 3.8. It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Fiber Infrastructure Undertaking to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company.

#### **4. Employees**

- 4.1. Upon the Scheme becoming effective, the employees of the Fiber Infrastructure Undertaking, if any, shall be deemed to have become employees of the Transferee Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company. The services of such employees, if any, with the Transferor Company shall be taken into account for the purposes of all benefits to which the employees, if any, may be eligible under Applicable Law.
- 4.2. Upon the Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the employees of the Fiber Infrastructure Undertaking, if any, shall be made by the Transferee Company in accordance with the provisions of such schemes or funds and Applicable Law.
- 4.3. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Transferor Company for the employees of the Fiber Infrastructure Undertaking, if any, shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company without any separate act or deed/approval. In relation to the employees of the Fiber Infrastructure Undertaking, if any, for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, if any.

#### **5. Continuation of Legal Proceedings**

- 5.1. Upon the Scheme becoming effective, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company whether instituted before the Appointed Date or after the Appointed Date in each case relating to the Fiber Infrastructure Undertaking would stand transferred, or be deemed to stand transferred to the Transferee Company and shall solely be continued and enforced by or against the Transferee Company.

Any difference or difficulty as to whether any specific legal or other proceedings relates to the Fiber Infrastructure Undertaking, shall be mutually decided between the Board of Directors of the Transferor Company and the Transferee Company and such mutual decision shall be conclusive and binding on the Companies.

## **6. Treatment of taxes**

- 6.1. Upon the Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable by the Transferor Company (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws), Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws and all other Applicable Laws), accruing and relating to the Fiber Infrastructure Undertaking, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims which may arise after the Appointed Date and which relate to a period after the Appointed Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferee Company. However, it is clarified that, all taxes and duties payable by the Transferor Company (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws), Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws and all other Applicable Laws), accruing and relating to the Fiber Infrastructure Undertaking, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims existing on the Appointed Date and which may arise after the Appointed Date but which relate to a period on or before the Appointed Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferor Company.
- 6.2. Upon the Scheme becoming effective, all unutilized credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the Fiber Infrastructure Undertaking to which the Transferor Company is entitled to, which may arise after the Appointed Date and which relate to a period after the Appointed Date shall be available to and vest in the Transferee Company, without any further act or deed. However, it is clarified that all unutilized credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the Fiber Infrastructure Undertaking to which Transferor Company is entitled to, existing on the Appointed Date and which may arise after the Appointed Date but which relate to a period on or before the Appointed Date shall be available to and remain with the Transferor Company, without any further act or deed.
- 6.3. The Board of Directors of the Transferor Company and the Transferee Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Fiber Infrastructure Undertaking and whether the same would be transferred to the Transferee Company.
- 6.4. Any refund under the tax laws due to the Transferor Company pertaining to the Fiber Infrastructure Undertaking consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by the Transferor Company.

- 6.5. The Transferor Company may be entitled to various incentive schemes and pursuant to the Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Fiber Infrastructure Undertaking shall stand transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Fiber Infrastructure Undertaking, to the extent statutorily available, shall be claimed by the Transferee Company.

## **7. Conduct of Business**

- 7.1. Subject to the effectiveness of the Scheme, with effect from the date of approval of the Scheme by the respective Board of Directors of the Transferor Company and the Transferee Company, and up to and including the Effective Date, the Transferor Company shall carry on the business of the Fiber Infrastructure Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.
- 7.2. The Transferee Company shall also be entitled, pending the effectiveness of the Scheme, to apply to the central government, state governments, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required/granted under any Applicable Law for carrying on business.

## **8. Consideration**

- 8.1. Since the transfer of Fiber Infrastructure Undertaking from the Transferor Company to the Transferee Company is a transfer from holding company to its wholly owned subsidiary and the Transferor Company continues to retain full control over the Fiber Infrastructure Undertaking, consideration for such transfer shall be equal to the carrying value of net assets transferred, calculated as the difference between the book value of Assets and the book value of the Liabilities transferred as on the Appointed Date. Such consideration shall be paid by the Transferee Company through normal banking channels. Till such time the Transferee Company discharges its obligation to pay the consideration, such amount shall remain as business consideration payable to Transferor Company in the books of the Transferee Company. Transferee Company shall pay interest on the outstanding balance of such amount of business consideration payable at the rate and terms and conditions determined from time to time by the board of directors of the Companies.

## **9. Residual Undertaking of the Transferor Company**

- 9.1. The Residual Undertaking and all the assets, liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company and the Transferee Company shall have no right, claim or obligation in relation to the Residual Undertaking.
- 9.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.

