



**NOTICE - UNSECURED CREDITORS  
(INCLUDING UNSECURED DEBENTURE HOLDERS)**

## **IDEA CELLULAR LIMITED**

**Registered Office :** Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India

**Tel. No. :** +91 98246 34997

**CIN :** L32100GJ1996PLC030976

**Website :** www.ideacellular.com

**E-mail :** shs@idea.adityabirla.com

**MEETING OF THE UNSECURED CREDITORS  
(INCLUDING UNSECURED DEBENTURE HOLDERS)  
OF  
IDEA CELLULAR LIMITED**

*(convened pursuant to the order dated 21<sup>st</sup> August 2017 passed by the  
National Company Law Tribunal, Bench at Ahmedabad)*

**MEETING:**

<b>Day</b>	:	Thursday
<b>Date</b>	:	12 <sup>th</sup> day of October 2017
<b>Time</b>	:	1.00 p.m. (1300 hours)
<b>Venue</b>	:	Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT AHMEDABAD  
CA (CAA) NO. 91/NCLT/AHM/2017**

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Idea Cellular Limited;

And

In the matter of the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors;

**Idea Cellular Limited,**

a company incorporated under the provisions of }  
the Companies Act, 1956 and having its registered }  
office at Suman Tower, Plot No. 18, Sector-11, }  
Gandhinagar- 382 011, Gujarat, India. }

...Applicant Company

**NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS  
(INCLUDING UNSECURED DEBENTURE HOLDERS) OF THE APPLICANT COMPANY**

To,

**All the unsecured creditors (including unsecured debenture holders) of Idea Cellular Limited (the "Applicant Company"):**

**NOTICE** is hereby given that by an Order dated 21<sup>st</sup> day of August 2017 (the "**Order**"), the Hon'ble National Company Law Tribunal, Bench at Ahmedabad ("**NCLT**") has directed a meeting to be held of the unsecured creditors (including unsecured debenture holders) of the Applicant Company for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors ("**Scheme**").

In pursuance of the said Order and as directed therein further notice is hereby given that a meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company will be held at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12<sup>th</sup> day of October 2017 at 1.00 p.m. (1300 hours), at which time and place you are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

**"RESOLVED THAT** pursuant to the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> day of March 2017, the observation letters issued by each of the BSE Limited and the National Stock Exchange of India Limited, both dated 4<sup>th</sup> day of August 2017 and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Bench at Ahmedabad ("**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors ("**Scheme**") placed before this meeting and initialled by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

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

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant Company at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India or at the office of its advocates, M/s. Singhi & Co., Singhi House, 1, Magnet Corporate Park, Off Sola Bridge, S. G. Highway, Ahmedabad – 380 059, Gujarat, India.

NCLT has appointed Mr. Justice M. S. Shah, former Chief Justice of the Bombay High Court and in his absence Mr. Arun Thiagarajan, an Independent Director of the Applicant Company to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the Index are enclosed.

Sd/-

**Justice M. S. Shah**  
(former Chief Justice of Bombay High Court)  
Chairman appointed for the meeting

Dated this 31<sup>st</sup> day of August 2017

**Registered Office:** Suman Tower, Plot No. 18,  
Sector-11, Gandhinagar- 382 011,  
Gujarat, India

**Notes:**

1. All alterations made in the Form of Proxy should be initialled.
2. Only unsecured creditors (including unsecured debenture holders) of the Applicant Company may attend and vote either in person or by proxy (a proxy need not be an unsecured creditor of the Applicant Company) or in the case of a body corporate, by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company. The authorised representative of a body corporate which is an unsecured creditor (including unsecured debenture holder) of the Applicant Company may attend and vote at the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company provided a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorising such representative to attend and vote at the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company. The Form of Proxy can be obtained free of charge at the registered office of the Applicant Company.
3. The quorum of the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company shall be 5 (five) unsecured creditors (including unsecured debenture holders) of the Applicant Company, present in person.
4. Unsecured creditor (including unsecured debenture holder) or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
5. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the unsecured creditors (including unsecured debenture holders) at the registered office of the Applicant Company between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting.
6. Mr. Umesh Ved, Practicing Company Secretary (Membership No. FCS 4411/CP 2924) has been appointed as the scrutinizer to conduct the voting process through ballot/poll paper at the venue of the meeting in a fair and transparent manner.
7. The scrutinizer will submit his report to the Chairman of the meeting after completion of the scrutiny of the votes cast by the unsecured creditors (including unsecured debenture holders) of the Applicant Company through ballot/poll paper at the venue of the meeting. The scrutinizer's decision on the validity of the vote shall be final. The results of votes cast through ballot/poll paper at the venue of the meeting will be announced on or before 14th day of October 2017 at the registered office of the Applicant Company. The results, together with the scrutinizer's Reports, will be displayed at the registered office of the Applicant Company and on the website of the Applicant Company [www.ideacellular.com](http://www.ideacellular.com) besides being communicated to BSE Limited and National Stock Exchange of India Limited.
8. NCLT by its said Order has directed that a meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company shall be convened and held at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12th day of October 2017 at 1.00 p.m. (1300 hours), for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Unsecured creditors (including unsecured debenture holders) would be entitled to vote in the said meeting either in person or through proxy.
9. The Applicant Company has provided the facility of ballot/pollpaper at the venue of the meeting.
10. In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourth in value of the unsecured creditors (including unsecured debenture holders) of the Applicant Company, voting in person or by proxy, agree to the Scheme.
11. The Notice, together with the documents accompanying the same, is being sent to the unsecured creditors (including unsecured debenture holders) either by registered post or speed post or by courier service. The Notice will be displayed on the website of the Applicant Company [www.ideacellular.com](http://www.ideacellular.com).
12. The notice convening the meeting, the date of dispatch of the notice and the Explanatory Statement, amongst others, will be published through advertisement in the following newspapers, namely, (i) Indian Express (All Editions) in the English language; and (ii) translation thereof in Sandesh (Ahmedabad Edition) in the Gujarati language.

**Encl.:** As above

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
BENCH, AT AHMEDABAD  
CA (CAA) NO. 91/NCLT/AHM/2017**

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Idea Cellular Limited;

And

In the matter of the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors;

**Idea Cellular Limited,**

a company incorporated under the provisions of }  
the Companies Act, 1956 and having its registered }  
office at Suman Tower, Plot No. 18, Sector-11, }  
Gandhinagar- 382 011, Gujarat, India. }

...Applicant Company

**EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. Pursuant to the Order dated 21<sup>st</sup> day of August 2017, passed by the Hon'ble National Company Law Tribunal, Bench at Ahmedabad (the "NCLT"), in CA (CAA) No. 91/NCLT/AHM/2017 ("Order"), a meeting of the unsecured creditors (including unsecured debenture holders) of Idea Cellular Limited (hereinafter referred to as the "Applicant Company" or the "Transferee Company" or "ICL" as the context may admit) is being convened at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12<sup>th</sup> day of October 2017 at 1.00 p.m. (1300 hours), for the purpose of considering, and if thought fit, approving, with or without modification(s), the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited (hereinafter referred to as the "Transferor Company 1" or "VMSL" as the context may admit) and Vodafone India Limited (hereinafter referred to as the "Transferor Company 2" or "VIL" as the context may admit) ("VMSL" and "VIL" are together referred to as the "Transferor Companies") and the Applicant Company and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013, together with Sections 13, 14, 61, 62, 66, 188 and other applicable provisions of the Companies Act, 2013 (the "Scheme") (VMSL, VIL and ICL are together referred to as the "Companies" or "Parties" as the context may admit). A copy of the Scheme, which has been, inter alios, approved by the Audit Committee and the Board of Directors of the Applicant Company at their meetings held on 19<sup>th</sup> day of March 2017 and 20<sup>th</sup> day of March 2017, respectively, is enclosed as **Annexure 1**. Capitalised terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.
2. In terms of the said Order, the quorum for the said meeting shall be 5 (Five) unsecured creditors (including unsecured debenture holders) present in person. Further in terms of the said Order, NCLT, has appointed Mr. Justice M. S. Shah, former Chief Justice of the Bombay High Court and in his absence Mr. Arun Thiagarajan, an Independent Director of the Applicant Company as the Chairman of the meeting of the Applicant Company including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the "Rules").
4. As stated earlier, NCLT by its said Order has, inter alia, directed that a meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company shall be convened and held at Cambay Sapphire (formerly

Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12<sup>th</sup> day of October 2017 at 1.00 p.m. (1300 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Unsecured creditors (including unsecured debenture holders) would be entitled to vote in the said meeting either in person or through proxy.

5. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the unsecured creditors (including unsecured debenture holders), of the Applicant Company, voting in person or by proxy, agree to the Scheme.
6. In terms of the Order dated 21<sup>st</sup> day of August 2017, passed by the NCLT, in CA (CAA) No. 91/NCLT/AHM/2017, if the entries in the records/registers of the Applicant Company in relation to the number or value, as the case may be, of the unsecured creditors (including unsecured debenture holders) are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting, subject to the orders of NCLT in the petition seeking sanction of the Scheme.

#### **Particulars of ICL**

7. ICL 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. 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 changed to: (a) Birla Tata AT&T Limited on 6<sup>th</sup> day of November 2001; and (b) Idea Cellular Limited on 1<sup>st</sup> day of May 2002. There has been no further change in the name of ICL in the last five (5) years. The Corporate Identification Number of ICL is L32100GJ1996PLC030976. The Permanent Account Number of ICL is AAACB2100P. The equity shares of ICL are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). The Non-Convertible Debentures (secured and unsecured) issued by ICL from time to time are listed on the Wholesale Debt Market segment of NSE.
8. The Registered Office of ICL is situated at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India. There has been no change in the registered office address of ICL in last five (5) years. The e-mail address of ICL is shs@idea.adityabirla.com.
9. The objects for which ICL has been established are set out in its Memorandum of Association. The main objects of ICL are as follows:

#### *“III. (A)*

1. *To provide all or any of the following services namely: basic telephone services, cellular telephone services, unified access services (basic and cellular services), international long distance calling services, national long distance calling services, public mobile radio trunked services (PMRTS), global mobile personal communications services (GMPCS), V-SAT, electronic mail services, video text, voice mail services, data communication services, paging services, private switching network services, transmission network of all types, computer networks i.e. local area network, wide area network, multimedia services, intelligent network and other value added services and do all activities for providing such services like excavation, construction, infrastructure fabrication, installation, commissioning and testing of equipment, marketing and selling.*
2. *To carry on the business of manufacture, assemble, buy, sell, import, export, service, repair or otherwise deal in all types of electronics equipment viz, electronic communication, teletext, televideo, microwave and facsimile equipment, telecommunication and telematics equipment, network switching equipment, network communication equipment, all sorts of electrical and electronic wireless sets, high frequency apparatus, radar equipment, sonars, oscilloscopes of all kinds and description, electronic and electrical products, industrial electronics, software procedures, peripheral products, modules, instruments, hardware and software system, all kinds of solid state devices, control system and allied equipment, aerospace and defence electronics, entertainment electronics, household electronics and such other electronic equipment gadget items which may be developed and introduced in India and elsewhere.*
3. *To carry on the business of manufacture, improve, assemble, prepare, design, develop and install equipment, fabrication repair, anything and everything in electronics, telephone networks, cellular mobile networks systems, paging systems, electronic mail, voice mail, data communications, electric gadgets and appliances, measuring and testing instruments, components, accessories and spares for control engineering, communication, defence and computer data processing application that may be developed by invention, experiment and research.*

3(a) To carry on the business of internet service and broadband service provider and to provide, render or make available and operate, sell, export, import, trade, maintain, improve, repair, service, research, develop all kinds of internet services including internet telephony, voice over internet protocol, fax over internet protocol, voice messaging applications and services in respect of and relating to bandwidth, hosting of websites, information technology and telecommunications or wireless communications through internet or any other electronic media and deal or trade in accessories, assemblies, apparatus, spares, hardware and software for internet services.”

Clause III (22) of the Memorandum of Association of ICL permits it:

“(22) To amalgamate with any other company having objects altogether or in part similar to those of this Company or otherwise.”

There has been no change in the main objects clause of ICL in the last 5 years.

10. ICL, 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. ICL is a part of the Aditya Birla Group. A brief description of the major businesses being carried out by the subsidiaries and associate of ICL is as under:

10.1. ICL holds 100% of the paid-up equity share capital of Aditya Birla Telecom Limited, which is engaged in the business of sale and purchase of communication devices. Aditya Birla Telecom Limited holds 11.15% of the paid-up equity share capital of Indus Towers Limited.

10.2. ICL holds 100% of the paid-up equity share capital of Idea Cellular Services Limited, which is engaged in providing manpower services to ICL.

10.3. ICL holds 100% of the paid-up equity share capital of Idea Cellular Infrastructure Services Limited, which owns telecom tower assets in 22 Circles.

10.4. ICL holds 100% of the paid-up equity share capital of Idea Telesystems Limited, which is engaged in the business of sale and purchase of communication devices.

10.5. ICL holds 12.14% of the paid-up equity share capital of Aditya Birla Idea Payments Bank Limited. Aditya Birla Idea Payments Bank Limited has been granted a payments bank license by Reserve Bank of India.

10.6. ICL holds 100% of the paid-up equity share capital of Idea Mobile Commerce Services Limited, which is engaged in the business of operating payment system for semi-closed Prepaid Payment Instruments in India. The jurisdictional High Courts have sanctioned the scheme of amalgamation of Idea Mobile Commerce Services Limited with Aditya Birla Idea Payments Bank Limited. The said scheme is in the process of being made effective.

11. The Authorised, Issued, Subscribed and Paid up Share Capital of ICL as on 31<sup>st</sup> day of July 2017 was as follows:

SHARE CAPITAL	AMOUNT IN ₹
<b>Authorised share capital</b>	
677,50,00,000 equity shares of ₹ 10/- each	67,75,00,00,000
1,500 redeemable cumulative non-convertible preference shares of ₹ 1,00,00,000/- each	15,00,00,00,000
<b>Total</b>	<b>82,75,00,00,000</b>
<b>Issued, subscribed and paid-up capital*</b>	
3,60,66,43,832 equity shares of ₹ 10/- each	36,06,64,38,320
<b>Total</b>	<b>36,06,64,38,320</b>

\* As on 31<sup>st</sup> day of July 2017, 2,36,64,181 outstanding employee stock options existed. Assuming such options are exercised, the issued, subscribed and paid-up capital of ICL as on 31<sup>st</sup> day of July 2017 on a Fully-Diluted Basis was 3,63,03,08,013 equity shares of ₹ 10/- each (₹ 36,30,30,80,130/-).

12. Subsequent to 31<sup>st</sup> day of July 2017, 2,08,051 Equity Shares have been issued and allotted on 24<sup>th</sup> August 2017 pursuant to exercise of employee stock options. Consequently the issued, subscribed and paid-up capital of ICL has increased to ₹ 36,06,85,18,830.

## Particulars of VMSL

13. VMSL was incorporated on 27<sup>th</sup> day of March 1992 as Sterling Cellular Limited, a public company, with the Registrar of Companies, Tamil Nadu under the provisions of the Companies Act, 1956. Its registered office was shifted from (a) the State of Tamil Nadu to the National Capital Territory of Delhi on 20<sup>th</sup> day of June 1997; and (b) the National Capital Territory of Delhi to the State of Maharashtra on 20<sup>th</sup> day of June 2017. Its name was changed to: (a) Hutchison Essar Telecom Limited on 12<sup>th</sup> day of August 2002; (b) Hutchison Essar Mobile Services Limited on 1<sup>st</sup> day of March 2005; (c) Vodafone Essar Mobile Services Limited on 3<sup>rd</sup> day of July 2007; and (d) Vodafone Mobile Services Limited on 10<sup>th</sup> day of October 2011. There has been no further change in the name of VMSL in the last five (5) years. VMSL is an unlisted company. VMSL is a wholly-owned subsidiary of VIL. The Corporate Identification Number of VMSL is U64202MH1992PLC296375. The Permanent Account Number of VMSL is AAACS4457Q.
14. The registered office of VMSL is situated at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013, Maharashtra, India. Prior to the change in its registered office to its present address, the registered office of VMSL was situated at C-48, Okhla Industrial Area, Phase-II, New Delhi 110 020, India. Except as stated above, there has been no change in the registered office address of VMSL in the last five (5) years. The e-mail address of VMSL is compliance.vmsl@vodafone.com.
15. The objects for which VMSL has been established are set out in its Memorandum of Association. Main objects of VMSL are as follows:

### *“III. A.*

1. *To carry on all or any of the business of manufacturers, designers, consultants, exporters, importers, buyers, sellers, hirers, renters, repairers, distributors, agents and dealers in all types of telecommunication instruments including wireless telephones, cellular mobile phones and services, satellite commercial equipment like V-Sat, microwave communication, paging, hand held terminals, telephone systems, electronic switches and exchanges, antennas, satellite dishes, radios, devices, accessories, appliances, materials and requisites, of every kind whereby sound or vision is recorded, amplified, produced, reproduced transmitted or received by the use or aid of electricity.*
2. *To carry on the business of electrical, tele-communications, computer, radio electronics, consulting engineers, mechanics, fitters, mill-wrights, founders, rod-millers, machinists, tool makers, wire drawers, galvanisers, japanners, electroplaters, enamellers and painters, suppliers of telephone, telegraph, radio, railway, signalling and facsimile equipment and apparatus, electric, magnetic, galvanic and other apparatus in India or in any part of the world.*
3. *To manufacture, buy, sell, exchange and/or install dry cells, relays, meters, lamps, condensers, valves, rectifiers, air-raid precaution equipment, plastics, plasticines, resins, bitumen, Indian-Rubber, or any other water-proofing materials and paper.*
4. *To manufacture, install, operate and maintain telegraphs, telephones, phonographs, switching centres, radio transmitting or receiving stations or sets, dynamos, accumulators, and all apparatus in connection with the generation, accumulation, distribution, supply and employment of electricity of any power that can be used as a substitute thereof, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus, and including the formation of exchanges of centres.*
5. *To carry on business of internet service provider and to provide, render or make available and operate, sell, export, import, trade, maintain, improve, repair, service, research, develop all kinds of internet services, and services in respect of and relating to bandwidth, hosting of web-sites, information technology and telecommunications or wireless communications through internet or any other electronic media, and deal or trade in accessories, assemblies, apparatus, spares, hardware and software for internet services.*
6. *To carry out, operate provide and/or run one or more services of business of telecommunication, broadcasting and/or information technology whether separately or converged together, including cellular mobile telephone services, international long distance and national long distance telephone services, basic services, internet services, cable television etc.; and*
7. *To comply with the terms and conditions of the international long distance and national long distance license agreements, once executed.*
8. *To carry on all or any of the business of designers, consultants, exporters, importers, buyers, sellers, hirers, renters, repairers, distributors, agents, licences and dealers in all types of telecommunication instruments including wireless telephones, cellular mobile phones and services, satellite commercial equipment like V-Sat,*

*microwave communication, paging, hand held terminals, telephone systems, electronic switches and exchanges, antennas, satellite dishes of every kind whereby sound of vision is recorded, amplified produced transmitted or received by the use of aid of electricity, telecommunication, cable T.V., fax, computer, radios, electronics consulting engineers, mechanics, fitters, mill wrights, founders, roadmillers, machanists, wire-drawers, galvanisers, japnners, electroplaters, enamellers and painters suppliers of telephone, telegraph, radio, railway, signalling and facsimile equipment and apparatus electric, magnetic, galveric and other apparatus in India or in any part of the world.*

9. *To buy, sell, exchange, and/or install dry cells, relay, meters, lamps, condensers, valves, rectifiers air-raid precaution equipment, plastic, plasticines, resins, bitumen, Indian-rubber, or any other water proofing materials and paper and to manufacture, install, operate and maintain telegraphs, telephones, photographs, switching centers, radio, transmitting or receiving stations or sets, dynamos, accumulators and all apparatus in connection with the generation accumulation, distribution supply and employment of electricity or any power that can be used as a substitute thereof including all cable wires or appliances for connecting apparatus at a distance with other apparatus and including the formation of exchanges or centers.*
10. *To carry on the business to provide consultancy along with advisory services for all consumerable goods and Telecommunication products.”*

Clause III. B (8) of the Memorandum of Association of VMSL, permits it:

- “8. *To enter into partnership or into any arrangement for sharing or pooling profits, amalgamation, union of interests, co-operation, joint adventure, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on.”*

Clauses 6 and 7 of the aforesaid main objects of VMSL were inserted pursuant to the scheme of amalgamation approved by the Hon’ble Delhi High Court by its order dated 1<sup>st</sup> and 22<sup>nd</sup> day of April 2014 and effective from 11<sup>th</sup> day of December 2015. Clauses 8 to 10 of the aforesaid main objects of VMSL were inserted pursuant to the scheme of amalgamation approved by the Hon’ble Delhi High Court by its order dated 3<sup>rd</sup> day of July 2014 and effective from 11<sup>th</sup> day of February 2016. Except as stated above, there has been no change in the main objects clause of VMSL in the last 5 years. Pursuant to the above-referenced schemes of amalgamation approved by the Hon’ble Delhi High Court and upon receipt of necessary permission from the Department of Telecommunications, VMSL holds pan-India (except Mumbai Service Area) Unified Access Service/Unified License (with authorisation for access services), National Long Distance, International Long Distance and Internet Service Provider Licenses issued by the Department of Telecommunications, Government of India.

16. As stated hereinabove, VMSL holds pan-India (except Mumbai Service Area) Unified Access Service/Unified License (with authorisation for access services), National Long Distance, International Long Distance and Internet Service Provider Licenses issued by the Department of Telecommunications, Government of India.
17. The Authorised, Issued, Subscribed and Paid up Share Capital of VMSL as on 31<sup>st</sup> day of July 2017 was as follows:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN ₹</b>
<b>Authorised share capital</b>	
10,51,60,00,000 equity shares of ₹ 10/- each	1,05,16,00,00,000
64,94,12,000 equity shares of ₹ 85/- each	55,20,00,20,000
2,00,000 0.1% non-cumulative redeemable preference shares of ₹ 100/- each	2,00,00,000
5,000 0.001% non-cumulative preference shares of ₹ 10,00,000/- each	5,00,00,00,000
4,80,00,000 preference shares of ₹ 100/- each	4,80,00,00,000
<b>Total</b>	<b>1,70,18,00,20,000</b>
<b>Issued, subscribed and paid-up capital</b>	
1,37,63,02,720 equity shares of ₹ 10/- each	13,76,30,27,200
<b>Total</b>	<b>13,76,30,27,200</b>

VMSL has issued 75,000 Rated Unsecured Unlisted Redeemable Non-Convertible Debentures of the face value of ₹ 10,00,000/- each.

18. Subsequent to 31<sup>st</sup> day of July 2017, there has been no change in the share capital of VMSL.

## Particulars of VIL

19. VIL was incorporated on 21<sup>st</sup> day of February 1992 as Hutchison Max Telecom Private Limited, a private limited company, with the Registrar of Companies, Punjab, H.P. & Chandigarh under the provisions of the Companies Act, 1956. Hutchison Max Telecom Private Limited was thereafter converted into a public company and the word "Private" was deleted from its name on 8<sup>th</sup> day of March 1996. Its registered office was shifted from the State of Punjab to the State of Maharashtra on 25<sup>th</sup> day of March 1999. Hutchison Max Telecom Limited was thereafter re-converted into a private limited company and fresh certificate of incorporation was issued to it on 11<sup>th</sup> day of June 2001. Hutchison Max Telecom Private Limited was thereafter converted into a public company and the word "Private" was deleted from its name on 1<sup>st</sup> day of December 2004. Its name was then changed to: (a) Hutchison Essar Limited on 26<sup>th</sup> day of August 2005, (b) Vodafone Essar Limited on 12<sup>th</sup> day of July 2007, and (c) Vodafone India Limited on 11<sup>th</sup> day of October 2011. There has been no further change in the name of VIL in last five (5) years. VIL is an unlisted company. VIL is a wholly-owned indirect subsidiary of Vodafone Group Plc, a company incorporated under the laws of England. The Corporate Identification Number of VIL is U32200MH1992PLC119108. The Permanent Account Number of VIL is AAACH5332B.
20. The registered office of VIL is situated at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra, India. There has been no change in the registered office address of VIL in the last five (5) years. The e-mail address of VIL is compliance@vodafone.com.
21. The objects for which VIL has been established are set out in its Memorandum of Association. The main objects of VIL are as follows:

### *"III. (A)*

1. *To manufacture, assemble, distribute, operate, sell, export, import, trade, maintain, improve, repair, service, research, develop all types of telecommunication and electronic systems, cellular telephone units and equipments, and systems, pagers, components, accessories, assemblies, apparatus, spares, hardware, software and service including subscribers and telecommunication equipments and apparatus for line telephony/ telegraphy.*
2. *To develop software for use in and for all industrial and business applications in the areas of electronics and telecommunications.*
3. *To provide any kind of telephony and related services permitted under applicable laws and by the use of any technology.*
4. *To make the provision of paging services alongwith cellular telephone and other telecommunication equipments etc.*
5. *To provide a telepoint, cordless telephone and the sale of cordless telephone units and equipment.*
6. *To render consultancy and technical services in areas of telecommunications, electronics, and render consultancy services in connection therewith.*
7. *To carry on business of internet service provider and to provide, render or make available and operate, sell, export, import, trade, maintain, improve, repair, service, research, develop all kinds of internet services, and services in respect of and relating to bandwidth, hosting of web-sites, information technology and telecommunications or wireless communications through internet or any other electronic media, and deal or trade in accessories, assemblies, apparatus, spares, hardware and software for internet services."*

There has been no change in the main objects clause of VIL in the last 5 years.

Clause III. (B)(8) of the Memorandum of Association of VIL, permits it:

- "8. To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint-venture, reciprocal concessions or otherwise with any person, firm or company carrying on or engaged in any business or transactions which this company is authorised to carry on and subject to Section 391 to 394 of the Companies Act, 1956 and the rules thereunder and/ or Chapter XV of the Companies Act, 2013, whichever applicable, to amalgamate with any other such company, having objects altogether or in part similar to those of the Company."*

22. VIL is engaged in the telecommunication business and holds Unified License (authorisation for access services) for Mumbai Service Area as per the license issued by Department of Telecommunications, Government of India.

