



October 19, 2017

National Stock Exchange of India Limited  
Exchange Plaza, C-1 Block G  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400051

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400001

**Ref: Bharti Airtel Limited (532454 / BHARTIARTL)**

**Sub: Intimation of Scheme of Arrangement between Bharti Airtel Limited and Tikona Digital Networks Private Limited, a wholly owned subsidiary.**

Dear Sir / Madam,

Pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/2, we are enclosing herewith the Scheme of Arrangement between Bharti Airtel Limited ('Transferee Company') and Tikona Digital Networks Private Limited, a wholly owned subsidiary ('Transferor Company') and its Shareholders and Creditors.

As the Transferor Company is a wholly owned subsidiary, the Company is not required to comply with the requirements laid under Circular No. CFD/DIL3/CIR/2017/2 dated March 10, 2017.

We request you to take the above information on record.

Thanking you,

Sincerely Yours,

**For Bharti Airtel Limited**

**Rohit Krishan Puri**  
**Dy. Company Secretary**

**Bharti Airtel Limited**  
(a Bharti Enterprise)

Regd. & Corporate Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070  
T.: +91-11-4666 6100, F.: +91-11-4166 6137, Email id: [compliance.officer@bharti.in](mailto:compliance.officer@bharti.in), [www.airtel.com](http://www.airtel.com)

**CIN: L74899DL1995PLC070609**

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**TIKONA DIGITAL NETWORKS PRIVATE LIMITED  
(TRANSFEROR COMPANY)**

**AND**

**ITS SHAREHOLDERS AND CREDITORS**

**AND**

**BHARTI AIRTEL LIMITED  
(TRANSFeree COMPANY)**

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

## PREAMBLE

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

1. This Scheme is presented pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for the amalgamation of the Transferor Company into the Transferee Company, on a going concern basis.

Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. **Tikona Digital Networks Private Limited**, the Transferor Company, is a private limited company incorporated on May 29, 2008 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as U72900DL2008PTC325106 and having its registered office situated at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070. The Transferor Company is a wholly owned subsidiary of the Transferee Company.
3. The Transferor Company is holding a Unified license (ISP Category A Service Authorization and Access Service Authorization for Rajasthan circle) and is engaged in the business of providing wireless internet services, thereby building the next generation wireless broadband services for home and enterprise customers in India. The Transferor Company has won Broadband Wireless Access (BWA) spectrum in 5 of the 22 circles during the auction conducted by the Ministry of Communications, Government of India.
4. **Bharti Airtel Limited**, the Transferee Company, is a public limited company incorporated on July 7, 1995 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L74899DL1995PLC070609 and having its registered office situated at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070. The equity shares of the Transferee Company are listed on the BSE Limited and the National Stock Exchange of India Limited. Further, the Transferee Company holds the entire paid up share capital of the Transferor Company.
5. The Transferee Company is engaged in the business of providing global telecommunication services with operations in 17 (seventeen) countries across Asia and Africa. In India, the Transferee Company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national and international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G and 4G wireless services and mobile commerce.

### (B) RATIONALE AND BENEFITS OF THIS SCHEME

The rationale for and the benefits of the amalgamation of the Transferor Company into the Transferee Company is, *inter alia*, as follows:

- (i) Compliance with the unified license agreement(s) entered into by the Transferee Company with the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India, which provide that no licensee or its promoter(s) directly or indirectly shall have any beneficial interest in another licensee company holding "access spectrum" in the same service area. The license agreement(s) require that such cross-holdings, if any, shall be collapsed within prescribed time. Given that the Transferor Company, a wholly owned subsidiary of the Transferee Company, hold "access spectrum", its proposed amalgamation into the Transferee Company would ensure compliance by the Transferee Company of its license obligations by eliminating the spectrum cross holdings;
- (ii) consolidate the telecom business of the Transferor Company with the Transferee Company;
- (iii) further expansion of the Transferee Company's business into the

growing markets of India;

- (iv) availability of increased resources and assets for the Transferee Company which can be utilized for strengthening customer base and servicing existing as well as new customers innovatively and efficiently;
- (v) building a strong infrastructural capability to effectively meet future challenges in the ever-evolving telecom business and a strategic fit for serving existing market; and
- (vi) leading to increased competitive strength and efficiencies for the Transferee Company.