- 9.3. With effect from and beyond the Appointed Date, the Transferor Company:
- (i) shall continue to carry all the business and activities relating to the Residual Undertaking for and on its own behalf; and
  - (ii) all profits accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Residual Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company.

**10. Accounting treatment in the books of the Transferor Company**

- 10.1. On the Scheme becoming effective, with effect from the Appointed Date, the Transferor Company shall account for the transfer of the Fiber Infrastructure Undertaking to the Transferee Company in its books as given below:
- (i) The Assets and Liabilities of the Transferor Company relating to the Fiber Infrastructure Undertaking transferred to the Transferee Company shall be derecognized at their carrying amount from the Appointed Date and no gain or loss will be recognized in the 'Statement of Profit and Loss' since the value of consideration shall be equal to the carrying value of net assets transferred.

**11. Accounting treatment in the books of the Transferee Company**

- 11.1. On the Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the transfer of the Fiber Infrastructure Undertaking of the Transferor Company in its books in accordance with the applicable Accounting Standards as given below:
- (i) The Transferee Company shall account for the transfer in accordance with the 'Pooling of Interest Method' laid down by Appendix C 'Business combinations of entities under common control' of Ind AS - 103 'Business Combinations' notified under the provisions of the Act;
  - (ii) The Transferee Company shall, on the Scheme becoming effective, record all Assets and Liabilities of the Fiber Infrastructure Undertaking of the Transferor Company vested in it pursuant to the Scheme, at the respective carrying values thereof and in the same form as appearing in the books of the Transferor Company;
  - (iii) The Transferee Company shall credit the difference between the carrying amount of Assets and Liabilities as on the Appointed Date to business consideration payable account; and
  - (iv) There shall not be any difference between the carrying value of net assets acquired and consideration pursuant to the Scheme since consideration shall be equal to the carrying value of net assets acquired.

## PART C

### **GENERAL TERMS AND CONDITIONS**

#### **1. Application to the NCLT**

- 1.1. Each of the Companies shall severally or jointly make the requisite company applications/ petitions under sections 230 to 232 of the Act and other applicable provisions of the Act to the NCLT for seeking sanction of the Scheme.

#### **2. Modification or Amendment to the Scheme**

- 2.1. Each of the Companies (acting through their respective Board) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to the Scheme, in part or in whole, which the NCLT and/ or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme, including any individual part thereof, or if the Board are of the view that the coming into effect of the Scheme, in part or in whole, in terms of the provisions of the Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to the Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon the Scheme, or any individual part thereof, at any stage prior to the Effective Date.
- 2.2. If any part of the Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies 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 the Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in the Scheme, as will best preserve for the Companies the benefits and obligations of the Scheme, including but not limited to such part.

#### **3. Revocation, Withdrawal of the Scheme**

- 3.1. The Transferor Company and/ or the Transferee Company acting through their respective Board shall each be at liberty to withdraw the Scheme.
- 3.2. In the event of revocation under clause 3.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* to the Companies 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 in accordance with Applicable Law.
- 3.3. In the event of revocation under clause 3.1 above, the Companies shall take all necessary steps to withdraw the Scheme from the NCLT and any other authority and to make all necessary filings/ application as may be required to withdraw the Scheme.

#### **4. Effect of non-receipt of approvals**

- 4.1. In case the Scheme is not sanctioned by the NCLT or is not approved by SEBI or the Stock Exchanges, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied or for any other reason, if the Scheme cannot be implemented, then, the Scheme shall become null and void, and the Transferor Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

#### **5. Costs, charges, expenses**

- 5.1. Each of the Companies shall bear its own costs in relation to the negotiations leading up to the transactions contemplated hereunder and to the preparation, execution and carrying into effect of the Scheme.
- 5.2. Costs and expenses relating to the transfer of the Fiber Infrastructure Undertaking shall be borne solely by the Transferee Company.

#### **6. Permission to raise capital**

- 6.1. Notwithstanding anything contained in the Scheme and subject to Applicable Law, until the Scheme becomes effective, the Transferor Company shall have the right to raise capital for the efficient functioning of the business of the Transferor Company or for any other purpose including for purposes of refinancing, repayment, conversion or prepayment of any loans.

#### **7. Compliance with Applicable Laws**

- 7.1. The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of any statutory or regulatory authority, which by Applicable Law may be required for the implementation of the Scheme or which by law may be required in relation to any matters connected with the Scheme.

Since the Transferor Company is a listed company, the Scheme is subject to the compliances of the applicable requirements under the Listing Regulations, SEBI Circular and all other statutory directives of SEBI, as applicable.

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