23. The Authorised, Issued, Subscribed and Paid up Share Capital of VIL as on 31<sup>st</sup> day of July 2017 was as follows:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN ₹</b>
<b>Authorised share capital</b>	
5,00,00,00,000 equity shares of ₹ 10/- each	50,00,00,00,000
<b>Total</b>	<b>50,00,00,00,000</b>
<b>Issued, subscribed and paid-up capital</b>	
2,81,32,95,823 equity shares of ₹ 10/- each	28,13,29,58,230
<b>Total</b>	<b>28,13,29,58,230</b>

24. Subsequent to 31<sup>st</sup> day of July 2017, there has been no change in the share capital of VIL.

#### **Description of the Scheme**

25. The Parties, VIL Promoters, ICL Promoters and others have entered into Implementation Agreement dated 20<sup>th</sup> day of March 2017, pursuant to which it has been, inter alia, agreed to amalgamate VMSL and VIL into ICL. The Scheme has been prepared in terms of the aforesaid Implementation Agreement.

26. Description of the Scheme:

The Scheme, inter alia, provides for:

- (i) amalgamation of VMSL into and with ICL;
- (ii) transfer of the authorised share capital of VMSL to ICL and consequential increase in the authorised share capital of ICL;
- (iii) issue and allotment of fully paid up equity shares of ICL to VIL in accordance with Part II of the Scheme;
- (iv) dissolution of VMSL without winding up;
- (v) amalgamation of VIL into and with ICL;
- (vi) transfer of the authorised share capital of VIL to ICL and consequential increase in the authorised share capital of ICL;
- (vii) cancellation of the equity shares issued by ICL to VIL pursuant to Part II of the Scheme;
- (viii) issue and allotment of fully paid up equity shares of ICL to the equity shareholders of VIL as of the Record Date in accordance with Part III of the Scheme;
- (ix) dissolution of VIL without winding up;
- (x) VIL Promoters together with the existing ICL Promoters becoming the promoters of ICL, upon allotment of equity shares of ICL to the VIL Promoters pursuant to Part III of the Scheme;
- (xi) alteration of Clause V of the memorandum of association of ICL;
- (xii) alteration of articles of association of ICL in the manner set out in Schedule 3 of the Scheme, pursuant, inter alia, to the Shareholders' Agreement dated 20<sup>th</sup> day of March 2017 executed, inter alios, between ICL, ICL Promoters and VIL Promoters for the purposes of regulating the management and governance of ICL, relationship of the parties to the Shareholders' Agreement with each other and certain aspects of the affairs of, and their dealings with, ICL;
- (xiii) ICL entering into (a) a recharges agreement with Vodafone Group Services Limited, a group company of the VIL Promoters, and (b) a recharges agreement with Aditya Birla Management Corporation Private Limited, a group company of the ICL Promoters, which, in each case, shall become effective on the Effective Date, and shall set out the terms and conditions on which such companies will provide certain services to ICL following the Effective Date;
- (xiv) ICL becoming a party to the Brand Licence Agreement with Vodafone Sales & Services Limited, a group company of VIL Promoters, which shall govern the terms and conditions on which the Vodafone brand shall be licenced to ICL;
- (xv) termination of all existing Contracts and other arrangements with Related Parties entered into by each Target Group, on the Effective Date, other than the Recharges Agreements, the Brand Licence Agreement, the Contracts listed as surviving the Effective Date in the Recharges Agreements and the Contracts listed in Parts B and C of Schedule 2 of the Scheme;

- (xvi) ICL Promoters infusing equity capital in ICL prior to the Effective Date in order to meet the leverage ratio requirement specified in the Implementation Agreement and if such event does not occur, or upon occurrence of such event, the shareholding of the ICL Promoters is (or will be) less than 26.0% (twenty six per cent.) of the equity share capital of ICL on a Fully-Diluted Basis following the completion of the steps set out in Clause 4.2.1 (i) to (ix) of the Scheme on the Effective Date, the Parties, the ICL Promoters and the VIL Promoters undertaking the Promoter Share Transactions to achieve the post-Scheme shareholding pattern set out below, which may include: (a) the purchase by one or more ICL Promoters (the "Idea Purchasers") of securities representing up to 9.88% (nine point eight eight per cent.) of the equity share capital of VIL on a Fully-Diluted Basis (the "VIL Sale Shares"), free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration prior to the Effective Date, and failing agreement on such purchase among the parties to the Implementation Agreement dated 20<sup>th</sup> day of March 2017, (b) the purchase by the Idea Purchasers of the Sale Shares, free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration following the completion of the steps set out in Clause 4.2.1 (i) to (ix) of the Scheme. Pursuant to the completion of the amalgamation of VMSL and VIL with ICL and the Promoter Share Transactions, the shareholding pattern of ICL, which is based on the contribution of agreed levels of debt by the VIL Merger Group and the ICL Merger Group, on a Fully-Diluted Basis shall ultimately be as follows: (1) the VIL Promoters shall hold 45.1% (forty five point one per cent.) of the equity share capital of ICL; and (2) the ICL Promoters shall hold 26.0% (twenty six per cent.) of the equity share capital of ICL;
- (xvii) the Scheme being conditional upon satisfaction or waiver (if applicable) of the conditions precedent enumerated in Clause 4.8 of the Scheme; and
- (xviii) various other matters consequential or incidental to or otherwise integrally connected with the above.

27. Rationale for the Scheme:

- (i) The management of each of the Parties believes that the Scheme will result in *inter-alia* the following benefits:
  - a. consolidation of the telecommunications business of the Parties resulting in expansion of such companies' business and creation of greater value for shareholders and all other stakeholders;
  - b. synergies in operational processes and logistics alignment leading to economies of scale, rationalisation of network infrastructure, creation of efficiencies and optimisation of capital and operational expenditure (including lower maintenance expenses and savings in energy costs);
  - c. availability of the combined resources together with the synergies in the operational processes and consequent reduction in cost could be utilized for strengthening the customer base, and providing high quality service to customers at competitive prices in a manner that would assist in achieving the Indian Government's 'Digital India' vision;
  - d. higher spectrum availability and larger single radio access network deployment coupled with re-deployment of overlapping equipment from rationalised sites resulting in lower capital expenditure;
  - e. harmonisation of sales and service channels;
  - f. sustained investment accelerating pan-India expansion of wireless broadband services, supporting introduction of digital content and 'Internet of Things' services as well as expanding financial inclusion through mobile money services for the benefit of the Indian consumers, businesses and society as a whole;
  - g. streamlining of regional and nationwide information technology systems and development of a common information technology system; and
  - h. general and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Parties.
- (ii) The proposed Scheme is in the interest of all Parties and their respective shareholders and creditors.

28. ICL, VIL Promoters, ICL Promoters and others have entered into the Shareholders' Agreement dated 20<sup>th</sup> day of March 2017, which would be effective from the Effective Date of the Scheme, for the purposes of regulating the management and governance of ICL, the relationship of the parties to the Shareholders' Agreement with each other and certain aspects of the affairs of, and their dealings with, ICL. After the Effective Date and over a specified period of time, ICL Promoters have the right to acquire such additional equity share capital of ICL from the VIL Promoters under an agreed mechanism, as provided in Schedule 3 to the Scheme, with a view to equalising the shareholdings of ICL Promoters and VIL Promoters in ICL. If ICL Promoters do not equalise their shareholding by the expiry of the fourth year from completion of amalgamation, VIL Promoters are obliged to reduce their shareholding in ICL in order to equalise their

shareholding with that of ICL Promoters over the following five year period based on the terms of the Shareholders' Agreement. Until equalisation is achieved, voting on the additional shares held by VIL Promoters will be governed by the terms of the Shareholders' Agreement. Further, on or after the Effective Date, the Board of Directors of ICL will comprise of 12 directors including 3 directors nominated by each of VIL Promoters and ICL Promoters and 6 independent directors, and the ICL Promoters will have the right to appoint the Chairperson of the Board of Directors of ICL, in each case, subject to and in accordance with Schedule 3 of the Scheme.

#### **Relationship among Companies who are parties to the Scheme**

29. ICL is a part of the Aditya Birla Group. VMSL and VIL are part of the Vodafone Group. The Aditya Birla Group and the Vodafone Group are independent and unrelated groups. VMSL is a wholly owned subsidiary of VIL. Except as specified above, none of the Companies are related to each other.

#### **Corporate Approvals**

30. The proposed Scheme, was placed before the Audit Committee of ICL at its meeting held on 19<sup>th</sup> day of March 2017. The Audit Committee of ICL took into account the Joint Valuation Report dated 19<sup>th</sup> day of March 2017, issued by M/s. Bansi S. Mehta & Co., and Walker Chandiook & Co. LLP, Chartered Accountants (the "**Joint Valuation Report**") and the fairness opinion, dated 19<sup>th</sup> day of March 2017, provided by Axis Capital Limited, a Category I Merchant Banker, ("**Fairness Opinion**") appointed for this purpose by ICL. A copy of the Joint Valuation Report is enclosed as **Annexure 2**. The Joint Valuation Report is also open for inspection at the registered office of ICL. A copy of the Fairness Opinion is enclosed as **Annexure 3**. The Audit Committee of ICL based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of ICL for its favourable consideration.
31. The Scheme along with the Joint Valuation Report was placed before the Board of Directors of ICL, at its meeting held on 20<sup>th</sup> day of March 2017. The Fairness Opinion and the report of the Audit Committee was also submitted to the Board of Directors of ICL. Based on the aforesaid, the Board of Directors of ICL approved the Scheme. The meeting of the Board of Directors of ICL, held on 20<sup>th</sup> day of March 2017, was attended by 8 (eight) directors in person (namely, Mr. Kumar Mangalam Birla, Mrs. Rajashree Birla, Mr. Arun Thiagarajan, Ms. Tarjani Vakil, Mrs. Alka M. Bharucha, Mr. Sanjeev Aga, Mr. Himanshu Kapania and Mr. Akshaya Moondra) and by 1 (one) director (namely, Mrs. Madhabi Puri Buch) through audio conference for part of the board meeting. Mr. Kumar Mangalam Birla, being part of Promoter Group of ICL and Mrs. Rajashree Birla, being the immediate relative of Mr. Kumar Mangalam Birla, abstained from voting on the resolution in respect of the Scheme. Mrs. Madhabi Puri Buch who had participated through audio conferencing, was not entitled to vote on the resolution. None of the directors of ICL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors who attended and voted at the meeting.
32. Separately, the Joint Valuation Report was placed before the Audit Committee of VMSL at its meeting held on 19<sup>th</sup> day of March 2017. The Audit Committee of VMSL approved the Joint Valuation Report and recommended the Scheme to the Board of Directors of VMSL for its approval.
33. The Scheme along with the Joint Valuation Report was placed before the Board of Directors of VMSL, at its meeting held on 19<sup>th</sup> day of March 2017. Based on the aforesaid, the Board of Directors of VMSL approved the Scheme. The meeting of the Board of Directors of VMSL, held on 19<sup>th</sup> day of March 2017, was attended by 3 (three) directors in person (namely, Mr. Ajay Khanna, Ms. Sonu Bhasin and Mr. Arvind Agarwal). None of the directors of VMSL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors who attended and voted at the meeting.
34. Similarly, the Joint Valuation Report was placed before the Audit Committee of VIL at its meeting held on 19<sup>th</sup> day of March 2017. The Audit Committee of VIL approved the Joint Valuation Report and recommended the Scheme to the Board of Directors of VIL for its approval.
35. The Scheme along with the Joint Valuation Report was placed before the Board of Directors of VIL, at its meeting held on 19<sup>th</sup> day of March 2017. Based on the aforesaid, the Board of Directors of VIL approved the Scheme. The meeting of the Board of Directors of VIL, held on 19<sup>th</sup> day of March 2017, was attended by 6 (six) directors in person (namely, Mr. Vivek Badrinath, Mr. Sunil Sood, Mr. Chittranjan Dua, Ms. Shyamala Gopinath, Mr. John Otty and Mr. Ashwani Windlass). None of the directors of VIL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors who attended and voted at the meeting.

#### **Approvals and actions taken in relation to the Scheme**

36. NSE was appointed as the designated stock exchange by ICL for the purpose of co-ordinating with the SEBI, pursuant to the SEBI Circular. Post filing of the Scheme with BSE and NSE, ICL, by its e-mails dated 6<sup>th</sup> day of July 2017 and

23<sup>rd</sup> day of July 2017, informed the NSE and SEBI about key factual updates which have occurred post filing of the Scheme with the BSE and NSE and stated that relevant changes will be made to the Scheme to address such updates. The Scheme annexed at Annexure 1 reflects the factual updates which have occurred post filing of the Scheme with BSE and NSE.

37. ICL received no adverse observations/No-objection letters regarding the Scheme from BSE and NSE, respectively, each dated 4<sup>th</sup> day of August 2017 conveying their no adverse observations/No-objection for filing the Scheme with NCLT pursuant to the letter dated 4<sup>th</sup> day of August 2017 addressed by SEBI to BSE and NSE, which, inter alia, stated the following:

*"SEBI had received a complaint alleging that one of the promoters of ICL ('Purchasers') had purchased .23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchaser shall be borne by them. ICL has also submitted a voluntary undertaking stating, inter-alia, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaking that any liability eventually held to be valid against it shall be borne by ICL."*

*"Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 ('SAST') as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement. Inter-alia, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme."*

*"Abridged prospectus as mandated under Clause 8 of SEBI Circular shall contain a risk factor no.1 detailing the risk associated with the outcome of the examination by SEBI of the allegations in the aforesaid complaint."*

Copies of the no adverse observations/No-objection letters, both dated 4<sup>th</sup> day of August 2017, received from BSE and NSE, respectively, are enclosed as **Annexures 4 and 5**.

38. In terms of the said letter addressed by SEBI to BSE and NSE, it may be noted that:  
***SEBI is examining the aforesaid allegations with regard to the purchase of 0.23% of the paid up equity share capital of ICL by one of the promoters of ICL (namely, Pilani Investment and Industries Corporation Limited) before the announcement of the instant Scheme.***
39. As required by the SEBI Circular, ICL had filed the complaints report with BSE and NSE, on 13<sup>th</sup> day of May 2017. These reports indicate that ICL received nil complaints. A copy of the complaints report submitted by ICL to BSE and NSE, dated 13<sup>th</sup> day of May 2017 is enclosed as **Annexure 6**.
40. The Companies had jointly filed the necessary notification form with the Competition Commission of India on 17<sup>th</sup> day of April 2017, disclosing the details of the proposed combination under the provisions of Section 6(2) of the Competition Act, 2002. Thereafter, the Competition Commission of India, by its letter dated 24<sup>th</sup> day of July 2017, approved the proposed combination under Section 31(1) of the Competition Act, 2002.
41. Pursuant to the Scheme being approved by the respective Board of Directors of the Companies, ICL and VIL, by their separate letters dated 20<sup>th</sup> day of March 2017 and 27<sup>th</sup> day of March 2017, respectively, informed the Department of Telecommunications (DoT) about the proposed Scheme. DoT addressed a joint letter dated 6<sup>th</sup> day of April 2017 to ICL and VIL intimating, inter alia, that pursuant to clause 3. a) of the Guidelines for Transfer/Merger of various categories of Telecommunication service licences/authorisation under Unified Licence (UL) on compromises, arrangements and amalgamation of the companies dated 20<sup>th</sup> day of February 2014, DoT shall be notified for any proposal for compromise, arrangements and amalgamation of companies as filed before the Hon'ble Tribunal and that the DoT shall submit its representation/objection, if any, on such scheme and that the same shall be informed to all concerned within 30 days of receipt of such notice.
42. The Companies will obtain such other approvals/sanctions/no objection(s) from regulatory or other governmental authorities in respect of the Scheme as may be required in accordance with law.
43. CA (CAA) No. 91/NCLT/AHM/2017 along with the annexures thereto (which includes the Scheme) was filed by ICL with the NCLT, on 7<sup>th</sup> day of August 2017. Similarly, VMSL and VIL, filed joint application being Company Scheme Application No. 829 of 2017 along with annexures thereto (which includes the Scheme) with the Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai, on the 9<sup>th</sup> day of August 2017.

## Salient extracts of the Scheme

44. Certain clauses of the Scheme are extracted below:

### 1.1 DEFINITIONS

- 1.1.4. **“Brand Licence Agreement”** means (i) the trade mark licence agreement to be executed by VIL and Vodafone Sales & Services Limited prior to the Effective Date, and (ii) the variation thereto between Vodafone Sales & Services Limited and the Transferee Company that will take effect at the Effective Date.
- 1.1.7. **“Circles”** means the telecommunications service areas in India as defined by the DoT.
- 1.1.8. **“Contract”** means any contract, lease, licence, indenture, agreement, commitment or other legally binding arrangement.
- 1.1.11. **“Effective Date”** means the date on which certified copies of the Judgment(s) of the Tribunal are filed with the relevant RoC after the last of the approvals or events specified under Clause 4.8 of the Scheme are obtained or have occurred or the requirement of which has been waived in accordance with the Implementation Agreement. For the purposes of this Scheme, the “appointed date” shall be the Effective Date.
- 1.1.13. **“Fully-Diluted Basis”** means a calculation assuming that:
- (a) all outstanding mandatorily convertible securities and any options issued or reserved for issuance under the employee stock option plan or any other stock option plan or scheme by whatever name called, existing at the time of determination have been exercised or converted into equity shares, and
  - (b) equity shares under all outstanding commitments to issue equity shares or other ownership interests have been issued,
- in each case, as adjusted for any stock splits or any capital or other restructuring or consolidation or reduction of capital.
- 1.1.14. **“Governmental Approval”** means any consent, approval, licence, permit, order, exemption, certificate, clearance or authorisation obtained or to be obtained from, or any registration, notification, declaration or filing made to or with, or to be made to or with, any Governmental Authority and shall include Required Governmental Filings.
- 1.1.16. **“Group”** means the Vodafone Group or the Idea Group, as the context may require.
- 1.1.18. **“ICL Merger Group”** means ICL and its subsidiaries.
- 1.1.19. **“ICL Promoters”** means collectively:
- (i) Aditya Birla Nuvo Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number L17199GJ1956PLC001107, and having its registered office at Indian Rayon Compound, Veraval, Gujarat 362 266, India;
  - (ii) Birla TMT Holdings Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U72900MH2000PTC129116, and having its registered office at 212, 2<sup>nd</sup> Floor, T V Industrial Estate, 52, S K Ahire Marg, Worli, Mumbai 400 030, Maharashtra, India;
  - (iii) Grasim Industries Limited, a company incorporated in India under the provisions of the Companies Act, 1913 with Corporate Identification Number L17124MP1947PLC000410, and having its registered office at Birlagram Nagda, Ujjain 456 331, Madhya Pradesh, India;
  - (iv) Hindalco Industries Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number L27020MH1958PLC011238, and having its registered office at Century Bhawan, 3<sup>rd</sup> Floor, Dr. Annie Besant Road, Worli, Mumbai 400 025, Maharashtra, India;
  - (v) KMB; and
  - (vi) Pilani Investment and Industries Corporation Limited, a company incorporated in India under the provisions of the Companies Act, 1913 with Corporate Identification Number L24131WB1948PLC095302, and having its registered office at 9/1 R N Mukherjee Road, Birla Building, 14<sup>th</sup> Floor, Kolkata 700 001, West Bengal, India.
- 1.1.20. **“Idea Group”** means the ICL Merger Group and the ICL Promoters, excluding KMB.
- 1.1.25. **“Intellectual Property Rights”** means all domestic and foreign intellectual property rights, including with respect to all patents, patent applications, and trademarks, service marks, trade names, trade dress, logos, corporate names, brand names, domain names, all copyrights, designs and mask works, and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data), trade secrets, confidential business information and other proprietary information.

- 1.1.27. **“KMB”** means Mr. Kumar Mangalam Birla, an Indian resident aged 49 years, residing at Mangal Adityayan, 20 Carmichael Road, Mumbai 400 026, India.
- 1.1.29. **“Licence”** means any permit, licence, certification, approval, registration, consent, authorisation, variance, exemption and order issued or granted by a Governmental Authority.
- 1.1.31. **“Long Stop Date”** means 20 March 2019 or such other date as may be mutually agreed in accordance with the Implementation Agreement.
- 1.1.33. **“Party”** means each of the Transferor Company 1, the Transferor Company 2 and the Transferee Company.
- 1.1.36. **“Pre-Merger Disposal”** means the transfer, distribution or other disposal of, all or any of the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof), by the VIL Merger Group to any Person, in one or more transactions (including pursuant to an application for capital reduction of VIL), prior to the Effective Date in such manner as the Vodafone Group deems fit.
- 1.1.38. **“Purchase Consideration”** means Rs.38,739 million. For the avoidance of doubt, it is hereby clarified that in the event the Sale Shares or the VIL Sale Shares constitute less than 4.94% (four point nine four per cent.) of the equity share capital of the Transferee Company or 9.88% (nine point eight eight per cent.) of the equity share capital of VIL, respectively, on a Fully-Diluted Basis, the Purchase Consideration shall be reduced proportionately to reflect the number of Sale Shares or VIL Sale Shares, as applicable, being purchased by the Idea Purchasers.
- 1.1.42. **“Related Party”** means, with respect to: (a) the Transferor Companies, the VIL Promoters and their respective Affiliates; and (b) the Transferee Company, the ICL Promoters and their respective Affiliates.
- 1.1.46. **“Sale Shares”** mean the equity shares to be transferred by a VIL Promoter(s) to the Idea Purchasers constituting: (i) 4.94% (four point nine four per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis as on the Effective Date; or (ii) such number of equity shares of the Transferee Company which results in the ICL Promoters (including the Idea Purchasers) holding 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis as on the Effective Date (after taking into consideration issuance of equity shares by the Transferee Company to the VIL Promoters pursuant to the Scheme), whichever is lower.
- 1.1.49. **“SEBI Circular”** means, together, the circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017 and the circular no. CFD/DIL3/CIR/2017/26 dated 23 March 2017, each issued by the SEBI.
- 1.1.51. **“Shared Services Business”** means provision of support services to members of the Vodafone Parent Group by Vodafone India Services Private Limited from locations in India.
- 1.1.53. **“Target Group”** means the VIL Merger Group or the ICL Merger Group, as applicable.
- 1.1.60. **“Undertaking”** means the Transferor Companies and includes all the business, undertakings, assets, properties, investments and liabilities of each of the Transferor Companies (other than the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof)), of whatsoever nature and kind and wherever situated, on a going concern basis and with continuity of business of the Transferor Companies, which shall include:
- (a) all moveable assets, whether present, future or contingent, in possession or reversion including moveable and fixed plant and machinery, electrical fittings, equipment, installations, appliances, tools, accessories, power lines, stocks and inventory, packaging items, computers, communication facilities, vehicles, furniture, fixtures and office equipment;
  - (b) all current assets, including sundry debtors, receivables, cash, bank balances, loans and advances, actionable claims, bills and credit notes;
  - (c) all Licences (including those set forth in Schedule 1), rights, entitlements, concessions, clearances, credits, awards, sanctions, allotments, quotas, no-objection certificates, subsidies, Tax deferrals, Tax credits, (including any credits arising from advance Tax, self-assessment tax, other income Tax credits, withholding Tax credits, minimum alternate Tax credits, CENVAT credits, goods and services Tax credits, other indirect Tax credits and other Tax receivables), other claims under Tax Laws, privileges, incentives (including incentives in respect of income Tax, sales Tax, value added Tax, service Tax, custom duties and goods and services Tax), benefits, Tax holidays, Tax refunds (including those pending with any Tax authority), advantages, benefits and all other rights and facilities of every kind, nature and description whatsoever;
  - (d) all spectrum and entitlement thereto, right of way, data systems, private switching network, transmission networks of all types, computer networks, electronic mail, codes, intelligent network, multimedia communication systems or a combination thereof, works, projects or enterprises in the telecom industry;

- (e) *all Contracts, bids, tenders, letters of intent, arrangements, understandings, engagements, deeds and instruments, including lease agreements, purchase orders, service orders, operation and maintenance Contracts, memoranda of understanding, hire and purchase agreements, panchnamas for right of way, equipment purchase agreements and tenancy rights and all rights, title, interest, claims and benefits thereunder;*
- (f) *all application monies, advance monies, earnest monies and security and other deposits paid to any Person, including any Governmental Authority, and payments against other entitlements;*
- (g) *all investments, including long term, short term, quoted, unquoted investments in different instruments, including shares, debentures, units warrants and bonds;*
- (h) *all liabilities (including Tax and contingent liabilities), loans, debts (secured or unsecured), guarantees, duties, responsibilities and obligations;*
- (i) *all immoveable assets, including all freehold, leasehold, leave and licenced, tenancies and any other covenants, title, interest or continuing rights in such immoveable assets;*
- (j) *all intangible assets, including all Intellectual Property Rights and all goodwill attaching to such Intellectual Property Rights;*
- (k) *all staff and employees and other obligations of whatsoever kind, including liabilities of the Transferor Companies, with regard to their employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise;*
- (l) *all reserves, provisions and funds, books, records, files, papers, engineering and process information, software licences, test reports, records of standard operating procedures, computer programs along with their licences, drawings, manuals, data, databases catalogues, quotations, sales and advertising materials, dossiers, product master cards, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form;*
- (m) *all rights to use and avail telephone, facsimile, e-mail, internet, leased line connections an installations, utilities, electricity and other services;*
- (n) *all legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature involving the Transferor Companies;*
- (o) *investments in all subsidiaries of VIL (other than VMSL) which are listed in Schedule 4; and*
- (p) *any other assets or liabilities,*  
*provided that if any Pre-Merger Disposal in respect of assets listed in items (2) and (3) in Part A of Schedule 2 (and any liabilities relating thereto) has not been completed prior to the Effective Date, such assets (and any liabilities relating thereto) remaining with the Transferor Companies on the Effective Date shall also form a part of the Undertaking.*

1.1.61. **“Valuer Report”** means the report dated 19 March 2017 issued jointly by Bansi S. Mehta & Co. and Walker Chandiok & Co LLP setting out the recommendation of the share exchange ratio in the form of percentage shareholding to be allotted to the shareholders of the Transferor Companies pursuant to the proposed amalgamation of VIL and VMSL into and with ICL.