(C) **PARTS OF THIS SCHEME**

This Scheme is divided into the following parts:

<b>PART A</b>	-	Definitions and Share Capital;
<b>PART B</b>	-	Amalgamation of the Transferor Company into the Transferee Company, on a going concern basis; and
<b>PART C</b>	-	General Terms and Conditions.

## PART A

### 1. DEFINITIONS

In this 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 Companies Act, 2013 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, 1956 and/or the Companies Act, 2013 (as the case may be and to the extent applicable);
- 1.3 “**Applicable Law(s)**” means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines or policies of any applicable country and/or jurisdiction; (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any governmental authority; and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.4 “**Appointed Date**” means the commencement of business hours of September 1, 2017;
- 1.5 “**Asset(s)**” mean assets, properties, rights and interests of every kind, nature, character and description, whether immovable, movable, tangible, intangible, whether owned or leased or otherwise acquired by or in the possession of the Transferor Company of whatsoever nature and wheresoever situated including but not limited to the following;
- (i) office equipment, computers, appliances, accessories, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, earnest monies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, share of any joint assets, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company, whether in India or abroad;
  - (ii) all permits, quotas, rights, entitlements, industrial and other licences, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, privileges, income tax benefits and exemptions, all other rights including sales tax deferrals and exemptions and other benefits, receivables and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the

Transferor Company;

(iii) all earnest moneys and/or security deposits paid or deemed to have been paid by the Transferor Company; and

(iv) all Intellectual Property Rights, trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company.

1.6 “**Board**” 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 “**Business Day**” means a day on which scheduled commercial banks are open for business in New Delhi;

1.8 “**Companies**” means the Transferor Company and the Transferee Company, respectively;

1.9 “**Effective Date**” means the last of the dates specified in clause 6.1 of Part C of this Scheme;

Any references in this Scheme to “**upon this Scheme becoming effective**” or “**effectiveness of this Scheme**” shall be a reference to the Effective Date;

1.10 “**Intellectual Property**” means and includes all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, moral rights, confidential processes, patents, inventions and any other intellectual property or proprietary rights (including rights in computer software) pertaining to the Transferor Company, in each case whether registered or unregistered and including applications for the registration or grant of any such rights and any and all forms of protection having equivalent or similar effect anywhere in the world;

1.11 “**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;

1.12 “**Liability(ies)**” means liabilities of every kind, nature and description, whether present or future, whether or not required to be reflected on a balance sheet in accordance with the Accounting Standards and includes contingent liabilities, secured loans, unsecured loans, borrowings, statutory liabilities (including those under taxation laws and stamp duty laws), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature;

1.13 “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

1.14 “**NCLT**” means the bench of the National Company Law Tribunal at New Delhi and shall include, if applicable, such other forum or authority as may be vested with the powers of a NCLT under the Act;

1.15 “**Rs.**” means Rupees being the lawful currency of the Republic of India;

1.16 “**Scheme**” means this 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 “**Transferee Company**” means Bharti Airtel Limited, a public limited company

incorporated on July 7, 1995 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L74899DL1995PLC070609 and having its registered office situated at Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070;

- 1.19 “**Transferor Company**” means Tikona Digital Networks Private Limited, a private limited company incorporated on May 29, 2008 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as \_\_\_\_\_ and having its registered office situated at \_\_\_\_\_;

The expressions, which are used but are not defined in this 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 IT Act and other Applicable Laws.

## 2. COMPLIANCE WITH TAX LAWS

- 2.1 This Scheme complies with the conditions relating to “amalgamation” as defined under Section 2(1B) and other relevant sections and provisions of the IT Act and is intended to apply accordingly. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions (including the conditions set out therein) at a later date whether as a result of a new enactment or any amendment or coming into force of any provision of the IT Act or any other law or any judicial or executive interpretation or for any other reason whatsoever, this Scheme may be modified to the extent required with the consent of each of the Companies (acting through their respective Board) to ensure compliance of this Scheme with such provisions.

## 3. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

### 3.1 Transferor Company

- 3.1.1 The authorized, issued, subscribed and fully and partly paid-up equity share capital of the Transferor Company as on September 30, 2017 is as under:

<b>Authorized share capital</b>	<b>Amount (in Rs.)</b>
2,50,00,000 equity shares of Rs. 10/- each	25,00,00,000
<b>Total</b>	<b>25,00,00,000</b>
<b>Issued, subscribed and fully paid up share capital</b>	<b>Amount (in Rs.)</b>
400 Series A Nominal Equity Shares of Rs. 10/- each	4,000
200 Series B Nominal Equity Shares of Rs. 10/- each	2,000
732 Series C Nominal Equity Shares of Rs. 10/- each	7,320
741 Series D Nominal Equity Shares of Rs. 10/- each	7,410
3,553 Series E Nominal Equity Shares of Rs. 10/- each	35,530
100 Series F Nominal Equity Shares of Rs. 10/- each	1,000
100 Series F1 Nominal Equity Shares of Rs. 10/- each	1,000
10,000 Equity Shares of Rs. 10/- each	1,00,000
<b>Sub-Total (A)</b>	<b>1,58,260</b>
<b>Issued, subscribed and partly paid up share capital</b>	<b>Amount (in Rs.)</b>
16,73,422 Class 1 Equity Shares of Rs. 10/- each	1,67,34,220
4,13,775 Class 2 Equity Shares of Rs. 10/- each	41,37,750
<b>Sub-Total (B)</b>	<b>2,08,71,970</b>
<b>Total (A)+(B)</b>	<b>2,10,30,230</b>

- 3.1.2 The entire issued, subscribed and fully and partly paid up equity share capital of the Transferor Company, as on September 30, 2017, is held as under:

<b>S. No.</b>	<b>Equity Shareholder</b>	<b>No. of Equity Shares</b>	<b>Percentage of Total Equity Shareholding</b>
1.	Bharti Airtel Limited	21,03,0232	100.00%
2.	Rohit Puri*	1	-
<b>Total</b>		<b>21,03,023</b>	<b>100.00%</b>

\* one equity share held as a nominee of Bharti Airtel Limited.

- 3.1.3 Accordingly, the Transferor Company is a wholly owned subsidiary of the

Transferee Company.

### 3.2 Transferee Company

3.2.1 The Transferee Company is a listed company and its authorized, issued, subscribed and fully paid-up share capital as on September 29, 2017 is as under:

<b>Authorized Share Capital</b>	<b>Amount in Rs.</b>
5,50,00,00,000 equity shares of Rs. 5/- each	27,50,00,00,000
<b>Total</b>	<b>27,50,00,00,000</b>
<b>Issued, Subscribed and paid up Share Capital</b>	<b>Amount in Rs.</b>
3,99,74,00,102 equity shares of Rs. 5/- each	19,98,70,00,510
<b>Total</b>	<b>19,98,70,00,510</b>



**PART B**

**AMALGAMATION OF THE TRANSFEROR COMPANY INTO THE TRANSFEREE COMPANY**

**1. Transfer and vesting of the Transferor Company**

1.1 Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall stand amalgamated and all its Assets, Liabilities and obligations, as applicable, be transferred 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 Assets, Liabilities, interests and obligations, as applicable, of the Transferee Company.

**2. Transfer of Assets**

2.1 Upon this Scheme becoming effective and with effect from the Appointed Date, all Assets of the Transferor Company, as are movable in nature or are incorporeal property 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 (to the extent permissible under Applicable Law). 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 this Scheme becoming effective and with effect from the Appointed Date, all movable Assets of the Transferor Company, 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 this Scheme becoming effective and with effect from the Appointed Date, all Assets of the Transferor Company that are in the nature of immovable properties, if any, (including land together with the buildings and structures standing thereon), whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, without any act or deed required by the Transferor Company and the Transferee Company. Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties (if any). The mutation of title to the immovable properties in the name of the Transferee Company (if any) shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme becoming effective in accordance with the terms hereof without any requirement of a further act or deed on part of the Transferee Company.