1.1.62. **“VIL Merger Group”** means VIL and its subsidiaries.

1.1.63. **“VIL Promoters”** means collectively:

- (i) *Al-Amin Investments Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (ii) *Asian Telecommunication Investments (Mauritius) Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (iii) *CCL (Mauritius) Inc, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (iv) *Euro Pacific Securities Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (v) *Vodafone Telecommunications (India) Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*

- (vi) *Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (vii) *Prime Metals Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (viii) *Trans Crystal Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;*
- (ix) *Omega Telecom Holdings Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U64200MH1995PTC087657, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India;*
- (x) *Telecom Investments India Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U65990MH1997PTC112707, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India;*
- (xi) *Jaykay Finholding (India) Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U65990MH1999PTC121979, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India; and*
- (xii) *Usha Martin Telematics Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U32202WB1995PLC069502, and having its registered office at 8<sup>th</sup> Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector - V, Saltlake City, Kolkata 700 091, West Bengal, India.*

1.1.65. **“Vodafone Group”** means VIL Merger Group and VIL Promoters.

1.1.66. **“Vodafone Parent Group”** means Vodafone Plc and its Affiliates.

1.1.67. **“Vodafone Plc”** means Vodafone Group Plc, a company incorporated under the laws of England with its registered office at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, and shall instead mean, if applicable in the future, any company which becomes the holding company of Vodafone Group Plc provided that (i) such holding company (directly or indirectly) owns 100% (one hundred per cent.) of the previous Vodafone Plc's share capital (excluding any treasury shares); (ii) such holding company is listed on a recognised stock exchange; and (iii) the shareholders of such holding company, when it becomes the holding company of the previous Vodafone Plc, include all or substantially all of the shareholders of the previous Vodafone Plc immediately prior to such event.

## **2 AMALGAMATION OF THE TRANSFEROR COMPANY 1 INTO AND WITH THE TRANSFEREE COMPANY**

2.1.1. *With effect from the Effective Date, subject to the provisions of this Scheme, the Undertaking of the Transferor Company 1 shall stand transferred to and vest in the Transferee Company, as a going concern, together with all its estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Effective Date, the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the Tribunal and the provisions of sections 230 to 232 and other applicable provisions of the Act.*

2.1.2. *Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Effective Date, in relation to the Undertaking:*

- (i) *All assets of the Transferor Company 1 that are movable in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery shall, pursuant to this Scheme, stand vested in and/or be deemed to be vested in the Transferee Company and shall become the property of the Transferee Company without any further act, instrument or deed.*
- (ii) *All other movable assets of the Transferor Company 1, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, 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 Governmental Authorities, customers and other Persons, shall, on and from the Effective Date, stand transferred to, and vested in, the Transferee Company without any notice or other intimation to the debtors or obligors or any other Person. The Transferee Company may (without being obliged to do so), if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor*

*or obligor or any other Person, that pursuant to the sanction of the Scheme by the Tribunal, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company 1 to recover or realise all such debts (including the debts payable by such debtor or obligor or any other Person to the Transferor Company 1) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors or other Persons to record such change.*

- (iii) All lease and licence agreements entered into by the Transferor Company 1 with various landlords, owners and lessors in connection with the use of the assets of the Undertaking of the Transferor Company 1, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company 1.*
- (iv) All immovable properties of the Transferor Company 1, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company 1, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company 1 and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof.*
- (vi) For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Boards of Directors of the Transferor Company 1 and the Transferee Company may approve the execution of such documents or deeds as may be necessary, including deed of assignment of lease or leave or licence (as the case may be) by the Transferor Company 1 in favour of the Transferee Company.*
- (vii) All liabilities, including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company 1, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall, pursuant to the sanction of the Scheme by the Tribunal and under the provisions of sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company, along with any charge, encumbrance, lien or security created in connection therewith, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Effective Date, the liabilities, debts, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 1, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 liabilities have arisen in order to give effect to the provisions of this Clause 2.1.2(vii).*

#### **Permits**

- (ix) All Governmental Approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licences, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be entitled to use or which may be required to carry on the operations of the Transferor Company 1, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company.*

- (x) *Without prejudice to the generality of the Clauses mentioned above, the assets of the Transferor Company 1 shall also include all permits, licences including the Unified Access Service Licence and Unified Licence issued by the DoT, authorisation, spectrum, and any other licences, approvals, clearances, authorities, quotas, allocations granted to the Transferor Company 1, all municipal approvals, permissions for establishing cellular towers (including cell site licences) or receiving stations or any broadband and/or approvals for bandwidth, authorisations, statutory rights, permissions, registrations, certificates, consents, authorities (including for the operation of bank accounts), powers of attorneys (given by, issued to or executed in favour of the Transferor Company 1) and benefits of all Contracts, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatever nature and howsoever named, properties, movable, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, liberties, ownerships rights and benefits, earnest moneys payable pertaining to the assets mentioned in the aforesaid Clauses, if any, all other rights and benefits, licences, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipment, titles, all other utilities, benefits of all Contracts, government Contracts, memoranda of understanding, project service agreements, pre-qualification, applications, bids, tenders, letters of intent, concessions, non-possessory contractual rights or any other Contracts, development rights, allocated deferred Tax and all other interest in connection with or relation to the Transferor Company 1 on the Effective Date shall stand transferred to the Transferee Company in accordance with the Applicable Laws. A list of the telecommunications licences held by the Transferor Company 1 is set out at Part A of Schedule 1.*

#### **Contracts**

- (xi) *All Contracts, deeds, bonds, agreements (including in connection with Contracts for services) and other instruments to which the Transferor Company 1 is a party, or to the benefit of which the Transferor Company 1 may be entitled, and which are subsisting or having effect immediately prior to the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect against or in favour of, as the case may be, the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party or beneficiary or obligor or obligee thereto or thereunder. The Transferee Company will, if required, enter into novation agreements in relation to such Contracts, deeds, bonds, agreements and other instruments.*

#### **Legal Proceedings**

- (xiii) *All legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company 1 pending on the Effective Date shall not abate or be discontinued or be prejudicially affected in any way by reason of the Scheme or by anything contained in the Scheme but shall be continued, prosecuted and enforced, as the case may be, 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 Companies. The Transferee Company undertakes to have all legal or other proceedings specified in this Clause 2.1.2(xiii), initiated by or against the Transferor Company 1, transferred to its name and to have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 1.*

#### **Employees**

- (xiv) *With effect from the Effective Date, all the staff and employees of the Transferor Company 1 who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company 1 and without any interruption of or break in service as a result of the transfer and vesting of the Undertaking of the Transferor Company 1 to the Transferee Company. With regard to provident fund, gratuity, superannuation, leave encashment and any other special scheme or benefits created by the Transferor Company 1 which exist immediately prior to the Effective Date, the Transferee Company shall stand substituted for the Transferor Company 1 for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as*

*the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company 1, in accordance with applicable Law. It is hereby clarified that upon this Scheme becoming effective, such benefits and schemes shall continue to be provided to the transferred employees and the service of all transferred employees of the Transferor Company 1 for such purpose shall be treated as having been continuous. The VIL Promoters confirm that the relevant Affiliates of the VIL Promoters shall comply with the terms of any employee benefit plan as of the Effective Date to the extent such plan grants benefits to the employees of Transferor Company 1 and its subsidiaries.*

#### **Intellectual Property**

*(xvi) All Intellectual Property Rights of the Transferor Company 1 shall stand transferred to and vested in the Transferee Company.*

#### **Inter se Transactions**

*(xvii) With effect from the Effective Date, all inter-se Contracts solely between the Transferor Company 1 and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including inter-alia any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company 1 and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any inter se loans, deposits or balances between the Transferor Company 1 and the Transferee Company.*

#### **Taxes**

*(xx) Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company 1, including any refunds, claims or credits (including credits for income Tax, withholding Tax, advance Tax, self-assessment Tax, minimum alternate Tax, CENVAT credit, goods and services Tax credits, other indirect Tax credits and other Tax receivables) shall be treated as the Tax liability, refunds, claims, or credits, as the case may be, of the Transferee Company, and any Tax incentives, benefits (including claims for unabsorbed Tax losses and unabsorbed Tax depreciation), advantages, privileges, exemptions, credits, Tax holidays, remissions or reductions, which would have been available to the Transferor Company 1, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such Taxes on behalf of the Transferor Company 1.*

#### **Creditors**

*(xxi) Upon this Scheme becoming effective, the secured creditors of the Transferor Company 1 and/or other holders of security over the properties of the Transferor Company 1 shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company 1, as existing immediately prior to the amalgamation of the Transferor Company 1 with the Transferee Company and the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company 1 with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company 1 with the Transferee Company, (a) the secured creditors of the Transferor Company 1 and/or other holders of security over the properties of the Transferor Company 1 shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company and (b) the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company 1 and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.*

## **2.2. Transfer of Authorised Share Capital**

### **2.2.1. With effect from the Effective Date:**

- (i) *the authorised share capital of the Transferor Company 1 shall stand transferred to and be amalgamated with the authorised share capital of the Transferee Company, without any liability for payment of any additional fees (including fees and charges to the relevant RoC) or stamp duty; and*
- (ii) *consequent to transfer of the existing authorised share capital of the Transferor Company 1 in accordance with Clause 2.2.1(i), the authorised share capital of the Transferee Company of Rs.82,750,000,000 (divided into 6,775,000,000 equity shares of Rs.10 each and 1,500 redeemable cumulative non-convertible preference shares of Rs.10,000,000 each) shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company to Rs.252,930,020,000 (divided into 23,793,002,000 equity shares of Rs.10 each and 1,500 redeemable cumulative non-convertible preference shares of Rs.10,000,000 each), it being clarified that the authorised share capital (equity share capital and preference share capital) of the Transferor Company 1 shall be deemed to have been reclassified into equity shares of Rs.10 each.*

2.2.2. *For the avoidance of doubt, it is hereby clarified that if the authorised share capital of the Transferor Company 1 or the Transferee Company undergoes any change, either as a consequence of any corporate action or otherwise, then this Clause 2.2 shall automatically stand modified to take into account the effect of such change.*

### **2.4. Issue of Shares**

2.4.1. *The Boards of Directors of the Transferor Company 1 and the Transferee Company have decided, at their respective meetings held on 19 March 2017 and 20 March 2017, respectively, that equity shares of the Transferee Company shall be issued to the Transferor Company 2 as a shareholder of the Transferor Company 1 in the manner set out in this Clause 2.4 based on the Valuer Report and their independent judgment (and solely in the case of the Transferee Company, the fairness opinion dated 19 March 2017 issued by Axis Capital Limited), and further, on the basis that the equity shares received by the Transferor Company 2 shall be cancelled upon Part III of this Scheme becoming effective.*

2.4.2. *Pursuant to the SEBI Circular, the price at which the above-referenced equity shares of the Transferee Company will be issued to the Transferor Company 2 will comply with the pricing guidelines for preferential allotments set forth in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Valuer Report has been prepared in accordance with the foregoing.*

2.4.3. *On the Effective Date, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the Transferor Company 2, the equity shareholder of the Transferor Company 1, an aggregate number of equity shares of Rs.10 each of the Transferee Company, credited as fully paid-up, equal in number to 89% (eighty nine per cent.) of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis on the date prior to such issuance (subject to completion of pre-closing adjustments pursuant to Clause 4.2.3) in consideration for the amalgamation of the Transferor Company 1 into and with the Transferee Company. It is hereby clarified that such shares shall be deemed to have been issued by the Transferee Company and received by the Transferor Company 2 on the Effective Date, and following such issuance, the Transferor Company 2 shall hold 47% (forty seven per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis.*

### **2.5. Dissolution of the Transferor Company 1**

*Upon Part II of this Scheme becoming effective, the Transferor Company 1 shall stand dissolved without being wound up, without any further act or deed.*

### **2.6. Accounting Treatment**

*Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.*

### **2.7. Promoters**

*Upon allotment of equity shares of the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme, the Transferor Company 2 shall be a promoter of the Transferee Company, together with the ICL Promoters.*

### **3 AMALGAMATION OF THE TRANSFEROR COMPANY 2 INTO AND WITH THE TRANSFEREE COMPANY**

- 3.1.1. *With effect from the Effective Date, subject to the provisions of this Scheme, the Undertaking of the Transferor Company 2 shall stand transferred to and vest in the Transferee Company, as a going concern, together with all its estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Effective Date, the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the Tribunal and the provisions of sections 230 to 232 and other applicable provisions of the Act.*
- 3.1.2. *Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Effective Date, in relation to the Undertaking:*
- (i) All assets of the Transferor Company 2 that are movable in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery shall, pursuant to this Scheme, stand vested in and/or be deemed to be vested in the Transferee Company and shall become the property of the Transferee Company without any further act, instrument or deed.*
  - (ii) All other movable assets of the Transferor Company 2, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, 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 Governmental Authorities, customers and other Persons, shall, on and from the Effective Date, stand transferred to, and vested in, the Transferee Company without any notice or other intimation to the debtors or obligors or any other Person. The Transferee Company may (without being obliged to do so), if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor or any other Person, that pursuant to the sanction of the Scheme by the Tribunal, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company 2 to recover or realise all such debts (including the debts payable by such debtor or obligor or any other Person to the Transferor Company 2) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors or other Persons to record such change.*
  - (iii) All lease and licence agreements entered into by the Transferor Company 2 with various landlords, owners and lessors in connection with the use of the assets of the Undertaking of the Transferor Company 2, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company 2.*
  - (iv) All immovable properties of the Transferor Company 2, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company 2, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company 2 and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof.*
  - (vi) For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Boards of Directors of the Transferor Company 2 and the Transferee Company may approve the execution of such documents or deeds as may be necessary, including deed of assignment of lease or leave or licence (as the case may be) by the Transferor Company 2 in favour of the Transferee Company.*

- (vii) *All liabilities, including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company 2, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall, pursuant to the sanction of the Scheme by the Tribunal and under the provisions of sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company, along with any charge, encumbrance, lien or security created in connection therewith, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Effective Date, the liabilities, debts, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 2, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 liabilities have arisen in order to give effect to the provisions of this Clause 3.1.2(vii).*

#### **Permits**

- (ix) *All Governmental Approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licences, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be entitled to use or which may be required to carry on the operations of the Transferor Company 2, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company.*
- (x) *Without prejudice to the generality of the Clauses mentioned above, the assets of the Transferor Company 2 shall also include all permits, licences including the Unified Access Service Licence and Unified Licence issued by the DoT, authorisation, spectrum, and any other licences, approvals, clearances, authorities, quotas, allocations granted to the Transferor Company 2, all municipal approvals, permissions for establishing cellular towers (including cell site licences) or receiving stations or any broadband and/or approvals for bandwidth, authorisations, statutory rights, permissions, registrations, certificates, consents, authorities (including for the operation of bank accounts), powers of attorneys (given by, issued to or executed in favour of the Transferor Company 2) and benefits of all Contracts, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatever nature and howsoever named, properties, movable, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, liberties, ownerships rights and benefits, earnest moneys payable pertaining to the assets mentioned in the aforesaid Clauses, if any, all other rights and benefits, licences, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipment, titles, all other utilities, benefits of all Contracts, government Contracts, memoranda of understanding, project service agreements, pre-qualification, applications, bids, tenders, letters of intent, concessions, non-possessory contractual rights or any other Contracts, development rights, allocated deferred Tax and all other interest in connection with or relation to the Transferor Company 2 on the Effective Date shall stand transferred to the Transferee Company in accordance with the Applicable Laws. A list of the telecommunications licences held by the Transferor Company 2 is set out at Part B of Schedule 1.*

#### **Contracts**

- (xi) *All Contracts, deeds, bonds, agreements (including in connection with Contracts for services) and other instruments to which the Transferor Company 2 is a party, or to the benefit of which the Transferor Company 2 may be entitled, and which are subsisting or having effect immediately prior to the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect against or in favour of, as the case may be, the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party or beneficiary or obligor or obligee thereto or thereunder. The Transferee*

Company will, if required, enter into novation agreements in relation to such Contracts, deeds, bonds, agreements and other instruments.

### **Legal Proceedings**

(xiii) All legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company 2 pending on the Effective Date shall not abate or be discontinued or be prejudicially affected in any way by reason of the Scheme or by anything contained in the Scheme but shall be continued, prosecuted and enforced, as the case may be, 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 Companies. The Transferee Company undertakes to have all legal or other proceedings specified in this Clause 3.1.2(xiii), initiated by or against the Transferor Company 2, transferred to its name and to have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 2.

### **Employees**

(xiv) With effect from the Effective Date, all the staff and employees of the Transferor Company 2 who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company 2 and without any interruption of or break in service as a result of the transfer and vesting of the Undertaking of the Transferor Company 2 to the Transferee Company. With regard to provident fund, gratuity, superannuation, leave encashment and any other special scheme or benefits created by the Transferor Company 2 which exist immediately prior to the Effective Date, the Transferee Company shall stand substituted for the Transferor Company 2 for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company 2, in accordance with applicable Law. It is hereby clarified that upon this Scheme becoming effective, such benefits and schemes shall continue to be provided to the transferred employees and the service of all transferred employees of the Transferor Company 2 for such purpose shall be treated as having been continuous. The VIL Promoters confirm that the relevant Affiliates of the VIL Promoters shall comply with the terms of any employee benefit plan as of the Effective Date to the extent such plan grants benefits to the employees of Transferor Company 2 and its subsidiaries.

### **Intellectual Property**

(xvi) All Intellectual Property Rights of the Transferor Company 2 shall stand transferred to and vested in the Transferee Company.

### **Inter se Transactions**

(xvii) With effect from the Effective Date, all inter-se Contracts solely between the Transferor Company 2 and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including inter-alia any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company 2 and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any inter se loans, deposits or balances between the Transferor Company 2 and the Transferee Company.

### **Taxes**

(xx) Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company 2, including any refunds, claims or credits (including credits for income Tax, withholding Tax, advance Tax, self-assessment Tax, minimum alternate Tax, CENVAT credit, goods and services Tax credits, other indirect Tax credits and other Tax receivables) shall be treated as the Tax liability, refunds, claims, or credits, as the case may be, of the Transferee Company, and any Tax incentives, benefits (including claims for unabsorbed Tax losses and unabsorbed Tax depreciation), advantages, privileges, exemptions, credits,

*Tax holidays, remissions or reductions, which would have been available to the Transferor Company 2, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such Taxes on behalf of the Transferor Company 2.*

### **Creditors**

(xxi) *Upon this Scheme becoming effective, the secured creditors of the Transferor Company 2 and/or other holders of security over the properties of the Transferor Company 2 shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company 2, as existing immediately prior to the amalgamation of the Transferor Company 2 with the Transferee Company and the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company 2 with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company 2 with the Transferee Company, (a) the secured creditors of the Transferor Company 2 and/or other holders of security over the properties of the Transferor Company 2 shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company and (b) the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company 2 and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.*

### **3.2. Transfer of Authorised Share Capital**

#### **3.2.1. With effect from the Effective Date:**

- (i) *the authorised share capital of the Transferor Company 2 shall stand transferred to and be amalgamated with the authorised share capital of the Transferee Company, without any liability for payment of any additional fees (including fees and charges to the relevant RoC) or stamp duty; and*
- (ii) *consequent to transfer of the existing authorised share capital of the Transferor Company 2 in accordance with Clause 3.2.1(i), the authorised share capital of the Transferee Company of Rs.252,930,020,000 (divided into 23,793,002,000 equity shares of Rs.10 each and 1,500 redeemable cumulative non-convertible preference shares of Rs.10,000,000 each) shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company to Rs.302,930,020,000 (divided into 28,793,002,000 equity shares of Rs.10 each and 1,500 redeemable cumulative non-convertible preference shares of Rs.10,000,000 each).*

3.2.2. *For the avoidance of doubt, it is hereby clarified that if the authorised share capital of the Transferor Company 2 or the Transferee Company undergoes any change, either as a consequence of any corporate action or otherwise, then this Clause 3.2 shall automatically stand modified to take into account the effect of such change.*

### **3.4. Issue of Shares**

3.4.1. *The Boards of Directors of the Transferor Company 2 and the Transferee Company have decided, at their respective meetings held on 19 March 2017 and 20 March 2017, respectively, that equity shares of the Transferee Company shall be issued to the shareholders of the Transferor Company 2 in the manner set out in this Clause 3.4 based on the Valuer Report and their independent judgment (and solely in the case of the Transferee Company, the fairness opinion dated 19 March 2017 issued by Axis Capital Limited).*

3.4.2. *Pursuant to the SEBI Circular, the price at which the above-referenced equity shares of the Transferee Company will be issued to the shareholders of the Transferor Company 2 will comply with the pricing guidelines for preferential allotments set forth in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Valuer Report has been prepared in accordance with the foregoing.*

3.4.3. *On the Effective Date, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company 2, an aggregate number of equity*

shares of Rs.10 each of the Transferee Company, credited as fully paid-up, equal in number to 100% (one hundred per cent.) of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis immediately prior to such issuance (subject to, and after, completion of: (i) pre-closing adjustments pursuant to Clause 4.2.3; and (ii) cancellation of shares pursuant to Clause 3.4.4(ii)), which shall be issued and allotted to the shareholders of the Transferor Company 2 in proportion to their shareholding in the Transferor Company 2 in consideration for the amalgamation of the Transferor Company 2 into and with the Transferee Company. It is hereby clarified that such shares shall be deemed to have been issued by the Transferee Company and received by the shareholders of the Transferor Company 2 on the Effective Date, and following such issuance, the shareholders of Transferor Company 2 shall hold 50% (fifty per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis.

3.4.4. For the purpose of issue and allotment of shares pursuant to this Clause 3.4, the following terms shall apply:

- (ii) The equity shares issued by the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme shall stand cancelled in their entirety, without any further act, instrument or deed. Such cancellation of the share capital of the Transferee Company upon the amalgamation of the Transferor Company 2 with the Transferee Company shall be effected as a part of the Scheme itself and not in accordance with section 66 of the Act. The order of the Tribunal sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction and no separate sanction under section 66 of the Act shall be necessary.
- (iv) The issue and allotment of shares as provided in the Scheme shall be carried out in accordance with the provisions of the Act. All shareholders of the Transferor Company 2 shall be issued fresh equity shares in the Transferee Company in dematerialised form.

### **3.5. Dissolution of the Transferor Company 2**

Upon Part III of this Scheme becoming effective, the Transferor Company 2 shall stand dissolved without being wound up, without any further act or deed.

### **3.6. Accounting Treatment**

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in its books of account (read with Clause 2.6) in accordance with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

### **3.7. Promoters**

Upon allotment of equity shares of the Transferee Company to the VIL Promoters pursuant to Part III of this Scheme, the VIL Promoters shall be promoters of the Transferee Company, together with the ICL Promoters.

## **4 GENERAL TERMS AND CONDITIONS**

4.1.3. Prior to the Effective Date: (i) each of ICL and VIL may enter into one or more transactions to dispose of any of the standalone towers directly or indirectly owned by it in 22 Circles, subject to the consent of the other Group; and (ii) ICL may enter into one or more transactions to dispose of any equity shares in Indus directly or indirectly held by it, subject to the consent of the Vodafone Group.

4.1.4. Prior to the Effective Date, certain identified assets of the Shared Services Business are intended to be transferred to VIL in one or more transactions (each a "Pre-Merger Acquisition").

4.1.5. Notwithstanding anything contained in this Scheme, the Transferor Companies may undertake Pre-Merger Disposal(s), and consequently, the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof) shall not be transferred to the Transferee Company pursuant to this Scheme. Any costs, Taxes, expenses and liabilities incurred at any time in connection with a Pre-Merger Disposal shall be borne by the VIL Promoters in accordance with the Implementation Agreement.