2.4 Upon this Scheme becoming effective and with effect from the Appointed Date, all Intellectual Property of the Transferor Company shall without any requirement of any further act or deed stand transferred and vested in the Transferee Company. This Scheme shall serve as a requisite consent for use and transfer of Intellectual Property without requiring the execution of any further deed or document so as to transfer of the said Intellectual Property in favour of the Transferee Company.

2.5 Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferor Company agrees to execute and deliver at the request of the Transferee Company, all papers and instruments required in respect of all Intellectual Property, to vest such rights, title and interest in the name of the Transferee Company and in order to update the records of the respective registries to reflect the name and address of the Transferee Company as the

current owner of the Intellectual Property.

- 2.6 Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to Assets (if any) belonging to the Transferor Company which require separate documents for vesting in the Transferee Company, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

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

- 3.1 Upon this Scheme becoming effective and with effect from the Appointed Date, all Liabilities of the Transferor Company, shall, without any requirement of a further act or deed, be transferred to, or be deemed to be 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, 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 such debts and Liabilities, have arisen, in order to give effect to the provisions of clause 3.

- 3.3 Upon this Scheme becoming effective and with effect from the Appointed Date, all loans raised and used, if any, and Liabilities incurred, if any, by the Transferor Company after the Appointed Date shall be deemed to be transferred to, and discharged by the Transferee Company without any requirement of a further act or deed.

- 3.4 The vesting of the Transferor Company as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Transferor Company, provided however, any reference in any security documents or arrangements to which the Transferor Company is a party, wherein the Assets of the Transferor Company have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Assets pertaining to the Transferor Company as are vested in the Transferee Company as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Assets of the Transferor Company or any of the Assets of the Transferee Company. Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Assets or any part thereof of the Transferee Company shall continue with respect to such Assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation and mortgages.

- 3.5 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 this Scheme.

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

- 4.1 Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature in relation to the Transferor Company and 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 as on the Effective 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, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.

- 4.2 Without prejudice to the other provisions of this Scheme and notwithstanding

that the vesting of the Transferor Company with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any 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 Transferee Company shall, under the provisions of this 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.

- 4.3 Without prejudice to the generality of the foregoing, it is clarified that upon this 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 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 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.

## **5. Employees**

- 5.1 Upon this Scheme becoming effective, the employees of the Transferor Company as on the Effective Date, 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 terms and conditions no less favourable than those applicable to them with reference to the Transferor Company, on the Effective Date. The services of such employees, if any, with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the employees, if any, may be eligible under Applicable Law.
- 5.2 Upon this 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 Transferor Company, if any, shall be made by the Transferee Company in accordance with the provisions of such schemes or funds and Applicable Law.
- 5.3 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, 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, 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.

## **6. Continuation of Legal Proceedings**

- 6.1 From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, whether pending on the Appointed Date, or which may be instituted any time in the future (irrespective of whether they relate to periods on or prior to the Appointed Date) and in each case relating to the Transferor Company

(“**Transferor Company Proceedings**”) shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent permissible under Applicable Law.

- 6.2 If any Transferor Company Proceeding(s) is/are pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.

## **7. Treatment of Taxes**

- 7.1 Upon this 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 Transferor Company from the Appointed Date onwards, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of the Transferee Company.

- 7.2 Upon this 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, goods and services tax, etc. to which the Transferor Company is entitled to shall be available to and vest in the Transferee Company, without any requirement of a further act or deed.

- 7.3 Upon this Scheme becoming effective, Transferor Company and the Transferee Company are permitted to revise and file their respective income tax returns, withholding tax returns, including tax deducted at source certificates, sales tax/value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date, and to claim refunds/credits, pursuant to the provisions of this Scheme.