### **4.2. Sequence of Events**

4.2.1. The following shall be deemed to have occurred on the Effective Date and become effective and operative only in the sequence and in the order set out below:

- (i) filing of certified copies of the Judgment(s) of the Tribunal with the relevant RoCs by each of VMSL and ICL pursuant to which amalgamation of the Transferor Company 1 into and with the Transferee Company in accordance with Part II of this Scheme shall become effective;

- (ii) *transfer of the authorised share capital of the Transferor Company 1 to the Transferee Company and consequential increase in the authorised share capital of the Transferee Company in accordance with Part II of this Scheme;*
  - (iii) *issue and allotment of fully paid up equity shares of the Transferee Company to the Transferor Company 2 in accordance with Part II of this Scheme;*
  - (iv) *dissolution of the Transferor Company 1 without winding-up;*
  - (v) *filing of certified copies of the Judgment(s) of the Tribunal with the relevant RoC by VIL pursuant to which amalgamation of the Transferor Company 2 into and with the Transferee Company in accordance with Part III of this Scheme shall become effective;*
  - (vi) *transfer of the authorised share capital of the Transferor Company 2 to the Transferee Company and consequential increase in the authorised share capital of the Transferee Company in accordance with Part III of this Scheme;*
  - (vii) *cancellation of the shares issued by the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme;*
  - (viii) *issue and allotment of fully paid up equity shares of the Transferee Company to the shareholders of the Transferor Company 2 as of the Record Date in accordance with Part III of this Scheme; and*
  - (ix) *dissolution of the Transferor Company 2 without winding-up.*
- 4.2.2. *Following completion of the steps set out in Clause 4.2.1(i) to (ix) above and Clause 5, the VIL Promoters shall hold 45.1% (forty five point one per cent.) of the equity share capital of the Transferee Company and the ICL Promoters shall hold 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company, in each case, on a Fully-Diluted Basis, and each ICL Promoter and each VIL Promoter shall be categorised as a “promoter” of the Transferee Company.*
- 4.2.3. *The shareholding pattern of the Transferee Company as specified in Clause 4.2.2 is based on the contribution of agreed levels of debt by the VIL Merger Group and the ICL Merger Group, which shall be achieved pursuant to pre-closing adjustments set forth in the Implementation Agreement.*

#### **4.3. Amendment of Organisational Documents**

*With effect from the Effective Date:*

- (a) *Clause V of the memorandum of association of the Transferee Company shall be amended and replaced with the following:*

*“The authorised share capital of the Company is Rs.302,930,020,000 (Rupees Three Hundred and Two Billion Nine Hundred and Thirty Million Twenty Thousand only) divided into 28,793,002,000 (Twenty Eight Billion Seven Hundred and Ninety Three Million Two Thousand only) equity shares of Rs.10 (Rupees Ten) each, 1,500 (One Thousand Five Hundred) redeemable cumulative non-convertible preference shares of Rs.10,000,000 (Rupees Ten Million only) each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 2013) and to attach thereto respectively such preferential qualified or special rights, privileges or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force.”*

*For the avoidance of doubt, it is hereby clarified that if the authorised share capital of any Party undergoes any change, either as a consequence of any corporate action or otherwise, then the authorised share capital to be specified in Clause V of the memorandum of association of the Transferee Company with effect from the Effective Date shall automatically stand modified to take into account the effect of such change, if any.*

- (b) *The articles of association of the Transferee Company shall be amended and restated in the manner set out in Schedule 3 of this Scheme. If the Transferee Company is required to amend its articles of association for compliance with applicable Law prior to the Effective Date, such amended articles shall, without any further act, instrument or deed, form a part of the amended and restated articles of association of the Transferee Company as set out in Schedule 3.*

#### **4.4. Agreements with ICL and VIL group companies**

- 4.4.1 In connection with this Scheme, ICL shall enter into (i) a recharges agreement with Vodafone Group Services Limited, a group company of the VIL Promoters, and (ii) a recharges agreement with Aditya Birla Management Corporation Private Limited, a group company of the ICL Promoters, which, in each case, shall become effective on the Effective Date, and shall set out the terms and conditions on which such companies will provide certain services to ICL following the Effective Date (together, the “**Recharges Agreements**”).
- 4.4.2 Pursuant to the Scheme, on the Effective Date, ICL will become a party to the Brand Licence Agreement with Vodafone Sales & Services Limited, a group company of the VIL Promoters, which shall govern the terms and conditions on which the Vodafone brand shall be licenced to ICL.
- 4.4.3 On the Effective Date, all existing Contracts and other arrangements with Related Parties entered into by each Target Group shall terminate other than the Recharges Agreements, the Brand Licence Agreement, the Contracts listed as surviving the Effective Date in the Recharges Agreements and the Contracts listed in Parts B and C of Schedule 2. The Parties acknowledge and agree that each Group has made good faith efforts to identify Contracts that are intended to survive the Effective Date, however, Parts B and C of Schedule 2 may not list all such Contracts. If, prior to the Effective Date, either Group identifies any additional Contracts that are intended to survive the Effective Date, such Contracts shall survive the Effective Date, subject to the consent of the other Group (which shall not be unreasonably withheld).

#### **4.8. Conditions Precedent**

The Scheme is and shall be conditional upon satisfaction or waiver (if applicable) of the following conditions at or prior to the Long Stop Date, in the manner agreed in the Implementation Agreement:

- (a) Stock Exchanges’ Approval. ICL shall have received no-objection letters from the Stock Exchanges in respect of the Scheme (prior to filing the Scheme with the Tribunal as well as following approval of the Scheme by the Tribunal) and the transactions contemplated therein, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (b) Approval of the Tribunal. The Scheme shall have been approved by the Tribunal, either on terms as originally approved by the relevant parties to the Scheme, or subject to such modifications approved by the Tribunal, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (c) Approval under Competition Law. The written approval of the CCI in respect of the transactions contemplated herein shall have been obtained, pursuant to a joint application by VIL and ICL, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith, or the waiting period during which the CCI is required to provide its decision in respect of the application for approval in respect of the transactions contemplated herein, together with any extensions thereof, shall have expired.
- (d) FIPB and RBI Approvals. The approval of the FIPB and the RBI shall have been obtained in relation to the transactions contemplated herein pursuant to applications by ICL, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (e) DoT. (a) The written approvals of the DoT with respect to the transactions contemplated under the Scheme shall have been received, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith, and any conditions contained in such approvals that are required to be satisfied shall have been so satisfied (or, where applicable, waived) other than any condition relating to the payment of demands or charges set out in such written approvals and any other conditions which by their nature are capable of satisfaction only on or immediately prior to the Effective Date; and (b) any demands or charges required to be paid by the terms of the written approvals received from the DoT shall have been paid in accordance with applicable Law, by the Party stated as being responsible for such demands or charges.
- (f) No Injunctions or Restraints; Illegality. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Judgment that is in effect and restrains, enjoins, prohibits or otherwise makes illegal consummation of the transactions contemplated under the Scheme and other transaction documents.
- (g) Shareholders’ and Creditors’ Approval. Each of the Scheme, the Recharges Agreements and the Brand Licence Agreement shall have been approved by the respective requisite majority of various classes of

members and creditors of the Parties (where applicable) in accordance with the Act, the SEBI Circular and the SEBI Listing Regulations, as applicable.

- (h) Shareholder Approval under SEBI Circular. The public shareholders of ICL shall have approved the transactions contemplated herein pursuant to, and in accordance with, the SEBI Circular. The Scheme shall be acted upon only if the number of votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it in terms of the SEBI Circular.
- (i) Pre-Merger Disposal. VIL shall have transferred its equity interest in Indus to any other Person, provided that the Vodafone Group shall have complied with the relevant provisions of the Implementation Agreement and made all reasonable endeavours to obtain any Governmental Approvals necessary for such disposal, including approvals of the Tribunal and the FIPB, if applicable
- (j) Others. Such other conditions precedent as may be agreed among the Parties under the Implementation Agreement, including absence of any material adverse change and completion of pre-closing adjustments pursuant to Clause 4.2.3.

#### **4.9. Effect of Non-Receipt of Approvals; Withdrawal**

- 4.9.1. In the event the conditions precedent to the Scheme are not satisfied or waived on or prior to the Long Stop Date, this Scheme shall become null and void and, except as agreed in writing among the Parties, no rights or liabilities whatsoever shall accrue to, or be incurred by, the Parties or their respective shareholders or creditors or employees or any other Person. In addition, termination fees of US\$500 million would become payable in accordance with the Implementation Agreement under certain circumstances as specified therein.

#### **4.10. Indemnity**

The parties to the Implementation Agreement have agreed: (i) to indemnify each other for certain events as set forth therein, including in relation to breach of representations and warranties, and covenants; and (ii) a mechanism for payments to each other pursuant to crystallisation of certain identified contingent liabilities and refunds.

### **5 CERTAIN ARRANGEMENTS AMONG THE PARTIES, THE VIL PROMOTERS AND THE ICL PROMOTERS**

- 5.1. The Parties, the ICL Promoters and the VIL Promoters have agreed, pursuant to and in terms of the Implementation Agreement, to enter into certain other transactions (the “**Promoter Share Transactions**”) pursuant to which, following completion of (a) the amalgamation of Transferor Company 1 and Transferor Company 2 into and with the Transferee Company in accordance with Parts II, III and IV of the Scheme and (b) the Promoter Share Transactions set out in this Clause 5.1 and Clause 5.2, the shareholding pattern of the Transferee Company on a Fully-Diluted Basis shall ultimately be as follows:
  - (i) the VIL Promoters shall hold 45.1% (forty five point one per cent.) of the equity share capital of the Transferee Company; and
  - (ii) the ICL Promoters shall hold 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company.
- 5.2. The ICL Promoters may, in order to meet the leverage ratio requirement specified in the Implementation Agreement, infuse equity capital in the Transferee Company prior to the Effective Date. If such event does not occur, or upon occurrence of such event, the shareholding of the ICL Promoters is (or will be) less than 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis following the completion of the steps set out in Clause 4.2.1(i) to (ix) on the Effective Date, the Parties, the ICL Promoters and the VIL Promoters shall undertake the Promoter Share Transactions which may include: (a) the purchase by one or more ICL Promoters (the “**Idea Purchasers**”) of securities representing up to 9.88% (nine point eight eight per cent.) of the equity share capital of VIL on a Fully-Diluted Basis (the “**VIL Sale Shares**”), free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration prior to the Effective Date, and failing agreement on such purchase among the parties to the Implementation Agreement, (b) the purchase by the Idea Purchasers of the Sale Shares, free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration following the completion of the steps set out in Clause 4.2.1(i) to (ix); provided that in the event the Effective Date does not occur and actions set out in this Clause have been completed, the Parties shall make all reasonable endeavours to restore the Idea Purchasers, VIL and the VIL Promoters to their respective original positions, as if the actions under this Clause did not occur and any costs, Taxes and expenses incurred for purposes of such restoration shall be borne by the VIL Promoters and the ICL Promoters equally.

- 5.3. *It is clarified that in the event that the Promoter Share Transaction specified in Clause 5.2(b) above is undertaken, such transaction shall be deemed to have occurred on the Effective Date.*

**You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the salient extracts thereof.**

#### **Valuation and accounting treatment**

45. Summary of the Joint Valuation Report including the basis of valuation is enclosed as **Annexure 7**.
46. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificate issued by the Statutory Auditor of ICL is open for inspection at the registered office of ICL.

#### **Effect of the Scheme on various parties**

47. The Scheme, amongst others, contemplates the following arrangement:
- (a) On the Effective Date and as enumerated under Part II of the Scheme, ICL shall allot equity shares to VIL in the manner as stipulated in Clause 2.4 of Part II of the Scheme;
  - (b) On the Effective Date and as enumerated under Part III of the Scheme, the shares issued by ICL to VIL pursuant to Part II of the Scheme shall stand cancelled and ICL shall allot equity shares to the shareholders of VIL in the manner as stipulated in Clause 3.4 of Part III of the Scheme;
  - (c) The authorised share capital of VIL and VMSL, respectively, shall stand transferred to and be amalgamated with the authorised share capital of ICL in the manner as stipulated in Clause 2.2.1 of Part II and Clause 3.2.1 of Part III of the Scheme;
  - (d) The equity shares issued by ICL to VIL pursuant to Part II of the Scheme shall stand cancelled in their entirety, which shall be effected as a part of the Scheme itself and not in accordance with section 66 of the Act in the manner as stipulated in Clause 3.4.4(ii) of Part III of the Scheme;
  - (e) Clause V of the memorandum of association of ICL shall be amended in accordance with Clause 4.3(a) of Part IV of the Scheme;
  - (f) The articles of association of ICL shall be amended and restated in the manner as set out in Schedule 3 of the Scheme;
  - (g) ICL shall enter into Recharges Agreements and Brand Licence Agreement as set out in Clauses 4.4.1 and 4.4.2 of the Scheme;
  - (h) All existing contracts and other arrangements of ICL and its subsidiaries with related parties (except the Recharges Agreements and Brand Licence Agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the Recharges Agreements or in Schedule 2 of the Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Scheme;
  - (i) Certain arrangements as stipulated in Clause 5 of Part V of the Scheme.

Thus, under the Scheme, an arrangement is sought to be entered into between ICL and its equity shareholders.

Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of ICL. No compromise is offered under the Scheme to any of the creditors of ICL. The liability of the creditors of ICL, under the Scheme, is neither being reduced nor being extinguished.

Under the Scheme, no arrangement is sought to be entered into between ICL and its debenture holders (either secured or unsecured). No rights of the debenture holders of ICL are being affected pursuant to the Scheme. The debenture trustee(s) appointed for the different series of Non-Convertible Debentures shall continue to remain the debenture trustee(s).

As on date, ICL has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.

Under the Scheme, no rights of the staff and employees of ICL are being affected. The services of the staff and employees of ICL, shall continue on the same terms and conditions on which they were engaged by ICL.

As stipulated in Clause 3.7 of Part III read with Clause 4.2.2 of Part IV of the Scheme, upon allotment of equity shares of ICL to the promoters of VIL pursuant to Part III of the Scheme, the existing promoters of ICL together with the promoters of VIL shall be the promoters of ICL. Upon completion of the steps as set out in Clause 4.2.1 of Part IV of the Scheme and Clause 5 of Part V of the Scheme, the promoters of ICL shall hold 26.0% of the paid-up equity share capital of ICL and the promoters of VIL shall hold 45.1% of the paid-up equity share capital of ICL on the Effective Date on a

Fully-Diluted Basis. Further, as per article 12 of Part III of the articles of association as set out in Schedule 3 of the Scheme and with effect from the Effective Date, the promoters of ICL have the right to acquire additional equity share capital of ICL from the promoters of VIL under an agreed mechanism, with a view to equalising the shareholdings of the promoters of ICL and the promoters of VIL in ICL.

With effect from the Effective Date, the composition of the Board of Directors of ICL shall be in the manner as stipulated in articles 5.2 and 5.7 of Part III of the articles of association set out in Schedule 3 to the Scheme.

With effect from the Effective Date, the appointment of certain of the key managerial personnel of ICL shall be in the manner as stipulated in article 7 of Part III of the articles of association set out in Schedule 3 to the Scheme.

The directors, key managerial personnel of ICL and their respective relatives may have an interest in the Scheme to the extent of the equity shares held by them in ICL and/or to the extent that one of the directors, namely, Mr. Kumar Mangalam Birla, is a promoter of ICL and/or to the extent that the said promoter along with other promoters of ICL may hold shares in ICL as stated earlier and/or to the extent that two of the directors namely, Mr. Kumar Mangalam Birla and Mr. Himanshu Kapania of ICL are the directors of Aditya Birla Management Corporation Private Limited with whom ICL shall enter into a recharges agreement as contemplated under Clause 4.4.1 of the Scheme and/or to the extent that the said director(s), key managerial personnel and their respective relatives are the director(s), members of the companies that holds shares in ICL. Save as aforesaid, none of the said directors or key managerial personnel has any material interest in the Scheme. Further, the directors, the key managerial personnel of ICL and their respective relatives do not hold any shares either in VMSL or in VIL.

48. Under the Scheme, an arrangement is sought to be entered into between VMSL and its equity shareholders. With effect from the Effective Date, the equity shareholder of VMSL, namely, VIL, shall become the equity shareholder of ICL in the manner as stipulated in Clause 2.4 of Part II of the Scheme. Further, with effect from the Effective Date and upon the amalgamation of VIL with ICL as provided in Part III of the Scheme, the equity shares issued by ICL to VIL pursuant to Part II of the Scheme, shall stand cancelled.

As set out in Clauses 4.4.1 and 4.4.2 of the Scheme, ICL shall enter into a recharges agreement with Vodafone Group Services Limited as well as become a party to a brand licence agreement with Vodafone Sales and Services Limited, each of which is a group company of the VIL Promoters. Further, pursuant to Clause 4.4.3 of the Scheme, all existing contracts and other arrangements with Vodafone group companies (except the recharges agreement and brand licence agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the recharges agreements or in Schedule 2 of the Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Scheme.

Under the Scheme, there is no arrangement with the creditors (including debenture-holders) of VMSL. With effect from the Effective Date and as provided in Part II of the Scheme, the creditors of VMSL (including debenture-holders) shall become the creditors of ICL. No compromise is offered under the Scheme to any of the creditors of VMSL. The liability of the creditors of VMSL, under the Scheme, is neither being reduced nor being extinguished. The creditors of VMSL would in no way be affected by the Scheme.

As on date, VMSL has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise. The debenture trustee appointed in respect of the unsecured debentures issued by VMSL shall continue to remain the debenture trustee and accordingly, will not be affected by the Scheme in any manner.

Under Clause 2.1.2(xiv) of Part II of the Scheme and with effect from the Effective Date, ICL undertakes to engage all the staff and employees of VMSL on the terms and conditions not less favourable than those on which they are engaged by VMSL and without any interruption of or break in service. In the circumstances, the rights of the staff and employees of VMSL would in no way be affected by the Scheme.

With effect from the Effective Date, VMSL shall stand dissolved without winding up. In the circumstances, the directors and key managerial personnel of VMSL shall cease to be the directors and key managerial personnel of VMSL.

None of the directors or key managerial personnel of VMSL and/or relatives of the directors or key managerial personnel is concerned or interested, financially or otherwise, in the Scheme save and except to the extent of shares held by them in ICL, if any, shares held by them in the capacity of a nominee of VIL or such director(s) are director(s) of any Vodafone group company referenced in Clause 4.4 of the Scheme. None of the directors of VMSL (individually or in association with other directors of VMSL) or key managerial personnel of VMSL holds shares exceeding two per cent. of the paid-up share capital of ICL.

49. Under the Scheme, an arrangement is sought to be entered into between VIL and its equity shareholders. With effect from the Effective Date, the equity shareholders of VIL shall become the equity shareholders of ICL in the manner as stipulated in Clause 3.4 of Part III of the Scheme.

As set out in Clauses 4.4.1 and 4.4.2 of the Scheme, the Transferee Company shall enter into a recharges agreement with Vodafone Group Services Limited as well as become a party to a brand licence agreement with Vodafone Sales and Services Limited, each of which is a group company of the VIL Promoters. Further, pursuant to Clause 4.4.3 of the Scheme, all existing contracts and other arrangements with Vodafone group companies (except the recharges agreement and brand licence agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the recharges agreements or in Schedule 2 of the Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Scheme.

Under the Scheme, there is no arrangement with the creditors of VIL. With effect from the Effective Date and as provided in Part III of the Scheme, the creditors of VIL shall become the creditors of ICL. No compromise is offered under the Scheme to any of the creditors of VIL. The liability of the creditors of VIL, under the Scheme, is neither being reduced nor being extinguished. The creditors of VIL would in no way be affected by the Scheme.

As on date, VIL has no outstanding public deposits or debentures and therefore, the effect of the Scheme on any such public deposit holders or debenture holders or deposit trustees or debenture trustees does not arise.

Under Clause 3.1.2(xiv) of Part III of the Scheme and with effect from the Effective Date, ICL undertakes to engage all the staff and employees of VIL on the terms and conditions not less favourable than those on which they are engaged by VIL and without any interruption of or break in service. In the circumstances, the rights of the staff and employees of VIL would in no way be affected by the Scheme.

As stipulated in Clause 3.7 of Part III read with Clause 4.2.2 of Part IV of the Scheme, upon allotment of equity shares of ICL to the promoters of VIL pursuant to Part III of the Scheme, the promoters of VIL together with the existing promoters of ICL shall be the promoters of ICL. Upon completion of the steps as set out in Clause 4.2.1 of Part IV of the Scheme and Clause 5 of Part V of the Scheme, the promoters of ICL shall hold 26.0% of the paid-up equity share capital of ICL and the promoters of VIL shall hold 45.1% of the paid-up equity share capital of ICL on the Effective Date on a Fully-Diluted Basis. Further, as per article 12 of Part III of the articles of association as set out in Schedule 3 of the Scheme and with effect from the Effective Date, the promoters of ICL have the right to purchase such additional equity share capital of ICL from the promoters of VIL under an agreed mechanism, as set out in Schedule 3 of the Scheme, with a view to equalising the shareholdings of the promoters of ICL and the promoters of VIL in ICL. If the promoters of ICL do not equalise their shareholding by the expiry of the fourth year from completion of amalgamation, the promoters of VIL are obliged to reduce their shareholding in ICL in order to equalise their shareholding with that of the promoters of ICL over the following five year period based on the terms of the Shareholders' Agreement.

With effect from the Effective Date, VIL shall stand dissolved without winding up. In the circumstances, the directors and key managerial personnel of VIL shall cease to be the directors and key managerial personnel of VIL.

None of the directors or key managerial personnel of VIL and/or relatives of the directors or key managerial personnel is concerned or interested, financially or otherwise, in the Scheme save and except to the extent of shares held by them in ICL, if any, or such director(s) are director(s) of any Vodafone group company referenced in Clause 4.4 of the Scheme. None of the directors of VIL (individually or in association with other directors of VIL) or key managerial personnel of VIL holds shares exceeding two per cent. of the paid-up share capital of ICL.

50. In compliance with the provisions of Section 232(2)(c) of the Act, the respective Board of Directors of ICL, VMSL and VIL, in their separate meetings, held on 20<sup>th</sup> day of March 2017, 14<sup>th</sup> day of July 2017 and 17<sup>th</sup> day of July 2017, has adopted a report, inter alia, explaining the effect of the Scheme on their respective shareholders and key managerial personnel amongst others. Copy of the Reports adopted by the respective Board of Directors of ICL, VMSL and VIL are enclosed as **Annexure 8**, **Annexure 9** and **Annexure 10**, respectively.

#### **Other matters**

51. No investigation has been instituted or is pending in relation to the Companies under Chapter XIV of the Act or under the corresponding provisions of Sections 235 to 251 of the Companies Act, 1956.
52. No proceedings are pending under the Act or under the corresponding provisions of the Companies Act, 1956 against ICL and VMSL. However, the Registrar of Companies, Mumbai after conducting inspection has issued show cause notices to VIL and to relevant directors/ officers, a summary of which is enclosed as **Annexure 11**.
53. To the knowledge of ICL no winding up proceedings have been filed or are pending against ICL under the Act or the corresponding provisions of the Companies Act, 1956. Further, to the knowledge of the Transferor Companies, no winding up proceedings have been filed or are pending against the Transferor Companies under the Act or the corresponding provisions of the Companies Act, 1956.

54. The copy of the proposed Scheme has been filed by ICL, VMSL and VIL before the concerned Registrar of Companies, on the 10<sup>th</sup> day of August 2017, 19<sup>th</sup> day of August 2017 and 19<sup>th</sup> day of August 2017, respectively.
55. With effect from the Effective Date, the percentage shareholding of the equity shareholders of ICL (expected) would be as provided under paragraph 69 herein below under the heading '*Post-arrangement (expected) shareholding pattern of ICL (assuming the continuing shareholding pattern as on 31st day of July 2017)*'.
56. The Supplementary Unaudited Accounting Statement of ICL, VMSL and VIL, respectively, for the quarter ended 30<sup>th</sup> day of June 2017, are enclosed as **Annexure 12**, **Annexure 13** and **Annexure 14**, respectively.
57. In terms of SEBI Circular, the applicable information of VMSL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed as **Annexure 15**.
58. In terms of SEBI Circular, the applicable information of VIL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed as **Annexure 16**.
59. As per the books of accounts (as on 31<sup>st</sup> day of July 2017) of ICL, VMSL and VIL, respectively, the amount due to the unsecured creditors are ₹ 5,35,98,13,19,117/-, ₹ 6,25,11,07,84,679/- and ₹ 1,02,31,87,32,848/-, respectively.
60. The names and addresses of the promoters of ICL including their shareholding in the Companies as on 31<sup>st</sup> day of July 2017 are as under:

Sr. No.	Name and address of Promoters	ICL		VMSL		VIL	
		No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%
<b>Promoter</b>							
1.	Shri Kumar Mangalam Birla Aditya Birla Centre, 'C' Wing, 3rd Floor, S. K. Ahire Marg, Worli, Mumbai - 400030	2,33,333	0.01	-	-	-	-
2.	Grasim Industries Limited Aditya Birla Centre, 'A' Wing, 4th Floor, S. K. Ahire Marg, Worli, Mumbai - 400025	1,00,85,40,115	27.96	-	-	-	-
3.	Birla TMT Holdings Private Limited 212, 2nd Floor, T V Industrial Estate, 52, S. K. Ahire Marg, Worli, Mumbai - 400030	28,35,65,373	7.86	-	-	-	-
4.	Hindalco Industries Limited Century Bhavan, 3rd Floor, Dr. A. B. Road, Worli, Mumbai - 400025	22,83,40,226	6.33	-	-	-	-

Sr. No.	Name and address of Promoters	ICL		VMSL		VIL	
		No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%
5.	Pilani Investment and Industries Corporation Limited Birla Building, 14th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700001	81,68,500	0.23	-	-	-	-
	<b>Total</b>	<b>1,52,88,47,547</b>	<b>42.39</b>	-	-	-	-

61. The names and addresses of the promoters of VMSL including their shareholding in the Companies as on 31<sup>st</sup> day of July 2017 are as under:

Sr. No.	Name and address of Promoters	VMSL		VIL		ICL	
		No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%
<b>Promoters</b>							
1.	Vodafone India Limited Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013	1,37,63,02,720	100.00	-	-	-	-
	<b>Total</b>	<b>1,37,63,02,720</b>	<b>100.00</b>	-	-	-	-

62. The names and addresses of the promoters of VIL including their shareholding in the Companies as on 31<sup>st</sup> day of July 2017 are as under:

Sr. No.	Name and address of Promoters	VIL		VMSL		ICL	
		No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%
<b>Promoters</b>							
1	Vodafone International Holdings B.V. Rivium Quadrant 173, 2909 LC, Capelle Aan Den Ijssel, The Netherlands	-	-	-	-	-	-
2	Al-Amin Investments Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	15,45,82,753	5.49	-	-	-	-
3	Asian Telecommunication Investments (Mauritius) Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	18,65,62,701	6.63	-	-	-	-
4	CCII (Mauritius) Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	8,49,17,370	3.02	-	-	-	-

Sr. No.	Name and address of Promoters	VIL		VMSL		ICL	
		No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%	No. of Shares of ₹ 10/- each	%
5	Euro Pacific Securities Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius.	75,89,86,306	26.98	-	-	-	-
6	Vodafone Telecommunications (India) Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius.	30,91,65,696	10.99	-	-	-	-
7	Mobilvest Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	31,88,70,690	11.33	-	-	-	-
8	Prime Metals Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	41,59,86,399	14.79	-	-	-	-
9	Trans Crystal Ltd. Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	27,80,20,841	9.88	-	-	-	-
10	Omega Telecom Holdings Private Limited 127, Maker Chamber III, Nariman Point, Mumbai 400 021	6,34,89,774	2.26	-	-	-	-
11	Telecom Investments India Private Limited 127, Maker Chamber III, Nariman Point, Mumbai 400 021	16,09,75,557	5.72	-	-	-	-
12	Jaykay Finholding (India) Private Limited 127, Maker Chamber III, Nariman Point, Mumbai 400 021	63,67,671	0.23	-	-	-	-
13	Usha Martin Telematics Limited 8th Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector - V, Saltlake City, Kolkata 700 091	7,53,70,065	2.68	-	-	-	-
	<b>Total</b>	<b>2,81,32,95,823</b>	<b>100</b>	-	-	-	-