- 7.4 Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Transferor Company relating to the Transferor Company shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by the Transferee Company.

- 7.5 All the expenses incurred by the Transferor Company and the Transferee Company in relation to the amalgamation of the Transferor Company with the Transferee Company as per this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

- 7.6 Any refund under the tax laws due to the Transferor Company 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 Transferee Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the effectiveness of this Scheme and upon relevant proof and documents being provided to the said authorities.

- 7.7 The Transferor Company may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Transferor Company 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 consumer products business, to the extent statutorily available, shall be claimed by the Transferee Company.

## **8. Saving of concluded transactions**

8.1 The transfer of Assets and Liabilities to, and the continuance of proceedings by or against, the Transferee Company as envisaged in this Scheme shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

## **9. Conduct of Business**

9.1 Subject to the effectiveness of this Scheme, with effect from the date of approval of this Scheme by the Board of the Transferor Company and the Transferee Company, and up to and including the Effective Date, the Transferor Company shall carry on the business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.

9.2 Further, subject to the effectiveness of this Scheme, with effect from the Appointed Date and up to and including the Effective Date:

- (i) all of the rights, powers, authorities or privileges exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;
- (ii) the Transferor Company undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the Assets and Liabilities for and on account of and in trust for the Transferee Company; and
- (iii) all income, receipts, profits accruing to the Transferor Company and all taxes thereon or Liabilities or losses arising or incurred by it shall, for all purposes, be treated as and deemed to be the income, expenses, payments, profits, Liabilities, taxes or losses, as the case may be, of the Transferee Company.

9.3 The Transferee Company shall also be entitled, pending the sanction of this Scheme, to apply to the central government, state government, 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.

## **10. Cancellation of existing shares**

10.1 Since the Transferor Company is a wholly owned subsidiary of the Transferee Company there would be no issue of shares by the Transferee Company to the shareholders of the Transferor Company in the instant case.

10.2 Upon the Scheme becoming effective, in consideration of the amalgamation of the Transferor Company into the Transferee Company in terms of this Scheme, the entire paid up equity share capital held by the Transferee Company and its nominee in the Transferor Company on the Effective Date shall stand extinguished and all such equity shares of the Transferor Company held by the Transferee Company either in its own name and in the name of its nominee shall be cancelled and shall be deemed to be cancelled on the Effective Date without any further application, act or deed.

10.3 The cancellation of the equity share capital held by the Transferee Company in the Transferor Company as per clauses 10.1 and 10.2 above and the consequential capital reduction shall be effected as a part of this Scheme itself and not under a separate procedure in terms of Section 66 of the Companies Act, 2013. The consent of the shareholders of the Transferor Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Sections 66 of the Companies Act, 2013

and no further compliances would be separately required.

- 10.4 The reduction of capital of the Transferor Company, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

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

- 11.1 On this Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company in its books as given below:

- (i) The Transferee Company shall account for the amalgamation in accordance with '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 Companies Act, 2013;
- (ii) The Transferee Company shall on this Scheme becoming effective, from the date common control was established (viz. acquisition date being the date on which Transferee Company acquired control of Transferor Company) record all Assets (including intangible Assets and goodwill, as and to the extent required) and Liabilities of the Transferor Company vested in it pursuant to this Scheme, basis the values and in the same form as recorded/ appearing in the consolidated financial statements of the Transferee Company in accordance with the requirements of Ind AS - 103 'Business Combinations';
- (iii) To the extent there are inter-corporate loans, payables or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall stand cancelled. All Intercompany transaction shall be eliminated in the amalgamated financial statements;
- (iv) The share capital in the financial statements of the Transferor Company and investments in the financial statements of the Transferee Company shall be cancelled;
- (v) The difference being excess/ deficit arising pursuant to this Scheme shall be accounted based on the accounting principles prescribed under Ind AS - 103, i.e. shall be transferred to the Capital Reserve; and
- (vi) On this Scheme becoming effective, the Transferee Company shall debit all expenses incurred in connection with this Scheme and matters incidental thereto, against the Statement of Profit and Loss.