63. The names and addresses of the directors of ICL as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name of Director	Designation	Address	PAN	DIN
1	Mr. Kumar Mangalam Birla	Non-Executive Chairman	Mangal Adityayan, 20, Carmichael Road, Mumbai- 400026.	AEFPB5926H	00012813
2	Mrs. Rajashree Birla	Non-Executive Director	Mangal Adityayan, 20, Carmichael Road, Mumbai- 400026.	AAFPB1583L	00022995
3	Mr. Arun Kannan Thiagarajan	Independent Director	102, Prestige Ashcroft, 47/11, Lavelle Road, 6th Cross, Bangalore-560001	AAUPT7709H	00292757
4	Ms. Tarjani Manmukhram Vakil	Independent Director	A-1, Ishwardas Mansion, Nana Chowk, Mumbai - 400007	ABWPV7272L	00009603
5	Mr. Mohanbir Singh Gyani	Independent Director	2137 Cascara Ct., Pleasanton, California, USA 94588	AVUPG8854D	00943522
6	Mr. Pejavar Murari	Independent Director	No. 2, Gilchrist Avenue, Harrington Road, Chetpet, Chennai-600031, Tamil Nadu	AAKPP8236F	00020437
7	Mrs. Alka Marezban Bharucha	Independent Director	7E, Harbour Heights "A", N.A. Sawant Marg, Colaba, Mumbai-400 005	AABPB5063D	00114067
8	Mr. Baldev Raj Gupta	Independent Director	1180, Urban Estate, Phase-1, Jalandhar, Punjab-144022	AAZPG5716E	00020066
9	Dr. Shridhir Sariputta Hansa Wijayasuriya	Non-Executive Director	No.19, Bagatelle Road, Colombo 03, Sri Lanka	N.A.	00363174
10	Mr. Sanjeev Aga	Non-Executive Director	1301 Satguru Sanskar, 3rd Road, Off Turner Road, Near Almeida Park, Bandra (West), Mumbai- 400 050	AAAPA2497D	00022065
11	Mr. Himanshu Kapania	Managing Director	1401/1402, Vastu Bandra CHS, 14th Floor, B.J. Road, Dr. Pereira Road, Bandra (West), Mumbai-400 050	AAIPK2985J	03387441
12	Mr. Akshaya Moondra	Whole Time Director & Chief Financial Officer	Flat No. 601, 6th Floor, Sangeeta Apartment, 15th Road, Santacruz (West), Mumbai- 400054	AJJPM6401F	02606784

64. The names and addresses of the directors of VMSL as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name of Director	Designation	Address	PAN	DIN
1.	Mr. Ajay Khanna	Independent Director	C6/3 DLF City Phase 1, Gurgaon, Haryana 122002	AAFPK7391F	00823201
2.	Ms. Sonu Bhasin	Independent Director	4/4, Sarvapriya Vihar, New Delhi 110016	AFPPB3402B	02872234
3.	Mr. Prashant Bhagania	Non-Executive Director	B-1207, Shah Heights C.H.S, Plot No. 22, Sector 7, Khargar, Navi Mumbai 410 210	AGRPB9433D	07871589
4.	Mr. Naveen Chopra	Non-Executive Director	402, Urmi Aangan, 13-A Pedder Road, Malabar Hill Division, Mumbai 400026	AAAPC0093R	05307614
5.	Mr. Balesh Sharma	Non-Executive Director	28, Asopalav Bunglows, Opp. Hotel Signor Thaltej Ahmedabad 380059	AGWPS2212C	07783637

65. The names and addresses of the directors of VIL as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name of Director	Designation	Address	PAN	DIN
1.	Mr. Analjit Singh	Non Executive Chairman	15, Aurangzeb Road, New Delhi 110 011	ABLPS7514D	00029641
2.	Mr. Sunil Sood	Managing Director & CEO	Flat No 2401/2402, Petit Towers, August Kranti Marg, Kemps Corner, Mumbai 400 036	AKSPS3606A	03132202
3.	Mr. Balesh Sharma	Whole-Time Director	28, Asopalav Bunglows, Opp. Hotel Signor Thaltej Ahmedabad 380059	AGWPS2212C	07783637
4.	Mr. Vivek Badrinath	Non Executive Director	6 Rue Guizot, 78220 Viroflay, Paris, 78220 France	AEZPB2324K	07319718
5.	Mr. C. R. Dua	Non Executive Director	88, Sunder Nagar, New Delhi 110 003	AACPD7256P	00036080
6.	Mrs. Shyamala Gopinath	Independent Director	DG-4, Vasant Vihar, 85, Napean Sea Road, Mumbai, 400020	ABLPG5076E	02362921
7.	Mr. Vikram Singh Mehta	Independent Director	23, Friends Colony West, New Delhi 110065	AAEPM8138R	00041197
8.	Mr. John Otty	Non Executive Director	1 Harvest Place, Wargrave, Reading, Berkshire, RG10 8AQ, U.K.	NA	02432741

Sr. No.	Name of Director	Designation	Address	PAN	DIN
9.	Mr. Marten Pieters	Non Executive Director	42 Old Court House, Old Court Place, Kensington, London W8 4PD	NA	02598456
10.	Mrs. Ashwani Windlass	Independent Director	N-53, Panchshila Park, New Delhi 110017	AAAPW3273H	00042686

66. The details of the shareholding of the Directors and the Key Managerial Personnel (KMP) of ICL in the Companies as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name	Position	Shareholding in ICL	Shareholding in VMSL	Shareholding in VIL
1.	Mr. Kumar Mangalam Birla	Non-Executive Chairman	2,33,333	-	-
2.	Mrs. Rajashree Birla	Non-Executive Director	-	-	-
3.	Mr. Arun Kannan Thiagarajan	Independent Director	7,700	-	-
4.	Ms. Tarjani Manmukhram Vakil	Independent Director	147	-	-
5.	Mr. Mohanbir Singh Gyani	Independent Director	-	-	-
6.	Mr. Pejavar Murari	Independent Director	-	-	-
7.	Mrs. Alka Marezban Bharucha	Independent Director	-	-	-
8.	Mr. Baldev Raj Gupta	Independent Director	-	-	-
9.	Dr. Shridhir Sariputta Hansa Wijayasuriya	Non-Executive Director	-	-	-
10.	Mr. Sanjeev Aga	Non-Executive Director	2,50,000	-	-
11.	Mr. Himanshu Kapania	Managing Director	5,64,375	-	-
12.	Mr. Akshaya Moondra	Whole Time Director & Chief Financial Officer	2,77,444	-	-
13.	Mr. Pankaj Kapdeo	Company Secretary	37,452	-	-

67. The details of the shareholding of the Directors and the Key Managerial Personnel (KMP) of VMSL in the Companies as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name	Position	Shareholding in VMSL	Shareholding in VIL	Shareholding in ICL
1.	Mr. Ajay Khanna	Independent Director	NIL	NIL	NIL
2.	Ms. Sonu Bhasin	Independent Director	NIL	NIL	NIL
3.	Mr. Balesh Sharma	Non-Executive Director	NIL	NIL	1,000
4.	Mr. Naveen Chopra	Non-Executive Director	NIL	NIL	NIL

Sr. No.	Name	Position	Shareholding in VMSL	Shareholding in VIL	Shareholding in ICL
5.	Mr. Prashant Bhagania	Non-Executive Director	NIL	NIL	275
6.	Mr. Alok Verma	Manager	NIL	NIL	NIL
7.	Mr. Vineet Ganeriwala	Chief Financial Officer	NIL	NIL	NIL
8.	Mr. Hari Gopalakrishnen	Company Secretary	NIL	NIL	NIL

68. The details of the shareholding of the Directors and the Key Managerial Personnel (KMP) of VIL in the Companies as on 31<sup>st</sup> day of July 2017 are as follows:

Sr. No.	Name	Position	Shareholding in VIL	Shareholding in VMSL	Shareholding in ICL
1.	Mr. Analjit Singh	Non Executive Chairman	NIL	NIL	NIL
2.	Mr. Sunil Sood	Managing Director & CEO	NIL	NIL	5
3.	Mr. Balesh Sharma	Whole-time Director	NIL	NIL	1,000
4.	Mr. Vivek Badrinath	Non Executive Director	NIL	NIL	NIL
5.	Mr. C. R. Dua	Non Executive Director	NIL	NIL	NIL
6.	Mrs. Shyamala Gopinath	Independent Director	NIL	NIL	NIL
7.	Mr. Vikram Singh Mehta	Independent Director	NIL	NIL	NIL
8.	Mr. John Otty	Non Executive Director	NIL	NIL	NIL
9.	Mr. Marten Pieters	Non Executive Director	NIL	NIL	NIL
10.	Mrs. Ashwani Windlass	Independent Director	NIL	NIL	NIL
11.	Mr. Thomas Reisten	Chief Financial Officer	NIL	NIL	NIL
12.	Mr. Sudhakar Shetty	Company Secretary	NIL	NIL	1,336

69. The pre-Scheme shareholding pattern of ICL, VMSL and VIL as on 31<sup>st</sup> day of July 2017 and the post-Scheme (expected) shareholding pattern of ICL are as under:

**Pre-arrangement shareholding pattern of ICL as on 31<sup>st</sup> day of July 2017:**

Sr. No.	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
(1)	<b>Indian</b>		
(a)	Individuals/Hindu undivided Family	233,333	0.01
(b)	Body Corporate	1,52,86,14,214	42.38
	<b>Sub-Total (A)(1)</b>	<b>1,52,88,47,547</b>	<b>42.39</b>

Sr. No.	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
<b>(2)</b>	<b>FOREIGN</b>		
(a)	Bodies Corporate	—	—
	<b>Sub-Total (A)(2)</b>	—	—
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>1,52,88,47,547</b>	<b>42.39</b>
<b>(B)</b>	<b>Public Shareholding</b>		
(1)	Institutions		
(a)	Mutual Funds	9,20,72,333	2.55
(b)	Foreign Portfolio Investors	97,28,54,511	26.97
(c)	Financial Institutions / Banks	52,34,617	0.15
(d)	Insurance Companies	18,42,68,690	5.11
(e)	Venture Capital Funds	33,50,000	0.09
(f)	Alternate Investment Funds	36,86,542	0.10
	<b>Sub-Total (B)(1)</b>	<b>1,26,14,66,693</b>	<b>34.98</b>
(2)	Central Government/State Government(s)/ President of India	—	—
	<b>Sub-Total (B)(2)</b>	—	—
(3)	Non Institutions		
(a)	i. Individual shareholders holding nominal share capital upto ₹ 2 lakhs	6,15,51,540	1.71
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	1,21,21,099	0.34
(b)	NBFCs registered with RBI	—	—
(c)	Overseas Depositories (holding DRs)	—	—
(d)	Any Other		
	Trusts	83,74,486	0.23
	Overseas Bodies Corporates	71,20,00,543	19.74
	Non Resident Indians	28,37,487	0.08
	Clearing Members	74,36,723	0.21
	Bodies Corporate	1,09,08,048	0.30
	Directors	10,99,666	0.03
	<b>Sub-Total (B)(3)</b>	<b>81,63,29,592</b>	<b>22.63</b>
	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)+ (B)(3)</b>	<b>2,07,77,96,285</b>	<b>57.61</b>
	<b>Total Shareholding (A+B)</b>	<b>3,60,66,43,832</b>	<b>100.00</b>

**Pre-arrangement shareholding pattern of VMSL as on 31<sup>st</sup> day of July 2017:**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of fully paid up equity shares held</b>	<b>Shareholding as a % of total no. of shares</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
(1)	<b>Indian</b>		
(a)	Individuals/Hindu undivided Family	-	-
(b)	Body Corporate	1,37,63,02,720	100.00
	<b>Sub-Total (A)(1)</b>	<b>1,37,63,02,720</b>	<b>100.00</b>
<b>(2)</b>	<b>FOREIGN</b>		
(a)	Bodies Corporate	-	-
	<b>Sub-Total (A)(2)</b>	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>1,37,63,02,720</b>	<b>100.00</b>
<b>(B)</b>	<b>Public Shareholding</b>		
(1)	Institutions		
(a)	Mutual Funds	-	-
(b)	Foreign Portfolio Investors	-	-
(c)	Financial Institutions / Banks	-	-
(d)	Insurance Companies	-	-
(e)	Venture Capital Funds	-	-
(f)	Alternate Investment Funds	-	-
	<b>Sub-Total (B)(1)</b>	-	-
(2)	Central Government/State Government(s)/ President of India	-	-
	<b>Sub-Total (B)(2)</b>	-	-
(3)	Non Institutions		
(a)	i. Individual shareholders holding nominal share capital upto ₹ 2 lakhs	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	-	-
(b)	NBFCs registered with RBI	-	-
(c)	Overseas Depositories (holding DRs)	-	-
(d)	Any Other		
	Trusts	-	-
	Overseas Bodies Corporates	-	-
	Non Resident Indians	-	-
	Clearing Members	-	-
	Bodies Corporate	-	-
	Directors	-	-
	<b>Sub-Total (B)(3)</b>	-	-
	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)+ (B)(3)</b>	-	-
	<b>Total Shareholding (A+B)</b>	<b>1,37,63,02,720</b>	<b>100.00</b>

Note : Six Equity Shares are held by six shareholders as Nominees of VIL.

**Pre-arrangement shareholding pattern of VIL as on 31<sup>st</sup> day of July 2017:**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of fully paid up equity shares held</b>	<b>Shareholding as a % of total no. of shares</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
(1)	<b>Indian</b>		
(a)	Individuals/Hindu undivided Family	-	-
(b)	Body Corporate	30,62,03,067	10.89
	<b>Sub-Total (A)(1)</b>	<b>30,62,03,067</b>	<b>10.89</b>
<b>(2)</b>	<b>FOREIGN</b>		
(a)	Bodies Corporate	2,50,70,92,756	89.11
	<b>Sub-Total (A)(2)</b>	<b>2,50,70,92,756</b>	<b>89.11</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>2,81,32,95,823</b>	<b>100.00</b>
<b>(B)</b>	<b>Public Shareholding</b>		
(1)	Institutions		
(a)	Mutual Funds	-	-
(b)	Foreign Portfolio Investors	-	-
(c)	Financial Institutions / Banks	-	-
(d)	Insurance Companies	-	-
(e)	Venture Capital Funds	-	-
(f)	Alternate Investment Funds	-	-
	<b>Sub-Total (B)(1)</b>	-	-
(2)	Central Government/State Government(s)/ President of India	-	-
	<b>Sub-Total (B)(2)</b>	-	-
(3)	Non Institutions		
(a)	i. Individual shareholders holding nominal share capital upto ₹ 2 lakhs	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	-	-
(b)	NBFCs registered with RBI	-	-
(c)	Overseas Depositories (holding DRs)	-	-
(d)	Any Other		
	Trusts	-	-
	Overseas Bodies Corporates	-	-
	Non Resident Indians	-	-
	Clearing Members	-	-
	Bodies Corporate	-	-
	Directors	-	-
	<b>Sub-Total (B)(3)</b>	-	-
	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)+ (B)(3)</b>	-	-
	<b>Total Shareholding (A+B)</b>	<b>2,81,32,95,823</b>	<b>100.00</b>

**Post-arrangement (expected) shareholding pattern of ICL (assuming the continuing shareholding pattern as on 31<sup>st</sup> day of July 2017):**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of fully paid up equity shares held</b>	<b>Shareholding as a % of total no. of shares</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
(1)	<b>Indian</b>		
(a)	Individuals/Hindu undivided Family	233,333	0.0
(b)	Bodies Corporate	2,28,24,16,467	31.4
	<b>Sub-Total (A)(1)</b>	<b>2,28,26,49,800</b>	<b>31.4</b>
<b>(2)</b>	<b>Foreign</b>		
(a)	Bodies Corporate	2,87,65,05,760	39.6
	<b>Sub-Total (A)(2)</b>	<b>2,87,65,05,760</b>	<b>39.6</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>5,15,91,55,560</b>	<b>71.1</b>
<b>(B)</b>	<b>Public Shareholding</b>		
(1)	Institutions		
(a)	Mutual Funds	9,20,72,333	1.3
(b)	Foreign Portfolio Investors	97,28,54,511	13.4
(c)	Financial Institutions / Banks	52,34,617	0.1
(d)	Insurance Companies	18,42,68,690	2.5
(e)	Venture Capital Funds	33,50,000	0.0
(f)	Alternate Investment Funds	36,86,542	0.1
	<b>Sub-Total (B)(1)</b>	<b>1,26,14,66,693</b>	<b>17.4</b>
(2)	Central Government/State Government(s)/ President of India	-	-
	<b>Sub-Total (B)(2)</b>	-	-
(3)	Non Institutions		
(a)	i. Individual shareholders holding nominal share capital upto ₹ 2 lakhs	6,15,51,540	0.8
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	1,21,21,099	0.2
	iii. Employees exercising Stock Options under ESOP Plans (Assumed)	2,36,64,181	0.3
(b)	NBFCs registered with RBI	-	-
(c)	Overseas Depositories (holding DRs) (balancing figure)	-	-
(d)	Employee Trusts	-	-
(e)	Any Other		
	Trusts	83,74,486	0.1
	Overseas Bodies Corporates	71,20,00,543	9.8
	Non Resident Indians	28,37,487	0.0
	Clearing Members	74,36,723	0.1
	Directors	10,99,666	0.0
	Bodies Corporate	1,09,08,048	0.2
	<b>Sub-Total (B)(3)</b>	<b>83,99,93,773</b>	<b>11.6</b>
	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)+ (B)(3)</b>	<b>2,10,14,60,466</b>	<b>28.9</b>
	<b>Total Shareholding (A+B)</b>	<b>7,26,06,16,026</b>	<b>100.00</b>

70. The Post-arrangement (expected) capital structure of ICL will be as follows (assuming the continuing capital structure as on 31<sup>st</sup> day of July 2017):

Share Capital	Amount (in ₹)
<b>Authorised Share Capital</b>	
28,79,30,02,000 Equity shares of ₹ 10 /- each	2,87,93,00,20,000
1,500 redeemable cumulative non-convertible preference shares of ₹ 1,00,00,000 each	15,00,00,00,000
<b>Total</b>	<b>3,02,93,00,20,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
7,26,06,16,026 equity shares of ₹ 10 each	72,60,61,60,260
<b>TOTAL</b>	<b>72,60,61,60,260</b>

71. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
72. The following documents will be open for inspection by the unsecured creditors (including unsecured debenture holders) of the Applicant Company at its registered office at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India, between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) up to the date of the meeting:
- (i) Copy of the order passed by NCLT in CA (CAA) No. 91/NCLT/AHM/2017, dated 21<sup>st</sup> day of August 2017, directing ICL to, inter alia, convene the meetings of its equity shareholders, secured creditors (including secured debenture holders) and unsecured creditors (including unsecured debenture holders);
  - (ii) Copy of the final order passed by National Company Law Tribunal, Bench, at Mumbai, in Company Scheme Application No. 829 of 2017, dated 17<sup>th</sup> day of August 2017, directing VMSL to, inter alia, convene the meetings of its equity shareholders, unsecured debenture holders and unsecured creditors; and directing VIL to, inter alia, convene the meetings of its equity shareholders and unsecured creditors;
  - (iii) Copy of CA (CAA) No. 91/NCLT/AHM/2017 along with annexures filed by ICL before NCLT;
  - (iv) Copy of the joint Company Scheme Application No. 829 of 2017 dated the 9<sup>th</sup> day of August 2017 along with annexures filed by VMSL and VIL before National Company Law Tribunal, Bench, at Mumbai;
  - (v) Copy of the Memorandum and Articles of Association of the Companies;
  - (vi) Copy of the annual reports of the Companies, for the financial years ended 31<sup>st</sup> day of March 2016 and 31<sup>st</sup> day of March 2015, respectively;
  - (vii) Copy of the annual report of ICL, for the financial year ended 31<sup>st</sup> day of March 2017;
  - (viii) Copy of financial statements of VMSL and VIL along with the Auditor's Report thereon, respectively, for the financial year ended 31<sup>st</sup> day of March 2017;
  - (ix) Copy of Supplementary Unaudited Accounting Statement of ICL, VMSL and VIL, respectively, for the quarter ended 30<sup>th</sup> day of June 2017;
  - (x) List of the subsidiaries, joint ventures and associates of VMSL;
  - (xi) List of the subsidiaries, joint ventures and associates of VIL;
  - (xii) Copy of the Register of Directors' shareholding of each of the Companies;
  - (xiii) Copy of the Implementation Agreement dated 20<sup>th</sup> day of March 2017 entered into between the Parties, VIL Promoters, ICL Promoters and others;

- (xiv) Copy of the Shareholders Agreement dated 20<sup>th</sup> day of March 2017 entered into between ICL, VIL Promoters, ICL Promoters and others;
- (xv) Copy of Joint Valuation report dated 19<sup>th</sup> day of March 2017 submitted by M/s. Bansi S. Mehta & Co., and Walker Chandio & Co LLP, Chartered Accountants;
- (xvi) Copy of the Fairness Opinion, dated 19<sup>th</sup> day of March 2017 submitted by Axis Capital Limited, to the Board of Directors of ICL;
- (xvii) Copy of the Audit Committee Report, dated 19<sup>th</sup> day of March 2017 of ICL;
- (xviii) Copy of the Audit Committee Resolution, dated 19<sup>th</sup> day of March 2017 of VMSL;
- (xix) Copy of the Audit Committee Resolution, dated 19<sup>th</sup> day of March 2017 of VIL;
- (xx) Copy of the resolutions, dated 20<sup>th</sup> day of March 2017, 19<sup>th</sup> day of March 2017 and 19<sup>th</sup> day of March 2017, passed by the Board of Directors of ICL, VMSL and VIL, respectively, approving the Scheme;
- (xxi) Copy of the joint press release dated 20<sup>th</sup> day of March 2017 issued by ICL and Vodafone group;
- (xxii) Copies of the letters dated 20<sup>th</sup> day of March 2017 and 27<sup>th</sup> day of March 2017 addressed by ICL and VIL, respectively, together with the letter dated 6<sup>th</sup> day of April 2017 addressed by DoT to ICL and VIL;
- (xxiii) Copy of the Statutory Auditors' certificate dated 5<sup>th</sup> day of April 2017 issued by M/s Deloitte Haskins & Sells LLP, Chartered Accountant, Statutory Auditors of ICL;
- (xxiv) Copy of the complaints report, dated 13<sup>th</sup> day of May 2017, submitted by ICL to BSE and NSE;
- (xxv) Copy of the emails dated 6<sup>th</sup> day of July 2017 and 23<sup>rd</sup> day of July 2017 addressed by ICL to NSE and SEBI;
- (xxvi) Copy of the no adverse observations/No-objection letter issued by BSE and NSE, both dated 4<sup>th</sup> day of August 2017, to ICL;
- (xxvii) Summary of the Joint Valuation Report including the basis of valuation;
- (xxviii) Copy of the letter dated 24<sup>th</sup> day of July 2017 addressed by Competition Commission of India;
- (xxix) Copies of the show cause notices issued by the Registrar of Companies, Mumbai to VIL along with the replies/documents submitted by VIL to the Registrar of Companies, Mumbai as mentioned in paragraph 52 of the present explanatory statement;
- (xxx) Copies of Form No. GNL-1 filed by ICL, VMSL and VIL, respectively, with the concerned Registrar of Companies, along with respective challans, dated 10<sup>th</sup> day of August 2017, 19<sup>th</sup> day of August 2017 and 19<sup>th</sup> day of August 2017, evidencing filing of the Scheme;
- (xxxi) Copy of the certificate, dated 28<sup>th</sup> day of August 2017, issued by P. N. Jhaveri & Associates, Chartered Accountants, certifying the amount due to the unsecured creditors of ICL as on 31<sup>st</sup> day of July 2017;
- (xxxii) Copy of the certificate, dated 14<sup>th</sup> day of August 2017, issued by Lovelock & Lewes, Chartered Accountants, certifying the amount due to the unsecured creditors of VMSL as on 31<sup>st</sup> day of July 2017;
- (xxxiii) Copy of the certificate, dated 14<sup>th</sup> day of August 2017, issued by Lovelock & Lewes, Chartered Accountants, certifying the amount due to the unsecured creditors of VIL as on 31<sup>st</sup> day of July 2017;
- (xxxiv) Copy of the Scheme;
- (xxxv) Copy of the Reports dated 20<sup>th</sup> day of March 2017, 14<sup>th</sup> day of July 2017 and 17<sup>th</sup> day of July 2017, adopted by the Board of Directors of ICL, VMSL and VIL, respectively, pursuant to the provisions of section 232(2)(c) of the Act;
- (xxxvi) Copy of the applicable information of VMSL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and

(xxxvii) Copy of the applicable information of VIL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The unsecured creditors (including unsecured debenture holders) shall be entitled to obtain the extracts from or for making or obtaining the copies of the documents listed in item numbers (i), (ii), (vii), (viii), (xxi), (xxiii) and (xxxiv) above.

73. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy shall be furnished by the Applicant Company to its shareholders/creditors, free of charge, within one (1) day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the shareholders/creditors of the Applicant Company.
74. After the Scheme is approved, by the equity shareholders, secured creditors (including secured debenture holders) and unsecured creditors (including unsecured debenture holders) of the Applicant Company, it will be subject to the approval/sanction by NCLT.