- 11.2 On this Scheme becoming effective, the financial statements of the Transferee Company (including comparative period presented in the financial statements of Transferee Company, if required) shall be restated for the accounting impact of amalgamation, as stated above, as if the amalgamation had occurred from the acquisition date or beginning of the said comparative period; whichever is later.

## **12. Dissolution of the Transferor Company**

- 12.1 Upon this Scheme becoming effective, the Transferor Company shall, without any requirement of a further act or deed, stand dissolved without being wound up without any requirement for any further act by the Companies, in accordance with the Act. The name of the Transferor Company shall be struck off the concerned Registrar of Companies. The Transferee Company shall make necessary filings in this regard.

## **13. Combination of the authorized share capital of the Transferor Company**

- 13.1 Upon this Scheme becoming effective, the authorized share capital of the Transferor Company shall be deemed to be added to the authorized share capital of the Transferee Company without any requirement of a further act or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to the relevant Registrar of Companies, and the memorandum of

association and articles of association of the Transferee Company (in particular the capital clause) shall, without any requirement of a further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 4, 13, 61 and 64 and all other applicable provisions of the Companies Act, 2013, if any, would be required to be separately passed, as the case may be, and for this purpose, the stamp duties and fees paid on the resultant authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement of any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorized share capital to that extent.

- 13.2 Clause V of the memorandum of association of the Transferee Company shall stand amended to give effect to the relevant provisions of this Scheme.

## PART C

### GENERAL TERMS AND CONDITIONS

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

- 1.1 Each of the Companies shall jointly make the requisite company applications/petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT for seeking sanction of this Scheme.

#### **2. Modification or Amendment to this 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 this 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 this Scheme, including any individual part thereof, or if the Board are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this 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 this 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 this Scheme and/or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.
- 2.2 If any part of this 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 this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

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

- 3.1 The Companies acting through their respective Board shall each be at liberty to withdraw this Scheme.
- 3.2 In the event of revocation under clause 3.1 of **Part C** 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 the Applicable Laws.
- 3.3 In the event of revocation under clause 3.1 of **Part C** 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. Costs, charges, expenses**

- 4.1 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 this Scheme.



4.2 Costs and expenses for satisfying the stamp duty costs, registration charges and statutory amounts shall be borne by the Transferee Company.

## **5. Dividend/ Distribution of Profits**

5.1 The Companies shall be entitled to declare and make a distribution/ pay dividends, whether interim or final, and/or issue bonus shares, to their respective members/shareholders prior to the Effective Date in accordance with Applicable Law.

5.2 The shareholders of the Companies 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.

5.3 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 shareholder of the Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies, and subject to the approval, if required, of the shareholders of the Companies.

## **6. Conditionality and Coming into effect of the Scheme**

6.1 This Scheme shall not become effective until the later of the following dates, namely:

- (i) the date of successful transfer by the Transferor Company of the right to use its 20 MHz spectrum in the 2,300 MHz band in the Rajasthan service area in accordance with the applicable guidelines; and
- (ii) the date when the certified copy of the NCLT's order sanctioning this Scheme is filed by the Companies with the Registrar of Companies, National Capital Territory of Delhi & Haryana.

## **7. Permission to raise capital**

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

## **8. Compliance with Applicable Laws**

8.1 The Companies undertake to comply with all Applicable Laws (including all applicable compliances required under the Foreign Exchange Management Act, 1999 and the rules, regulations and guidelines issued thereunder as may be prescribed by the Reserve Bank of India, from time to time) 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 law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.

## **9. Listing Regulations and SEBI compliances**

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

9.2 In terms of Regulation 37(6) of the Listing Regulations, the requirements of obtaining prior approval or a no objection/ observation letter from the relevant stock exchanges have been relaxed in case of a merger of a wholly owned subsidiary with its holding company. Accordingly, the draft Scheme shall be filed with the relevant stock exchange(s) for disclosure purposes in compliance with Applicable Law.