Sd/-

**Justice M. S. Shah**

(former Chief Justice of Bombay High Court)

Chairman appointed for the meeting

Dated this 31<sup>st</sup> day of August 2017

**Registered Office:** Suman Tower, Plot No. 18,  
Sector-11, Gandhinagar- 382 011,  
Gujarat, India

**COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT**

**AMONG**

**VODAFONE MOBILE SERVICES LIMITED**

**TRANSFEROR COMPANY 1**

**AND**

**VODAFONE INDIA LIMITED**

**TRANSFEROR COMPANY 2**

**AND**

**IDEA CELLULAR LIMITED**

**TRANSFeree COMPANY**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS  
OF THE COMPANIES ACT, 2013**

## A. INTRODUCTION

- (i) Vodafone Mobile Services Limited is a wholly-owned subsidiary of Vodafone India Limited. VMSL was incorporated on 27 March 1992 as Sterling Cellular Limited, a public company, with the Registrar of Companies, Tamil Nadu under the provisions of the Companies Act, 1956 with Corporate Identification Number U64202MH1992PLC296375. Its registered office was shifted from: (a) the State of Tamil Nadu to the National Capital Territory of Delhi on 20 June 1997; and (b) the National Capital Territory of Delhi to the State of Maharashtra on 20 June 2017. Its name was changed to: (a) Hutchison Essar Telecom Limited on 12 August 2002; (b) Hutchison Essar Mobile Services Limited on 1 March 2005; (c) Vodafone Essar Mobile Services Limited on 3 July 2007; and (d) Vodafone Mobile Services Limited on 10 October 2011. VMSL is an unlisted company.
- (ii) Vodafone India Limited was incorporated on 21 February 1992 as Hutchison Max Telecom Private Limited, a private limited company, with the Registrar of Companies, Punjab, H.P. & Chandigarh under the provisions of the Companies Act, 1956 with Corporate Identification Number U32200MH1992PLC119108. Hutchison Max Telecom Private Limited was thereafter converted into a public company and the word "Private" was deleted from its name on 8 March 1996. Its registered office was shifted from the State of Punjab to the State of Maharashtra on 25 March 1999. Hutchison Max Telecom Limited was thereafter re-converted into a private limited company and fresh certificate of incorporation was issued to it on 11 June 2001. Hutchison Max Telecom Private Limited was thereafter converted into a public company and the word "Private" was deleted from its name on 1 December 2004. Its name was then changed to: (a) Hutchison Essar Limited on 26 August 2005, (b) Vodafone Essar Limited on 12 July 2007, and (c) Vodafone India Limited on 11 October 2011. VIL is an unlisted company.
- (iii) VIL and VMSL, together, hold pan-India Unified Access Service/Unified Licence (authorisation for access services), National Long Distance, International Long Distance and Internet Service Provider licences. VIL is wholly-owned by the Vodafone Parent Group, one of the world's largest telecommunications groups.
- (iv) Idea Cellular Limited was incorporated on 14 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 May 1996. Its registered office was shifted from the State of Maharashtra to the State of Gujarat on 22 October 1996. Its name was changed to: (a) Birla Tata AT&T Limited on 6 November 2001; and (b) Idea Cellular Limited on 1 May 2002. The equity shares of ICL are listed on the Stock Exchanges.
- (v) ICL also 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. ICL is a part of the Aditya Birla Group, one of the largest business groups in India.
- (vi) The Parties and their subsidiaries are primarily engaged in the business of providing fixed and mobile telecommunications services to consumer and enterprise customers, including direct-to-consumer video and content services that are bundled with telecommunications services in India. In addition, the Parties and their respective Groups also engage in the mobile wallet business and the Idea Group has received a licence from the RBI to engage in the payments bank business.
- (vii) This Scheme is presented under sections 230 to 232 of the Act, together with sections 13, 14, 61, 62, 66, 188 and other applicable provisions of the Act, for *inter-alia* the amalgamation of the Transferor Companies into and with the Transferee Company in accordance with the relevant provisions of the Act, section 2(1B) of the Income Tax Act (on a going concern basis) and other applicable Laws. This Scheme will result in the consolidation of the businesses of each of the Parties as existing on the Effective Date. This Scheme has been prepared in terms of the Implementation Agreement dated 20 March 2017 among, *inter alia*, ICL, VIL and VMSL.

## B. RATIONALE FOR THIS SCHEME

- (i) The management of each of the Parties believes that this Scheme will result in *inter-alia* the following benefits:
  - a. consolidation of the telecommunications business of the Parties resulting in expansion of such companies' business and creation of greater value for shareholders and all other stakeholders;
  - b. synergies in operational processes and logistics alignment leading to economies of scale, rationalisation of network infrastructure, creation of efficiencies and optimisation of capital and operational expenditure (including lower maintenance expenses and savings in energy costs);
  - c. availability of the combined resources together with the synergies in the operational processes and consequent reduction in cost could be utilized for strengthening the customer base, and providing high quality service to customers at competitive prices in a manner that would assist in achieving the Indian Government's 'Digital India' vision;

- d. higher spectrum availability and larger single radio access network deployment coupled with re-deployment of overlapping equipment from rationalised sites resulting in lower capital expenditure;
  - e. harmonisation of sales and service channels;
  - f. sustained investment accelerating pan-India expansion of wireless broadband services, supporting introduction of digital content and 'Internet of Things' services as well as expanding financial inclusion through mobile money services for the benefit of the Indian consumers, businesses and society as a whole;
  - g. streamlining of regional and nationwide information technology systems and development of a common information technology system; and
  - h. general and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Parties.
- (ii) The proposed Scheme is in the interest of all Parties and their respective shareholders and creditors.

**C. PARTS OF THIS SCHEME**

- (i) **PART I** deals with the definitions, interpretation, effective date and share capital;
- (ii) **PART II** deals with the amalgamation of the Transferor Company 1 into and with the Transferee Company in accordance with sections 230 to 232 of the Act;
- (iii) **PART III** deals with the amalgamation of the Transferor Company 2 into and with the Transferee Company in accordance with sections 230 to 232 of the Act;
- (iv) **PART IV** deals with the general terms and conditions and sets forth certain additional arrangements; and
- (v) **PART V** deals with certain arrangements among the Parties, the VIL Promoters and the ICL Promoters.

## PART I

### 1. DEFINITIONS, INTERPRETATION, EFFECTIVE DATE AND SHARE CAPITAL

#### 1.1 DEFINITIONS

In this Scheme, the following words and expressions shall, unless the context requires otherwise, have the following meanings ascribed to them:

- 1.1.1. **“Act”** means the Companies Act, 2013 and shall include the provisions of the Companies Act, 1956, to the extent the corresponding provision in the Companies Act, 2013 has not been notified.
- 1.1.2. **“Affiliate”** of a Person means any other Person that directly or indirectly, through one or more intermediaries, (a) owns greater than 26% (twenty six per cent.) of the voting equity or interest of such Person or is similarly owned by such Person; and (b) Controls, is Controlled by, or is under common Control with, such first Person, and in the case of a natural Person, shall include his or her Relatives.
- 1.1.3. **“Board of Directors”** in relation to a Party, means the board of directors of such Party.
- 1.1.4. **“Brand Licence Agreement”** means (i) the trade mark licence agreement to be executed by VIL and Vodafone Sales & Services Limited prior to the Effective Date, and (ii) the variation thereto between Vodafone Sales & Services Limited and the Transferee Company that will take effect at the Effective Date.
- 1.1.5. **“CCI”** means the Competition Commission of India.
- 1.1.6. **“CENVAT”** means central value added tax.
- 1.1.7. **“Circles”** means the telecommunications service areas in India as defined by the DoT.
- 1.1.8. **“Contract”** means any contract, lease, licence, indenture, agreement, commitment or other legally binding arrangement.
- 1.1.9. **“Control”** (including with correlative meaning, the terms **“Controlled by”** and **“under common Control with”**) means the right to appoint the majority of the directors or to control the management or policy decisions of a Person, exercisable by a Person or Persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- 1.1.10. **“DoT”** means the Department of Telecommunications, Ministry of Communications, Government of India.
- 1.1.11. **“Effective Date”** means the date on which certified copies of the Judgment(s) of the Tribunal are filed with the relevant RoC after the last of the approvals or events specified under Clause 4.8 of the Scheme are obtained or have occurred or the requirement of which has been waived in accordance with the Implementation Agreement. For the purposes of this Scheme, the “appointed date” shall be the Effective Date.
- 1.1.12. **“FIPB”** means the Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India, or any other successor Governmental Authority, if applicable.
- 1.1.13. **“Fully-Diluted Basis”** means a calculation assuming that:
- (a) all outstanding mandatorily convertible securities and any options issued or reserved for issuance under the employee stock option plan or any other stock option plan or scheme by whatever name called, existing at the time of determination have been exercised or converted into equity shares, and
  - (b) equity shares under all outstanding commitments to issue equity shares or other ownership interests have been issued, in each case, as adjusted for any stock splits or any capital or other restructuring or consolidation or reduction of capital.
- 1.1.14. **“Governmental Approval”** means any consent, approval, licence, permit, order, exemption, certificate, clearance or authorisation obtained or to be obtained from, or any registration, notification, declaration or filing made to or with, or to be made to or with, any Governmental Authority and shall include Required Governmental Filings.
- 1.1.15. **“Governmental Authority”** means any national, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body of any nation or any of its ministries, departments, secretariats, agencies or any legislative body, commission, authority, court or tribunal or entity, and shall include the RBI, the SEBI, the FIPB, the DoT, the Stock Exchanges, the CCI, any relevant Tax authority and any other authority exercising jurisdiction over a Party.
- 1.1.16. **“Group”** means the Vodafone Group or the Idea Group, as the context may require.
- 1.1.17. **“ICL”** means Idea Cellular Limited, a public company incorporated with limited liability under the provisions of the Companies Act, 1956 with its registered office at Suman Tower, Plot No. 18, Sector –11, Gandhinagar 382 011, Gujarat, India.
- 1.1.18. **“ICL Merger Group”** means ICL and its subsidiaries.

- 1.1.19. **“ICL Promoters”** means collectively:
- (i) Aditya Birla Nuvo Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number L17199GJ1956PLC001107, and having its registered office at Indian Rayon Compound, Veraval, Gujarat 362 266, India;
  - (ii) Birla TMT Holdings Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U72900MH2000PTC129116, and having its registered office at 212, 2nd Floor, T V Industrial Estate, 52, S K Ahire Marg, Worli, Mumbai 400 030, Maharashtra, India;
  - (iii) Grasim Industries Limited, a company incorporated in India under the provisions of the Companies Act, 1913 with Corporate Identification Number L17124MP1947PLC000410, and having its registered office at Birlagram Nagda, Ujjain 456 331, Madhya Pradesh, India;
  - (iv) Hindalco Industries Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number L27020MH1958PLC011238, and having its registered office at Century Bhawan, 3<sup>rd</sup> Floor, Dr. Annie Besant Road, Worli, Mumbai 400 025, Maharashtra, India;
  - (v) KMB; and
  - (vi) Pilani Investment and Industries Corporation Limited, a company incorporated in India under the provisions of the Companies Act, 1913 with Corporate Identification Number L24131WB1948PLC095302, and having its registered office at 9/1 R N Mukherjee Road, Birla Building, 14<sup>th</sup> Floor, Kolkata 700 001, West Bengal, India.
- 1.1.20. **“Idea Group”** means the ICL Merger Group and the ICL Promoters, excluding KMB.
- 1.1.21. **“Idea Purchasers”** shall have the meaning given to such term in Clause 5.2.
- 1.1.22. **“Implementation Agreement”** means the Implementation Agreement dated 20 March 2017 executed among *inter-alia* ICL, VIL and VMSL.
- 1.1.23. **“Income Tax Act”** means the Income Tax Act, 1961.
- 1.1.24. **“Indus”** means Indus Towers Limited, a company incorporated in India under the provisions of the Companies Act 1956 with Corporate Identification Number U92100DL2007PLC170574, and having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi 110 070, India, and which is operated as a joint venture among *inter-alia* ICL and VIL.
- 1.1.25. **“Intellectual Property Rights”** means all domestic and foreign intellectual property rights, including with respect to all patents, patent applications, and trademarks, service marks, trade names, trade dress, logos, corporate names, brand names, domain names, all copyrights, designs and mask works, and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data), trade secrets, confidential business information and other proprietary information.
- 1.1.26. **“Judgment”** means any judgment, order, decree, writ, injunction, circular, award, settlement, stipulation or finding issued, promulgated, made, rendered, entered into or enforced by or with any Governmental Authority (in each case, whether temporary, preliminary or permanent).
- 1.1.27. **“KMB”** means Mr. Kumar Mangalam Birla, an Indian resident aged 49 years, residing at Mangal Adityayan, 20 Carmichael Road, Mumbai 400 026, India.
- 1.1.28. **“Law”** means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by any Governmental Authority.
- 1.1.29. **“Licence”** means any permit, licence, certification, approval, registration, consent, authorisation, variance, exemption and order issued or granted by a Governmental Authority.
- 1.1.30. **“Lien”** means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any proxy for exercising voting rights issued to any third party, power of attorney issued to any third party for transferring and/or exercising any rights, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person, and (iii) any adverse claim as to title, possession or use.
- 1.1.31. **“Long Stop Date”** means 20 March 2019 or such other date as may be mutually agreed in accordance with the Implementation Agreement.
- 1.1.32. **“Nominee Shares”** shall have the meaning given to such term in Clause 2.4.4(iii).
- 1.1.33. **“Party”** means each of the Transferor Company 1, the Transferor Company 2 and the Transferee Company.

- 1.1.34. **“Person”** means any individual, general or limited partnership, corporation, limited liability company, joint stock company, trust, joint venture, unincorporated organisation, association or any other entity, including any Governmental Authority, or any group consisting of two or more of the foregoing.
- 1.1.35. **“Pre-Merger Acquisition”** shall have the meaning given to such term in Clause 4.1.4.
- 1.1.36. **“Pre-Merger Disposal”** means the transfer, distribution or other disposal of, all or any of the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof), by the VIL Merger Group to any Person, in one or more transactions (including pursuant to an application for capital reduction of VIL), prior to the Effective Date in such manner as the Vodafone Group deems fit.
- 1.1.37. **“Promoter Share Transactions”** shall have the meaning given to such term in Clause 5.1.
- 1.1.38. **“Purchase Consideration”** means ₹38,739 million. For the avoidance of doubt, it is hereby clarified that in the event the Sale Shares or the VIL Sale Shares constitute less than 4.94% (four point nine four per cent.) of the equity share capital of the Transferee Company or 9.88% (nine point eight eight per cent.) of the equity share capital of VIL, respectively, on a Fully-Diluted Basis, the Purchase Consideration shall be reduced proportionately to reflect the number of Sale Shares or VIL Sale Shares, as applicable, being purchased by the Idea Purchasers.
- 1.1.39. **“RBI”** means the Reserve Bank of India.
- 1.1.40. **“Recharges Agreements”** shall have the meaning given to such term in Clause 4.4.1.
- 1.1.41. **“Record Date”** means the date to be fixed in accordance with Clauses 2.3 and 3.3 for the purpose of issue and allotment of equity shares by the Transferee Company to the shareholders of the Transferor Company 1 and the Transferor Company 2, as applicable.
- 1.1.42. **“Related Party”** means, with respect to: (a) the Transferor Companies, the VIL Promoters and their respective Affiliates; and (b) the Transferee Company, the ICL Promoters and their respective Affiliates.
- 1.1.43. **“Relative”** with respect to a natural Person, shall have the meaning given to such term in the Act.
- 1.1.44. **“Required Governmental Filings”** means, collectively, the filings required to be made with the Stock Exchanges, the Tribunal, the CCI, the FIPB, the RBI, the DoT and the RoC, in connection with the transactions contemplated herein.
- 1.1.45. **“RoC”** means the relevant Registrar(s) of Companies.
- 1.1.46. **“Sale Shares”** mean the equity shares to be transferred by a VIL Promoter(s) to the Idea Purchasers constituting: (i) 4.94% (four point nine four per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis as on the Effective Date; or (ii) such number of equity shares of the Transferee Company which results in the ICL Promoters (including the Idea Purchasers) holding 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis as on the Effective Date (after taking into consideration issuance of equity shares by the Transferee Company to the VIL Promoters pursuant to the Scheme), whichever is lower.
- 1.1.47. **“Scheme”** means this Composite Scheme of Amalgamation and Arrangement, subject to any modification(s) thereto as may be imposed by the Tribunal or any modification(s) sought by the Parties, as approved by the Tribunal.
- 1.1.48. **“SEBI”** means the Securities and Exchange Board of India.
- 1.1.49. **“SEBI Circular”** means, together, the circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017 and the circular no. CFD/DIL3/CIR/2017/26 dated 23 March 2017, each issued by the SEBI.
- 1.1.50. **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.1.51. **“Shared Services Business”** means provision of support services to members of the Vodafone Parent Group by Vodafone India Services Private Limited from locations in India.
- 1.1.52. **“Stock Exchanges”** means the BSE Limited and the National Stock Exchange of India Limited.
- 1.1.53. **“Target Group”** means the VIL Merger Group or the ICL Merger Group, as applicable.
- 1.1.54. **“Tax”** or **“Taxes”** means any and all taxes (direct or indirect), surcharges, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto), in each case in the nature of a tax, imposed by any Governmental Authority (whether payable directly or by withholding), including taxes based upon or measured by income, windfall or other profits, gross receipts, property, sales, severance, branch profits, customs duties, excise, CENVAT, withholding tax, self-assessment tax, advance tax, service tax, goods and services tax, stamp duty, transfer tax, value-added tax, minimum alternate tax, banking cash transaction tax, securities transaction tax, taxes withheld or paid in a foreign country, customs duty and registration fees.
- 1.1.55. **“Transferee Company”** means: (i) ICL (as used in Part II of this Scheme), prior to the Effective Date; (ii) the resulting company pursuant to the amalgamation of the Transferor Company 1 into and with ICL in accordance with Part II of this Scheme; and

(iii) the resulting company pursuant to the amalgamation of the Transferor Company 2 into and with the resulting company at (ii) above in accordance with Part III of this Scheme, as applicable.

- 1.1.56. **“Transferor Companies”** means, together, the Transferor Company 1 and the Transferor Company 2.
- 1.1.57. **“Transferor Company 1”** or **“VMSL”** means Vodafone Mobile Services Limited, a public company incorporated with limited liability under the provisions of the Companies Act, 1956 with its registered office at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013, Maharashtra, India.
- 1.1.58. **“Transferor Company 2”** or **“VIL”** means Vodafone India Limited, a public company incorporated with limited liability under the provisions of the Companies Act, 1956 with its registered office at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, India.
- 1.1.59. **“Tribunal”** means the National Company Law Tribunal, Ahmedabad Bench, which has jurisdiction in relation to ICL, the National Company Law Tribunal, Mumbai Bench, which has jurisdiction in relation to VIL and VMSL.
- 1.1.60. **“Undertaking”** means the Transferor Companies and includes all the business, undertakings, assets, properties, investments and liabilities of each of the Transferor Companies (other than the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof)), of whatsoever nature and kind and wherever situated, on a going concern basis and with continuity of business of the Transferor Companies, which shall include:
- (a) all moveable assets, whether present, future or contingent, in possession or reversion including moveable and fixed plant and machinery, electrical fittings, equipment, installations, appliances, tools, accessories, power lines, stocks and inventory, packaging items, computers, communication facilities, vehicles, furniture, fixtures and office equipment;
  - (b) all current assets, including sundry debtors, receivables, cash, bank balances, loans and advances, actionable claims, bills and credit notes;
  - (c) all Licences (including those set forth in Schedule 1), rights, entitlements, concessions, clearances, credits, awards, sanctions, allotments, quotas, no-objection certificates, subsidies, Tax deferrals, Tax credits, (including any credits arising from advance Tax, self-assessment tax, other income Tax credits, withholding Tax credits, minimum alternate Tax credits, CENVAT credits, goods and services Tax credits, other indirect Tax credits and other Tax receivables), other claims under Tax Laws, privileges, incentives (including incentives in respect of income Tax, sales Tax, value added Tax, service Tax, custom duties and goods and services Tax), benefits, Tax holidays, Tax refunds (including those pending with any Tax authority), advantages, benefits and all other rights and facilities of every kind, nature and description whatsoever;
  - (d) all spectrum and entitlement thereto, right of way, data systems, private switching network, transmission networks of all types, computer networks, electronic mail, codes, intelligent network, multimedia communication systems or a combination thereof, works, projects or enterprises in the telecom industry;
  - (e) all Contracts, bids, tenders, letters of intent, arrangements, understandings, engagements, deeds and instruments, including lease agreements, purchase orders, service orders, operation and maintenance Contracts, memoranda of understanding, hire and purchase agreements, panchnamas for right of way, equipment purchase agreements and tenancy rights and all rights, title, interest, claims and benefits thereunder;
  - (f) all application monies, advance monies, earnest monies and security and other deposits paid to any Person, including any Governmental Authority, and payments against other entitlements;
  - (g) all investments, including long term, short term, quoted, unquoted investments in different instruments, including shares, debentures, units warrants and bonds;
  - (h) all liabilities (including Tax and contingent liabilities), loans, debts (secured or unsecured), guarantees, duties, responsibilities and obligations;
  - (i) all immovable assets, including all freehold, leasehold, leave and licenced, tenancies and any other covenants, title, interest or continuing rights in such immovable assets;
  - (j) all intangible assets, including all Intellectual Property Rights and all goodwill attaching to such Intellectual Property Rights;
  - (k) all staff and employees and other obligations of whatsoever kind, including liabilities of the Transferor Companies, with regard to their employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise;
  - (l) all reserves, provisions and funds, books, records, files, papers, engineering and process information, software licences, test reports, records of standard operating procedures, computer programs along with their licences, drawings, manuals, data, databases catalogues, quotations, sales and advertising materials, dossiers, product master cards, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form;

- (m) all rights to use and avail telephone, facsimile, e-mail, internet, leased line connections and installations, utilities, electricity and other services;
  - (n) all legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature involving the Transferor Companies;
  - (o) investments in all subsidiaries of VIL (other than VMSL) which are listed in Schedule 4; and
  - (p) any other assets or liabilities, provided that if any Pre-Merger Disposal in respect of assets listed in items (2) and (3) in Part A of Schedule 2 (and any liabilities relating thereto) has not been completed prior to the Effective Date, such assets (and any liabilities relating thereto) remaining with the Transferor Companies on the Effective Date shall also form a part of the Undertaking.
- 1.1.61. **“Valuer Report”** means the report dated 19 March 2017 issued jointly by Bansi S. Mehta & Co. and Walker Chandiook & Co LLP setting out the recommendation of the share exchange ratio in the form of percentage shareholding to be allotted to the shareholders of the Transferor Companies pursuant to the proposed amalgamation of VIL and VMSL into and with ICL.
- 1.1.62. **“VIL Merger Group”** means VIL and its subsidiaries.
- 1.1.63. **“VIL Promoters”** means collectively:
- (i) Al-Amin Investments Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (ii) Asian Telecommunication Investments (Mauritius) Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (iii) CCI (Mauritius) Inc, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (iv) Euro Pacific Securities Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (v) Vodafone Telecommunications (India) Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (vi) Mobilvest, a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (vii) Prime Metals Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (viii) Trans Crystal Ltd., a company incorporated in Mauritius, and having its registered office at Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius;
  - (ix) Omega Telecom Holdings Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U64200MH1995PTC087657, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India;
  - (x) Telecom Investments India Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U65990MH1997PTC112707, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India;
  - (xi) Jaykay Finholding (India) Private Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U65990MH1999PTC121979, and having its registered office at 127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India; and
  - (xii) Usha Martin Telematics Limited, a company incorporated in India under the provisions of the Companies Act, 1956 with Corporate Identification Number U32202WB1995PLC069502, and having its registered office at 8th Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector - V, Saltlake City, Kolkata 700 091, West Bengal, India.
- 1.1.64. **“VIL Sale Shares”** shall have the meaning given to such term in Clause 5.2.
- 1.1.65. **“Vodafone Group”** means VIL Merger Group and VIL Promoters.
- 1.1.66. **“Vodafone Parent Group”** means Vodafone Plc and its Affiliates.
- 1.1.67. **“Vodafone Plc”** means Vodafone Group Plc, a company incorporated under the laws of England with its registered office at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, and shall instead mean, if applicable in the future, any company which becomes the holding company of Vodafone Group Plc provided that (i) such holding company (directly or indirectly) owns 100% (one hundred per cent.) of the previous Vodafone Plc’s share capital (excluding any treasury shares); (ii) such holding company is listed on a recognised stock exchange; and (iii) the shareholders of such holding company, when it becomes the holding company of the previous Vodafone Plc, include all or substantially all of the shareholders of the previous Vodafone Plc immediately prior to such event.

## 1.2 INTERPRETATION

1.2.1 All terms and words used in the Scheme but not specifically defined herein shall, unless contrary to the context thereof, have the meaning ascribed to them under the Act.

1.2.2 In the Scheme, unless the context otherwise requires:

- (i) references to a statutory provision include any subordinate legislation made from time to time under that provision;
- (ii) references to the singular include the plural and vice versa and references to any gender includes the other gender;
- (iii) references to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision (as from time to time modified or re-enacted or consolidated) which such provision has directly or indirectly replaced, provided that nothing in this Clause 1.2.2 shall operate to increase the liability of any Party beyond that which would have existed had this Clause 1.2.2 been omitted;
- (iv) references to a document shall be a reference to that document as modified, amended, novated or replaced from time to time;
- (v) headings are for convenience only and shall be ignored in construing or interpreting any provision of this Scheme;
- (vi) the expression “this Clause” shall, unless followed by reference to a specific provision, be deemed to refer to the whole Clause (and not merely the sub-Clause, paragraph or other provision) in which the expression occurs;
- (vii) references to Clauses and Schedules are to Clauses of and Schedules to this Scheme;
- (viii) references to any Person shall include that Person’s successors and permitted assigns or transferees;
- (ix) references to the words “include” or “including” shall be construed without limitation;
- (x) references to the words “hereof”, “herein” and “hereunder” and words of similar import shall refer to this Scheme as a whole and not to any particular provision of this Scheme; and
- (xi) where a wider construction is possible, the words “other” and “otherwise” shall not be construed *ejusdem generis* with any foregoing words.

## 1.3 EFFECTIVE DATE

The Scheme set out herein in its present form, or with modification(s), if any, made in accordance with the provisions of the Scheme and the directions of the Tribunal, shall become effective and operative from the Effective Date.

## 1.4 SHARE CAPITAL

1.4.1. The authorised, issued, subscribed and paid-up capital of VM SL as on 19 March 2017 is as under:

SHARE CAPITAL	AMOUNT IN ₹
<b>Authorised share capital</b>	
10,516,000,000 equity shares of ₹ 10 each	105,160,000,000
649,412,000 equity shares of ₹ 85 each	55,200,020,000
200,000 0.1% non-cumulative redeemable preference shares of ₹ 100 each	20,000,000
5,000 0.001% non-cumulative preference shares of ₹ 1,000,000 each	5,000,000,000
48,000,000 preference shares of ₹ 100 each	4,800,000,000
<b>Total</b>	<b>170,180,020,000</b>
<b>Issued, subscribed and paid-up capital</b>	
1,376,302,720 equity shares of ₹ 10 each	13,763,027,200
<b>Total</b>	<b>13,763,027,200</b>

1.4.2. The authorised, issued, subscribed and paid-up capital of VIL as on 19 March 2017 is as under:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN ₹</b>
<b>Authorised share capital</b>	
5,000,000,000 equity shares of ₹ 10 each	50,000,000,000
<b>Total</b>	<b>50,000,000,000</b>
<b>Issued, subscribed and paid-up capital</b>	
2,813,295,823 equity shares of ₹ 10 each	28,132,958,230
<b>Total</b>	<b>28,132,958,230</b>

1.4.3. The authorised, issued, subscribed and paid-up capital of ICL as on 19 March 2017 is as under:

<b>SHARE CAPITAL</b>	<b>AMOUNT IN ₹</b>
<b>Authorised share capital</b>	
6,775,000,000 equity shares of ₹ 10 each	67,750,000,000
1,500 redeemable cumulative non-convertible preference shares of ₹ 10,000,000 each	15,000,000,000
<b>Total</b>	<b>82,750,000,000</b>
<b>Issued, subscribed and paid-up capital*</b>	
3,603,497,124 equity shares of ₹ 10 each	36,034,971,240
<b>Total</b>	<b>36,034,971,240</b>

*\* As on 19 March 2017, 26,995,612 outstanding employee stock options existed. Assuming such options are exercised, the issued, subscribed and paid-up capital of ICL as on 19 March 2017 on a Fully-Diluted Basis was 3,630,492,736 equity shares of ₹ 10 each (₹ 36,304,927,360).*

1.4.4. Until the Effective Date: (i) the Transferor Companies and the Transferee Company shall, subject to the Implementation Agreement, be entitled to alter their authorised, issued, subscribed or paid up share capital; and (ii) the Transferor Company 1 shall remain a wholly-owned subsidiary of the Transferor Company 2 until the Effective Date.

## PART II

### 2. AMALGAMATION OF THE TRANSFEROR COMPANY 1 INTO AND WITH THE TRANSFEREE COMPANY

#### 2.1 Transfer and Vesting of the Transferor Company 1 into and with the Transferee Company

- 2.1.1 With effect from the Effective Date, subject to the provisions of this Scheme, the Undertaking of the Transferor Company 1 shall stand transferred to and vest in the Transferee Company, as a going concern, together with all its estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Effective Date, the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the Tribunal and the provisions of sections 230 to 232 and other applicable provisions of the Act.
- 2.1.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Effective Date, in relation to the Undertaking:
- (i) All assets of the Transferor Company 1 that are movable in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery shall, pursuant to this Scheme, stand vested in and/or be deemed to be vested in the Transferee Company and shall become the property of the Transferee Company without any further act, instrument or deed.
  - (ii) All other movable assets of the Transferor Company 1, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, 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 Governmental Authorities, customers and other Persons, shall, on and from the Effective Date, stand transferred to, and vested in, the Transferee Company without any notice or other intimation to the debtors or obligors or any other Person. The Transferee Company may (without being obliged to do so), if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor or any other Person, that pursuant to the sanction of the Scheme by the Tribunal, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company 1 to recover or realise all such debts (including the debts payable by such debtor or obligor or any other Person to the Transferor Company 1) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors or other Persons to record such change.
  - (iii) All lease and licence agreements entered into by the Transferor Company 1 with various landlords, owners and lessors in connection with the use of the assets of the Undertaking of the Transferor Company 1, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company 1.
  - (iv) All immovable properties of the Transferor Company 1, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company 1, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company 1 and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof.
  - (v) Until the owned property, leasehold property and related rights thereto, licence or right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded, effected and/or perfected in the record of the appropriate authorities in favour of the Transferee Company, the Transferee Company shall be deemed to be authorised to carry on business in the name and style of the Transferor Company 1 under the relevant agreement, deed, lease and/or licence, as the case may be, and the Transferee Company shall keep a record and account of such transactions.
  - (vi) For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Boards of Directors of the Transferor Company 1 and the Transferee Company may approve the execution of such documents or deeds as may be necessary, including deed of assignment of lease or leave or licence (as the case may be) by the Transferor Company 1 in favour of the Transferee Company.

- (vii) All liabilities, including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company 1, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall, pursuant to the sanction of the Scheme by the Tribunal and under the provisions of sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company, along with any charge, encumbrance, lien or security created in connection therewith, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Effective Date, the liabilities, debts, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 1, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 liabilities have arisen in order to give effect to the provisions of this Clause 2.1.2(vii).
- (viii) All electricity, gas, water and any other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and authorities in different states to the Transferor Company 1, together with security deposits and all other advances paid, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The relevant electricity, gas, water and any other utility companies, boards, agencies and authorities shall issue invoices in the name of the Transferee Company with effect from the billing cycle commencing from the month immediately succeeding the month in which the Effective Date falls. The Transferee Company shall comply with the terms, conditions and covenants associated with the grant of such connection and shall also be entitled to refund of security deposits placed with such companies, boards, agencies and authorities by the Transferor Company 1.

#### **Permits**

- (ix) All Governmental Approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licences, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be entitled to use or which may be required to carry on the operations of the Transferor Company 1, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company.
- (x) Without prejudice to the generality of the Clauses mentioned above, the assets of the Transferor Company 1 shall also include all permits, licences including the Unified Access Service Licence and Unified Licence issued by the DoT, authorisation, spectrum, and any other licences, approvals, clearances, authorities, quotas, allocations granted to the Transferor Company 1, all municipal approvals, permissions for establishing cellular towers (including cell site licences) or receiving stations or any broadband and/or approvals for bandwidth, authorisations, statutory rights, permissions, registrations, certificates, consents, authorities (including for the operation of bank accounts), powers of attorneys (given by, issued to or executed in favour of the Transferor Company 1) and benefits of all Contracts, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatever nature and howsoever named, properties, movable, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, liberties, ownerships rights and benefits, earnest moneys payable pertaining to the assets mentioned in the aforesaid Clauses, if any, all other rights and benefits, licences, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipment, titles, all other utilities, benefits of all Contracts, government Contracts, memoranda of understanding, project service agreements, pre-qualification, applications, bids, tenders, letters of intent, concessions, non-possessory contractual rights or any other Contracts, development rights, allocated deferred Tax and all other interest in connection with or relation to the Transferor Company 1 on the Effective Date shall stand transferred to the Transferee Company in accordance with the Applicable Laws. A list of the telecommunications licences held by the Transferor Company 1 is set out at Part A of Schedule 1.

#### **Contracts**

- (xi) All Contracts, deeds, bonds, agreements (including in connection with Contracts for services) and other instruments to which the Transferor Company 1 is a party, or to the benefit of which the Transferor Company 1 may be entitled, and which are subsisting or having effect immediately prior to the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect against or in favour of, as the case may be, the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party or beneficiary or obligor or obligee thereto or thereunder. The Transferee Company

will, if required, enter into novation agreements in relation to such Contracts, deeds, bonds, agreements and other instruments.

- (xii) All other agreements entered into by the Transferor Company 1 in connection with the assets of the Undertaking of the Transferor Company 1 shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.

#### **Legal Proceedings**

- (xiii) All legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company 1 pending on the Effective Date shall not abate or be discontinued or be prejudicially affected in any way by reason of the Scheme or by anything contained in the Scheme but shall be continued, prosecuted and enforced, as the case may be, 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 Companies. The Transferee Company undertakes to have all legal or other proceedings specified in this Clause 2.1.2(xiii), initiated by or against the Transferor Company 1, transferred to its name and to have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 1.

#### **Employees**

- (xiv) With effect from the Effective Date, all the staff and employees of the Transferor Company 1 who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company 1 and without any interruption of or break in service as a result of the transfer and vesting of the Undertaking of the Transferor Company 1 to the Transferee Company. With regard to provident fund, gratuity, superannuation, leave encashment and any other special scheme or benefits created by the Transferor Company 1 which exist immediately prior to the Effective Date, the Transferee Company shall stand substituted for the Transferor Company 1 for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company 1, in accordance with applicable Law. It is hereby clarified that upon this Scheme becoming effective, such benefits and schemes shall continue to be provided to the transferred employees and the service of all transferred employees of the Transferor Company 1 for such purpose shall be treated as having been continuous. The VIL Promoters confirm that the relevant Affiliates of the VIL Promoters shall comply with the terms of any employee benefit plan as of the Effective Date to the extent such plan grants benefits to the employees of Transferor Company 1 and its subsidiaries.
- (xv) The Transferee Company shall comply with any agreement(s)/settlement(s) entered into with labour unions (if any) or employees by the Transferor Company 1. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other termination benefits, the past services of employees with the Transferor Company 1, if any, shall also be taken into account, and further agrees to pay such benefits when they become due.

#### **Intellectual Property**

- (xvi) All Intellectual Property Rights of the Transferor Company 1 shall stand transferred to and vested in the Transferee Company.

#### **Inter se Transactions**

- (xvii) With effect from the Effective Date, all *inter-se Contracts* solely between the Transferor Company 1 and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including *inter-alia* any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company 1 and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any *inter se* loans, deposits or balances between the Transferor Company 1 and the Transferee Company.

#### **Borrowing Limits; Corporate Approvals**

- (xviii) With effect from the Effective Date, the borrowing and investment limits of the Transferee Company under the Act shall be deemed without any further act or deed to have been enhanced by the borrowing and investment limits of the Transferor Company 1, such limits being incremental to the existing limits of the Transferee Company.
- (xix) Any corporate approvals obtained by the Transferor Company 1, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.

## **Taxes**

- (xx) Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company 1, including any refunds, claims or credits (including credits for income Tax, withholding Tax, advance Tax, self-assessment Tax, minimum alternate Tax, CENVAT credit, goods and services Tax credits, other indirect Tax credits and other Tax receivables) shall be treated as the Tax liability, refunds, claims, or credits, as the case may be, of the Transferee Company, and any Tax incentives, benefits (including claims for unabsorbed Tax losses and unabsorbed Tax depreciation), advantages, privileges, exemptions, credits, Tax holidays, remissions or reductions, which would have been available to the Transferor Company 1, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such Taxes on behalf of the Transferor Company 1.

## **Creditors**

- (xxi) Upon this Scheme becoming effective, the secured creditors of the Transferor Company 1 and/or other holders of security over the properties of the Transferor Company 1 shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company 1, as existing immediately prior to the amalgamation of the Transferor Company 1 with the Transferee Company and the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company 1 with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company 1 with the Transferee Company, (a) the secured creditors of the Transferor Company 1 and/or other holders of security over the properties of the Transferor Company 1 shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company and (b) the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company 1 and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.

## **2.2 Transfer of Authorised Share Capital**

### **2.2.1 With effect from the Effective Date:**

- (i) the authorised share capital of the Transferor Company 1 shall stand transferred to and be amalgamated with the authorised share capital of the Transferee Company, without any liability for payment of any additional fees (including fees and charges to the relevant RoC) or stamp duty; and
- (ii) consequent to transfer of the existing authorised share capital of the Transferor Company 1 in accordance with Clause 2.2.1(i), the authorised share capital of the Transferee Company of ₹ 82,750,000,000 (divided into 6,775,000,000 equity shares of ₹ 10 each and 1,500 redeemable cumulative non-convertible preference shares of ₹ 10,000,000 each) shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company to ₹ 252,930,020,000 (divided into 23,793,002,000 equity shares of ₹ 10 each and 1,500 redeemable cumulative non-convertible preference shares of ₹ 10,000,000 each), it being clarified that the authorised share capital (equity share capital and preference share capital) of the Transferor Company 1 shall be deemed to have been reclassified into equity shares of ₹ 10 each.

2.2.2 For the avoidance of doubt, it is hereby clarified that if the authorised share capital of the Transferor Company 1 or the Transferee Company undergoes any change, either as a consequence of any corporate action or otherwise, then this Clause 2.2 shall automatically stand modified to take into account the effect of such change.

2.2.3 The consent of the shareholders of the Transferor Company 1 and the Transferee Company to the Scheme shall be deemed to be sufficient for purposes of effecting the above and that no further action under section 13 or 61 or any other applicable provision of the Act, shall be separately required nor shall any additional fees (including fees and charges to the relevant RoC) or stamp duty be payable by the Transferee Company.

## **2.3 Record Date**

The Board of Directors of the Transferee Company, after procuring the consent of the Board of Directors of the Transferor Company 1, shall determine the Record Date for issue and allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company 1 in terms of Clause 2.4. Upon determination of the Record Date, the Transferor Company 1 shall provide a list of its equity shareholders as on such Record Date, who are entitled to receive equity shares in the Transferee Company in terms of this Scheme.

## 2.4 Issue of Shares

- 2.4.1 The Boards of Directors of the Transferor Company 1 and the Transferee Company have decided, at their respective meetings held on 19 March 2017 and 20 March 2017, respectively, that equity shares of the Transferee Company shall be issued to the Transferor Company 2 as a shareholder of the Transferor Company 1 in the manner set out in this Clause 2.4 based on the Valuer Report and their independent judgment (and solely in the case of the Transferee Company, the fairness opinion dated 19 March 2017 issued by Axis Capital Limited), and further, on the basis that the equity shares received by the Transferor Company 2 shall be cancelled upon Part III of this Scheme becoming effective.
- 2.4.2 Pursuant to the SEBI Circular, the price at which the above-referenced equity shares of the Transferee Company will be issued to the Transferor Company 2 will comply with the pricing guidelines for preferential allotments set forth in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Valuer Report has been prepared in accordance with the foregoing.
- 2.4.3 On the Effective Date, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the Transferor Company 2, the equity shareholder of the Transferor Company 1, an aggregate number of equity shares of ₹ 10 each of the Transferee Company, credited as fully paid-up, equal in number to 89% (eighty nine per cent.) of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis on the date prior to such issuance (subject to completion of pre-closing adjustments pursuant to Clause 4.2.3) in consideration for the amalgamation of the Transferor Company 1 into and with the Transferee Company. It is hereby clarified that such shares shall be deemed to have been issued by the Transferee Company and received by the Transferor Company 2 on the Effective Date, and following such issuance, the Transferor Company 2 shall hold 47% (forty seven per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis.
- 2.4.4 For the purpose of issue and allotment of shares pursuant to this Clause 2.4, the following terms shall apply:
- (i) Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to constitute due compliance with section 62 and any other applicable provisions of the Act, the SEBI Listing Regulations and the articles of association of the Transferee Company, and no other consent shall be required under the Act or the articles of association of the Transferee Company, for the issue of equity shares to the Transferor Company 2 as a shareholder of the Transferor Company 1 under the Scheme and upon the shareholders of the Transferee Company approving the Scheme, it shall be deemed that they have given their consent, including under the Act and the articles of association of the Transferee Company, to the issue of shares of the Transferee Company to the Transferor Company 2 as an equity shareholder of the Transferor Company 1 in accordance with the Scheme.
  - (ii) The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* with the existing shares of the Transferee Company, including the rights in respect of dividend and bonus shares, if declared, by the Transferee Company on or after the Effective Date.
  - (iii) The issue and allotment of shares as provided in the Scheme shall be carried out in accordance with the provisions of the Act. The Transferor Company 2 as the beneficial owner of the shares held by the nominee shareholders of the Transferor Company 2 in the Transferor Company 1 (the “**Nominee Shares**”), shall be entitled to receive shares in consideration for the Nominee Shares upon the amalgamation of the Transferor Company 1 into and with the Transferee Company.
  - (iv) For the purpose of issue and allotment of shares to the Transferor Company 2 as a shareholder of the Transferor Company 1, the Transferee Company shall, if and to the extent required, apply for and obtain the required approvals from statutory and other regulatory authorities.

## 2.5 Dissolution of the Transferor Company 1

Upon Part II of this Scheme becoming effective, the Transferor Company 1 shall stand dissolved without being wound up, without any further act or deed.

## 2.6 Accounting Treatment

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

## 2.7 Promoters

Upon allotment of equity shares of the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme, the Transferor Company 2 shall be a promoter of the Transferee Company, together with the ICL Promoters.

## PART III

### 3. AMALGAMATION OF THE TRANSFEROR COMPANY 2 INTO AND WITH THE TRANSFEEE COMPANY

#### 3.1 Transfer and Vesting of the Transferor Company 2 into and with the Transferee Company

- 3.1.1 With effect from the Effective Date, subject to the provisions of this Scheme, the Undertaking of the Transferor Company 2 shall stand transferred to and vest in the Transferee Company, as a going concern, together with all its estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Effective Date, the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the Tribunal and the provisions of sections 230 to 232 and other applicable provisions of the Act.
- 3.1.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Effective Date, in relation to the Undertaking:
- (i) All assets of the Transferor Company 2 that are movable in nature or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery shall, pursuant to this Scheme, stand vested in and/or be deemed to be vested in the Transferee Company and shall become the property of the Transferee Company without any further act, instrument or deed.
  - (ii) All other movable assets of the Transferor Company 2, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, 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 Governmental Authorities, customers and other Persons, shall, on and from the Effective Date, stand transferred to, and vested in, the Transferee Company without any notice or other intimation to the debtors or obligors or any other Person. The Transferee Company may (without being obliged to do so), if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor or any other Person, that pursuant to the sanction of the Scheme by the Tribunal, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company 2 to recover or realise all such debts (including the debts payable by such debtor or obligor or any other Person to the Transferor Company 2) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors or other Persons to record such change.
  - (iii) All lease and licence agreements entered into by the Transferor Company 2 with various landlords, owners and lessors in connection with the use of the assets of the Undertaking of the Transferor Company 2, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company 2.
  - (iv) All immovable properties of the Transferor Company 2, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company 2, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company 2 and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof.
  - (v) Until the owned property, leasehold property and related rights thereto, licence or right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded, effected and/or perfected in the record of the appropriate authorities in favour of the Transferee Company, the Transferee Company shall be deemed to be authorised to carry on business in the name and style of the Transferor Company 1 under the relevant agreement, deed, lease and/or licence, as the case may be, and the Transferee Company shall keep a record and account of such transactions.
  - (vi) For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Boards of Directors of the Transferor Company 2 and the Transferee Company may approve the execution of such documents or deeds as may be necessary, including deed of assignment of lease or leave or licence (as the case may be) by the Transferor Company 2 in favour of the Transferee Company.
  - (vii) All liabilities, including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company 2, of every kind, nature and description

whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall, pursuant to the sanction of the Scheme by the Tribunal and under the provisions of sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company, along with any charge, encumbrance, lien or security created in connection therewith, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Effective Date, the liabilities, debts, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company 2, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 liabilities have arisen in order to give effect to the provisions of this Clause 3.1.2(vii).

- (viii) All electricity, gas, water and any other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and authorities in different states to the Transferor Company 2, together with security deposits and all other advances paid, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The relevant electricity, gas, water and any other utility companies, boards, agencies and authorities shall issue invoices in the name of the Transferee Company with effect from the billing cycle commencing from the month immediately succeeding the month in which the Effective Date falls. The Transferee Company shall comply with the terms, conditions and covenants associated with the grant of such connection and shall also be entitled to refund of security deposits placed with such companies, boards, agencies and authorities by the Transferor Company 2.

#### **Permits**

- (ix) All Governmental Approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licences, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be entitled to use or which may be required to carry on the operations of the Transferor Company 2, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company.
- (x) Without prejudice to the generality of the Clauses mentioned above, the assets of the Transferor Company 2 shall also include all permits, licences including the Unified Access Service Licence and Unified Licence issued by the DoT, authorisation, spectrum, and any other licences, approvals, clearances, authorities, quotas, allocations granted to the Transferor Company 2, all municipal approvals, permissions for establishing cellular towers (including cell site licences) or receiving stations or any broadband and/or approvals for bandwidth, authorisations, statutory rights, permissions, registrations, certificates, consents, authorities (including for the operation of bank accounts), powers of attorneys (given by, issued to or executed in favour of the Transferor Company 2) and benefits of all Contracts, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatever nature and howsoever named, properties, movable, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, liberties, ownerships rights and benefits, earnest moneys payable pertaining to the assets mentioned in the aforesaid Clauses, if any, all other rights and benefits, licences, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipment, titles, all other utilities, benefits of all Contracts, government Contracts, memoranda of understanding, project service agreements, pre-qualification, applications, bids, tenders, letters of intent, concessions, non-possessory contractual rights or any other Contracts, development rights, allocated deferred Tax and all other interest in connection with or relation to the Transferor Company 2 on the Effective Date shall stand transferred to the Transferee Company in accordance with the Applicable Laws. A list of the telecommunications licences held by the Transferor Company 2 is set out at Part B of Schedule 1.

#### **Contracts**

- (xi) All Contracts, deeds, bonds, agreements (including in connection with Contracts for services) and other instruments to which the Transferor Company 2 is a party, or to the benefit of which the Transferor Company 2 may be entitled, and which are subsisting or having effect immediately prior to the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect against or in favour of, as the case may be, the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party or beneficiary or obligor or obligee thereto or thereunder. The Transferee Company will, if required, enter into novation agreements in relation to such Contracts, deeds, bonds, agreements and other instruments.
- (xii) All other agreements entered into by the Transferor Company 2 in connection with the assets of the Undertaking of the Transferor Company 2 shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.

## **Legal Proceedings**

- (xiii) All legal proceedings, including quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company 2 pending on the Effective Date shall not abate or be discontinued or be prejudicially affected in any way by reason of the Scheme or by anything contained in the Scheme but shall be continued, prosecuted and enforced, as the case may be, 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 Companies. The Transferee Company undertakes to have all legal or other proceedings specified in this Clause 3.1.2(xiii), initiated by or against the Transferor Company 2, transferred to its name and to have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company 2.

## **Employees**

- (xiv) With effect from the Effective Date, all the staff and employees of the Transferor Company 2 who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company 2 and without any interruption of or break in service as a result of the transfer and vesting of the Undertaking of the Transferor Company 2 to the Transferee Company. With regard to provident fund, gratuity, superannuation, leave encashment and any other special scheme or benefits created by the Transferor Company 2 which exist immediately prior to the Effective Date, the Transferee Company shall stand substituted for the Transferor Company 2 for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company 2, in accordance with applicable Law. It is hereby clarified that upon this Scheme becoming effective, such benefits and schemes shall continue to be provided to the transferred employees and the service of all transferred employees of the Transferor Company 2 for such purpose shall be treated as having been continuous. The VIL Promoters confirm that the relevant Affiliates of the VIL Promoters shall comply with the terms of any employee benefit plan as of the Effective Date to the extent such plan grants benefits to the employees of Transferor Company 2 and its subsidiaries.
- (xv) The Transferee Company shall comply with any agreement(s)/settlement(s) entered into with labour unions (if any) or employees by the Transferor Company 2. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other termination benefits, the past services of employees with the Transferor Company 2, if any, shall also be taken into account, and further agrees to pay such benefits when they become due.

## **Intellectual Property**

- (xvi) All Intellectual Property Rights of the Transferor Company 2 shall stand transferred to and vested in the Transferee Company.

## **Inter se Transactions**

- (xvii) With effect from the Effective Date, all *inter-se Contracts* solely between the Transferor Company 2 and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including *inter-alia* any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company 2 and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any *inter se* loans, deposits or balances between the Transferor Company 2 and the Transferee Company.

## **Borrowing Limits; Corporate Approvals**

- (xviii) With effect from the Effective Date, the borrowing and investment limits of the Transferee Company under the Act shall be deemed without any further act or deed to have been enhanced by the borrowing and investment limits of the Transferor Company 2, such limits being incremental to the existing limits of the Transferee Company.
- (xix) Any corporate approvals obtained by the Transferor Company 2, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.

## **Taxes**

- (xx) Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company 2, including any refunds, claims or credits (including credits for income Tax, withholding Tax, advance Tax, self-assessment Tax, minimum alternate Tax, CENVAT credit, goods and services Tax credits, other indirect Tax credits and other Tax receivables) shall be treated as the Tax liability, refunds, claims, or credits, as the case may be, of the Transferee Company, and any Tax incentives, benefits (including claims for unabsorbed Tax losses and unabsorbed Tax depreciation), advantages, privileges, exemptions,

credits, Tax holidays, remissions or reductions, which would have been available to the Transferor Company 2, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such Taxes on behalf of the Transferor Company 2.

### **Creditors**

(xxi) Upon this Scheme becoming effective, the secured creditors of the Transferor Company 2 and/or other holders of security over the properties of the Transferor Company 2 shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company 2, as existing immediately prior to the amalgamation of the Transferor Company 2 with the Transferee Company and the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company 2 with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company 2 with the Transferee Company, (a) the secured creditors of the Transferor Company 2 and/or other holders of security over the properties of the Transferor Company 2 shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company and (b) the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company 2 and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.

### **3.2 Transfer of Authorised Share Capital**

3.2.1 With effect from the Effective Date:

- (i) the authorised share capital of the Transferor Company 2 shall stand transferred to and be amalgamated with the authorised share capital of the Transferee Company, without any liability for payment of any additional fees (including fees and charges to the relevant RoC) or stamp duty; and
- (ii) consequent to transfer of the existing authorised share capital of the Transferor Company 2 in accordance with Clause 3.2.1(i), the authorised share capital of the Transferee Company of ₹ 252,930,020,000 (divided into 23,793,002,000 equity shares of ₹ 10 each and 1,500 redeemable cumulative non-convertible preference shares of ₹ 10,000,000 each) shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company to ₹ 302,930,020,000 (divided into 28,793,002,000 equity shares of ₹ 10 each and 1,500 redeemable cumulative non-convertible preference shares of ₹ 10,000,000 each).

3.2.2 For the avoidance of doubt, it is hereby clarified that if the authorised share capital of the Transferor Company 2 or the Transferee Company undergoes any change, either as a consequence of any corporate action or otherwise, then this Clause 3.2 shall automatically stand modified to take into account the effect of such change.

3.2.3 The consent of the shareholders of the Transferor Company 2 and the Transferee Company to the Scheme shall be deemed to be sufficient for purposes of effecting the above and that no further action under section 13 or 61 or any other applicable provision of the Act, shall be separately required nor shall any additional fees (including fees and charges to the relevant RoC) or stamp duty be payable by the Transferee Company.

### **3.3 Record Date**

The Board of Directors of the Transferee Company, after procuring the consent of the Board of Directors of the Transferor Company 2, shall determine the Record Date for issue and allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company 2 in terms of Clause 3.4. Upon determination of the Record Date, the Transferor Company 2 shall provide a list of its equity shareholders as on such Record Date, who are entitled to receive equity shares in the Transferee Company in terms of this Scheme.

### **3.4 Issue of Shares**

3.4.1 The Boards of Directors of the Transferor Company 2 and the Transferee Company have decided, at their respective meetings held on 19 March 2017 and 20 March 2017, respectively, that equity shares of the Transferee Company shall be issued to the shareholders of the Transferor Company 2 in the manner set out in this Clause 3.4 based on the Valuer Report and their independent judgment (and solely in the case of the Transferee Company, the fairness opinion dated 19 March 2017 issued by Axis Capital Limited).

3.4.2 Pursuant to the SEBI Circular, the price at which the above-referenced equity shares of the Transferee Company will be issued to the shareholders of the Transferor Company 2 will comply with the pricing guidelines for preferential allotments set forth in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Valuer Report has been prepared in accordance with the foregoing.

- 3.4.3 On the Effective Date, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company 2, an aggregate number of equity shares of ₹ 10 each of the Transferee Company, credited as fully paid-up, equal in number to 100% (one hundred per cent.) of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis immediately prior to such issuance (subject to, and after, completion of: (i) pre-closing adjustments pursuant to Clause 4.2.3; and (ii) cancellation of shares pursuant to Clause 3.4.4(ii)), which shall be issued and allotted to the shareholders of the Transferor Company 2 in proportion to their shareholding in the Transferor Company 2 in consideration for the amalgamation of the Transferor Company 2 into and with the Transferee Company. It is hereby clarified that such shares shall be deemed to have been issued by the Transferee Company and received by the shareholders of the Transferor Company 2 on the Effective Date, and following such issuance, the shareholders of Transferor Company 2 shall hold 50% (fifty per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis.
- 3.4.4 For the purpose of issue and allotment of shares pursuant to this Clause 3.4, the following terms shall apply:
- (i) Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to constitute due compliance with section 62 and any other applicable provisions of the Act, the SEBI Listing Regulations and the articles of association of the Transferee Company, and no other consent shall be required under the Act or the articles of association of the Transferee Company, for the issue of equity shares to the shareholders of the Transferor Company 2 under the Scheme and upon the shareholders of the Transferee Company approving the Scheme, it shall be deemed that they have given their consent, including under the Act and the articles of association of the Transferee Company, to the issue of shares of the Transferee Company to the equity shareholders of the Transferor Company 2 in accordance with the Scheme.
  - (ii) The equity shares issued by the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme shall stand cancelled in their entirety, without any further act, instrument or deed. Such cancellation of the share capital of the Transferee Company upon the amalgamation of the Transferor Company 2 with the Transferee Company shall be effected as a part of the Scheme itself and not in accordance with section 66 of the Act. The order of the Tribunal sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction and no separate sanction under section 66 of the Act shall be necessary.
  - (iii) The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* with the existing shares of the Transferee Company, including the rights in respect of dividend and bonus shares, if declared, by the Transferee Company on or after the Effective Date.
  - (iv) The issue and allotment of shares as provided in the Scheme shall be carried out in accordance with the provisions of the Act. All shareholders of the Transferor Company 2 shall be issued fresh equity shares in the Transferee Company in dematerialised form.
  - (v) For the purpose of issue and allotment of shares to the shareholders of the Transferor Company 2, the Transferee Company shall, if and to the extent required, apply for and obtain the required approvals from statutory and other regulatory authorities.
  - (vi) The shares issued pursuant to this Clause 3.4 shall, in compliance with the applicable regulations, be listed and admitted to trading on the Stock Exchanges pursuant to this Scheme and the SEBI Circular. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of the SEBI Circular and applicable Law and take all steps to procure the listing of the shares issued by it pursuant to this Clause 3.4.

### **3.5 Dissolution of the Transferor Company 2**

Upon Part III of this Scheme becoming effective, the Transferor Company 2 shall stand dissolved without being wound up, without any further act or deed.

### **3.6 Accounting Treatment**

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in its books of account (read with Clause 2.6) in accordance with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

### **3.7 Promoters**

Upon allotment of equity shares of the Transferee Company to the VIL Promoters pursuant to Part III of this Scheme, the VIL Promoters shall be promoters of the Transferee Company, together with the ICL Promoters.

## PART IV

### 4. GENERAL TERMS AND CONDITIONS

#### 4.1 Conduct of Business until the Effective Date

- 4.1.1 From the date on which the Boards of Directors of each Party approve this Scheme until the Effective Date, each of the Parties shall *inter-alia*:
- (i) maintain and preserve its properties and assets in good working order and condition consistent with past practice, normal wear and tear excepted;
  - (ii) conduct its operations in the ordinary course and materially in compliance with applicable Law;
  - (iii) continue to manage its working capital in the ordinary course and consistent with past practice;
  - (iv) not undertake, in a single transaction or a series of related transactions, any act or matter as agreed among the Parties in the Implementation Agreement or any act which is outside the ordinary course of business; and
  - (v) notify the other Parties in writing of any matter, circumstance, act or omission which constitutes a breach of this Clause 4.1 promptly after it becomes aware of any such matter, circumstance, act or omission.
- 4.1.2 Prior to the Effective Date, the Parties may mutually agree the manner in which their respective payments bank and mobile wallet businesses (which in the case of the Transferor Companies, may include Vodafone m-pesa Limited or the business undertaken by it) will be combined or otherwise transferred to and/or operated by the Transferee Company, the ICL Promoters or any other Person based on legal, accounting or Tax advice and/or circumstances existing at the relevant time, and if so agreed, the Parties shall take necessary actions to implement such terms.
- 4.1.3 Prior to the Effective Date: (i) each of ICL and VIL may enter into one or more transactions to dispose of any of the standalone towers directly or indirectly owned by it in 22 Circles, subject to the consent of the other Group; and (ii) ICL may enter into one or more transactions to dispose of any equity shares in Indus directly or indirectly held by it, subject to the consent of the Vodafone Group.
- 4.1.4 Prior to the Effective Date, certain identified assets of the Shared Services Business are intended to be transferred to VIL in one or more transactions (each a “**Pre-Merger Acquisition**”).
- 4.1.5 Notwithstanding anything contained in this Scheme, the Transferor Companies may undertake Pre-Merger Disposal(s), and consequently, the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof) shall not be transferred to the Transferee Company pursuant to this Scheme. Any costs, Taxes, expenses and liabilities incurred at any time in connection with a Pre-Merger Disposal shall be borne by the VIL Promoters in accordance with the Implementation Agreement.

#### 4.2 Sequence of Events

- 4.2.1 The following shall be deemed to have occurred on the Effective Date and become effective and operative only in the sequence and in the order set out below:
- (i) filing of certified copies of the Judgment(s) of the Tribunal with the relevant RoCs by each of VMSL and ICL pursuant to which amalgamation of the Transferor Company 1 into and with the Transferee Company in accordance with Part II of this Scheme shall become effective;
  - (ii) transfer of the authorised share capital of the Transferor Company 1 to the Transferee Company and consequential increase in the authorised share capital of the Transferee Company in accordance with Part II of this Scheme;
  - (iii) issue and allotment of fully paid up equity shares of the Transferee Company to the Transferor Company 2 in accordance with Part II of this Scheme;
  - (iv) dissolution of the Transferor Company 1 without winding-up;
  - (v) filing of certified copies of the Judgment(s) of the Tribunal with the relevant RoC by VIL pursuant to which amalgamation of the Transferor Company 2 into and with the Transferee Company in accordance with Part III of this Scheme shall become effective;
  - (vi) transfer of the authorised share capital of the Transferor Company 2 to the Transferee Company and consequential increase in the authorised share capital of the Transferee Company in accordance with Part III of this Scheme;
  - (vii) cancellation of the shares issued by the Transferee Company to the Transferor Company 2 pursuant to Part II of this Scheme;
  - (viii) issue and allotment of fully paid up equity shares of the Transferee Company to the shareholders of the Transferor Company 2 as of the Record Date in accordance with Part III of this Scheme; and
  - (ix) dissolution of the Transferor Company 2 without winding-up.

4.2.2 Following completion of the steps set out in Clause 4.2.1(i) to (ix) above and Clause 5, the VIL Promoters shall hold 45.1% (forty five point one per cent.) of the equity share capital of the Transferee Company and the ICL Promoters shall hold 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company, in each case, on a Fully-Diluted Basis, and each ICL Promoter and each VIL Promoter shall be categorised as a “promoter” of the Transferee Company.

4.2.3 The shareholding pattern of the Transferee Company as specified in Clause 4.2.2 is based on the contribution of agreed levels of debt by the VIL Merger Group and the ICL Merger Group, which shall be achieved pursuant to pre-closing adjustments set forth in the Implementation Agreement.

#### 4.3 Amendment of Organisational Documents

With effect from the Effective Date:

(a) Clause V of the memorandum of association of the Transferee Company shall be amended and replaced with the following:

*“The authorised share capital of the Company is ₹ 302,930,020,000 (Rupees Three Hundred and Two Billion Nine Hundred and Thirty Million Twenty Thousand only) divided into 28,793,002,000 (Twenty Eight Billion Seven Hundred and Ninety Three Million Two Thousand only) equity shares of ₹ 10 (Rupees Ten) each, 1,500 (One Thousand Five Hundred) redeemable cumulative non-convertible preference shares of ₹ 10,000,000 (Rupees Ten Million only) each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 2013) and to attach thereto respectively such preferential qualified or special rights, privileges or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force.”*

For the avoidance of doubt, it is hereby clarified that if the authorised share capital of any Party undergoes any change, either as a consequence of any corporate action or otherwise, then the authorised share capital to be specified in Clause V of the memorandum of association of the Transferee Company with effect from the Effective Date shall automatically stand modified to take into account the effect of such change, if any.

(b) The articles of association of the Transferee Company shall be amended and restated in the manner set out in Schedule 3 of this Scheme. If the Transferee Company is required to amend its articles of association for compliance with applicable Law prior to the Effective Date, such amended articles shall, without any further act, instrument or deed, form a part of the amended and restated articles of association of the Transferee Company as set out in Schedule 3.

It is hereby clarified that the consent of the shareholders of each Party to the Scheme shall be deemed to be sufficient for purposes of effecting the above and that no further action under section 13, 14 or 61 or any other applicable provision of the Act, shall be separately required nor shall any additional fees (including fees and charges to the relevant RoC) or stamp duty be payable by the Transferee Company.

#### 4.4 Agreements with ICL and VIL group companies

4.4.1 In connection with this Scheme, ICL shall enter into (i) a recharges agreement with Vodafone Group Services Limited, a group company of the VIL Promoters, and (ii) a recharges agreement with Aditya Birla Management Corporation Private Limited, a group company of the ICL Promoters, which, in each case, shall become effective on the Effective Date, and shall set out the terms and conditions on which such companies will provide certain services to ICL following the Effective Date (together, the “**Recharges Agreements**”).

4.4.2 Pursuant to the Scheme, on the Effective Date, ICL will become a party to the Brand Licence Agreement with Vodafone Sales & Services Limited, a group company of the VIL Promoters, which shall govern the terms and conditions on which the Vodafone brand shall be licenced to ICL.

4.4.3 On the Effective Date, all existing Contracts and other arrangements with Related Parties entered into by each Target Group shall terminate other than the Recharges Agreements, the Brand Licence Agreement, the Contracts listed as surviving the Effective Date in the Recharges Agreements and the Contracts listed in Parts B and C of Schedule 2. The Parties acknowledge and agree that each Group has made good faith efforts to identify Contracts that are intended to survive the Effective Date, however, Parts B and C of Schedule 2 may not list all such Contracts. If, prior to the Effective Date, either Group identifies any additional Contracts that are intended to survive the Effective Date, such Contracts shall survive the Effective Date, subject to the consent of the other Group (which shall not be unreasonably withheld).

4.4.4 If any Pre-Merger Disposal(s) or Pre-Merger Acquisition(s) have not been completed prior to the Effective Date with respect to any part of the assets listed in Part A of Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof) or the Shared Services Business (as applicable), the Transferee Company shall enter into Contracts with relevant members of the Vodafone Parent Group pursuant to which the relevant entities shall be granted the right to use such part(s) of the assets listed in Part A of

Schedule 2 and any liabilities relating thereto (including any proceeds of disposal thereof) or the Shared Services Business (as applicable) on mutually agreed terms.

- 4.4.5 Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to constitute due compliance with section 188 and any other applicable provisions of the Act, regulation 23 and any other applicable provision of the SEBI Listing Regulations and the articles of association of the Transferee Company, and no further action under the Act, the SEBI Listing Regulations or the articles of association of the Transferee Company shall be separately required for the Transferee Company to become a party to the Contracts described in this Clause 4.4.

#### 4.5 Applications to the Tribunal

The Parties shall make applications and/or petitions under sections 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal for approval of the Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.

#### 4.6 Matters Relating to Tax in respect of the Undertakings

- 4.6.1 The provisions of Part II and Part III of this Scheme are intended to comply with the conditions relating to "Amalgamation" as specified under section 2(1B) of the Income Tax Act. If, at a later date, any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of section 2(1B) of the Income Tax Act, including as a result of an amendment of Law or the enactment of a new legislation or for any other reason whatsoever, the provisions of section 2(1B) of the Income Tax Act, or a corresponding provision of any amended or newly enacted Law, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income Tax Act. Such modification(s) will, however, not affect the other parts of the Scheme. The power to make such modification(s), if necessary, shall vest with the Boards of Directors of each Party, which power shall be exercised reasonably in the best interest of each of the Parties and their shareholders and creditors in accordance with Clause 4.7. In addition, upon the Scheme becoming effective:

- (i) to the extent required, the Parties 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, service Tax, central sales Tax, entry Tax, goods and services Tax returns and any other Tax returns; and
- (ii) the Transferee Company shall be entitled to: (a) claim deduction with respect to items such as provisions, expenses, etc. disallowed in earlier years in the hands of the Transferor Companies, which may be allowable in accordance with the provisions of the Income Tax Act on or after the Effective Date; and (b) exclude items such as provisions, reversals, etc. for which no deduction or Tax benefit has been claimed by the Transferor Companies prior to the Effective Date.

- 4.6.2 Upon the Scheme becoming effective, notwithstanding anything to the contrary contained in the provisions of this Scheme, all accumulated Tax loss, unabsorbed Tax depreciation, minimum alternate Tax credit, if any, of the Transferor Companies as on the Effective Date, shall, for all purposes, be treated as accumulated Tax loss, unabsorbed Tax depreciation and minimum alternate Tax credit of the Transferee Company. It is further clarified that any business loss and unabsorbed depreciation of the Transferor Companies as specified in their respective books of account shall be included as business loss and unabsorbed depreciation of the Transferee Company for the purposes of computation of minimum alternate Tax.

- 4.6.3 Upon the Scheme becoming effective, the Transferee Company shall be entitled to claim refunds (including refunds or claims pending with the Tax authorities) or credits, with respect to Taxes paid by, for, or on behalf of, the Transferor Companies under applicable Laws, including income Tax, sales Tax, value added Tax, service Tax, entry Tax, custom duty, goods and services Tax or any other Tax.

- 4.6.4 Upon the Scheme becoming effective, all Taxes, cess, duties and liabilities (direct and indirect), payable by or on behalf of the Transferor Companies, shall, for all purposes, be treated as Taxes, cess, duties and liabilities, as the case may be, of the Transferee Company.

- 4.6.5 Upon the Scheme becoming effective, all unavailed credits and exemptions and other statutory benefits, including in respect of income Tax, CENVAT, customs, value added Tax, sales Tax, service Tax, entry Tax and goods and services Tax to which the Transferor Companies are entitled shall be available to and vest in the Transferee Company, without any further act or deed.

- 4.6.6 Any Tax liabilities under the Income Tax Act or other applicable Tax Laws or regulations allocable to the Transferor Companies, whether or not provided for or covered by any Tax provisions in the accounts of the Transferor Companies made as on the date immediately preceding the Effective Date, shall be transferred to the Transferee Company. Any surplus in the provision for Taxation or duties or levies in the accounts of the Transferor Companies, including advance Tax and Tax deducted at source as on the close of business in India on the date immediately preceding the Effective Date will also be transferred to the account of the Transferee Company.

- 4.6.7 All Tax assessment proceedings and appeals of whatsoever nature by or against the Transferor Companies, pending or arising as at the Effective Date, shall be continued and/or enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies. Further, the aforementioned

proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in this Scheme.

- 4.6.8 Any refund under the Income Tax Act or any other Tax Laws related to or due to the Transferor Companies, including those for which no credit is taken as on the date immediately preceding the Effective Date, shall also belong to and be received by the Transferee Company.
- 4.6.9 Without prejudice to the generality of the above, all benefits, incentives, claims, losses, credits (including income Tax, service Tax, excise duty, goods and services Tax and applicable state value added Tax) to which the Transferor Companies are entitled to in terms of applicable Tax Laws, shall be available to and vest in the Transferee Company from the Effective Date.
- 4.6.10 All the expenses incurred by the Transferor Companies and the Transferee Company in relation to the amalgamation of the Transferor Companies with the Transferee Company in accordance with this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with Section 35DD of the Income Tax Act over a period of five (5) years beginning with the financial year in which this Scheme becomes effective.

#### 4.7 **Modification or Amendment to the Scheme**

- 4.7.1 The Parties, through their respective Boards of Directors (or any duly authorised committee thereof), may mutually agree to any modification of or amendment to the Scheme in accordance with the Implementation Agreement. The Parties, acting through their respective authorised representatives, are hereby authorised to jointly take all such steps as may be necessary, desirable or appropriate to resolve any difficulties or questions, whether by reason of any direction or order of the Tribunal or of any other authorities or otherwise arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith, subject to the terms of the Implementation Agreement.
- 4.7.2 If any provision in this Scheme shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties to the Implementation Agreement.

#### 4.8 **Conditions Precedent**

The Scheme is and shall be conditional upon satisfaction or waiver (if applicable) of the following conditions at or prior to the Long Stop Date, in the manner agreed in the Implementation Agreement:

- (a) Stock Exchanges' Approval. ICL shall have received no-objection letters from the Stock Exchanges in respect of the Scheme (prior to filing the Scheme with the Tribunal as well as following approval of the Scheme by the Tribunal) and the transactions contemplated therein, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (b) Approval of the Tribunal. The Scheme shall have been approved by the Tribunal, either on terms as originally approved by the relevant parties to the Scheme, or subject to such modifications approved by the Tribunal, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (c) Approval under Competition Law. The written approval of the CCI in respect of the transactions contemplated herein shall have been obtained, pursuant to a joint application by VIL and ICL, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith, or the waiting period during which the CCI is required to provide its decision in respect of the application for approval in respect of the transactions contemplated herein, together with any extensions thereof, shall have expired.
- (d) FIPB and RBI Approvals. The approval of the FIPB and the RBI shall have been obtained in relation to the transactions contemplated herein pursuant to applications by ICL, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith.
- (e) DoT. (a) The written approvals of the DoT with respect to the transactions contemplated under the Scheme shall have been received, which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith, and any conditions contained in such approvals that are required to be satisfied shall have been so satisfied (or, where applicable, waived) other than any condition relating to the payment of demands or charges set out in such written approvals and any other conditions which by their nature are capable of satisfaction only on or immediately prior to the Effective Date; and (b) any demands or charges required to be paid by the terms of the written approvals received from the DoT shall have been paid in accordance with applicable Law, by the Party stated as being responsible for such demands or charges.
- (f) No Injunctions or Restraints; Illegality. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Judgment that is in effect and restrains, enjoins, prohibits or otherwise makes illegal consummation of the transactions contemplated under the Scheme and other transaction documents.

- (g) Shareholders' and Creditors' Approval. Each of the Scheme, the Recharges Agreements and the Brand Licence Agreement shall have been approved by the respective requisite majority of various classes of members and creditors of the Parties (where applicable) in accordance with the Act, the SEBI Circular and the SEBI Listing Regulations, as applicable.
- (h) Shareholder Approval under SEBI Circular. The public shareholders of ICL shall have approved the transactions contemplated herein pursuant to, and in accordance with, the SEBI Circular. The Scheme shall be acted upon only if the number of votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it in terms of the SEBI Circular.
- (i) Pre-Merger Disposal. VIL shall have transferred its equity interest in Indus to any other Person, provided that the Vodafone Group shall have complied with the relevant provisions of the Implementation Agreement and made all reasonable endeavours to obtain any Governmental Approvals necessary for such disposal, including approvals of the Tribunal and the FIPB, if applicable
- (j) Others. Such other conditions precedent as may be agreed among the Parties under the Implementation Agreement, including absence of any material adverse change and completion of pre-closing adjustments pursuant to Clause 4.2.3.

#### 4.9 Effect of Non-Receipt of Approvals; Withdrawal

- 4.9.1 In the event the conditions precedent to the Scheme are not satisfied or waived on or prior to the Long Stop Date, this Scheme shall become null and void and, except as agreed in writing among the Parties, no rights or liabilities whatsoever shall accrue to, or be incurred by, the Parties or their respective shareholders or creditors or employees or any other Person. In addition, termination fees of US\$ 500 million would become payable in accordance with the Implementation Agreement under certain circumstances as specified therein.
- 4.9.2 The Parties, acting through their respective Boards of Directors, may mutually agree in writing to withdraw this Scheme from the Tribunal.

#### 4.10 Indemnity

The parties to the Implementation Agreement have agreed: (i) to indemnify each other for certain events as set forth therein, including in relation to breach of representations and warranties, and covenants; and (ii) a mechanism for payments to each other pursuant to crystallisation of certain identified contingent liabilities and refunds.

#### 4.11 Costs and Expenses

Stamp duty costs incurred in connection with this Scheme shall be borne by the Transferee Company.

#### 4.12 Residual Provisions

- 4.12.1 The consent of the shareholders and creditors of each of the Parties to the Scheme in accordance with the Act and the SEBI Circular, as applicable, shall be deemed to be sufficient for purposes of effecting all the actions set out in this Scheme and no additional actions of the Parties shall be separately required.
- 4.12.2 Upon the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending Contracts and transactions in the name of the Transferor Companies to the extent necessary until the transfer of the rights and obligations of the Transferor Companies to the Transferee Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date and until such time that the name of the bank accounts of the Transferor Companies have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Companies in the name of the relevant Transferor Company in so far as may be necessary.
- 4.12.3 The Transferee Company may, at any time after the Scheme becomes effective in accordance with the provisions hereof, if so required under any Law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any Contract or arrangement to which any of the Transferor Companies is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances required for the purposes specified above by the Transferor Companies.
- 4.12.4 Upon the Scheme becoming effective, all Licences, incentives, remissions, Tax incentives, subsidies, privileges, consents, sanctions, and other authorisations, to which the Transferor Companies are entitled, shall stand vested in the Transferee Company and permitted or continued by the order of sanction of the Tribunal. The Transferee Company shall file the Scheme with applicable Governmental Authorities for their record, who shall take it on record pursuant to the sanction order of the Tribunal.

## PART V

### 5. CERTAIN ARRANGEMENTS AMONG THE PARTIES, THE VIL PROMOTERS AND THE ICL PROMOTERS

- 5.1 The Parties, the ICL Promoters and the VIL Promoters have agreed, pursuant to and in terms of the Implementation Agreement, to enter into certain other transactions (the **"Promoter Share Transactions"**) pursuant to which, following completion of (a) the amalgamation of Transferor Company 1 and Transferor Company 2 into and with the Transferee Company in accordance with Parts II, III and IV of the Scheme and (b) the Promoter Share Transactions set out in this Clause 5.1 and Clause 5.2, the shareholding pattern of the Transferee Company on a Fully-Diluted Basis shall ultimately be as follows:
- (i) the VIL Promoters shall hold 45.1% (forty five point one per cent.) of the equity share capital of the Transferee Company; and
  - (ii) the ICL Promoters shall hold 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company.
- 5.2 The ICL Promoters may, in order to meet the leverage ratio requirement specified in the Implementation Agreement, infuse equity capital in the Transferee Company prior to the Effective Date. If such event does not occur, or upon occurrence of such event, the shareholding of the ICL Promoters is (or will be) less than 26.0% (twenty six per cent.) of the equity share capital of the Transferee Company on a Fully-Diluted Basis following the completion of the steps set out in Clause 4.2.1(i) to (ix) on the Effective Date, the Parties, the ICL Promoters and the VIL Promoters shall undertake the Promoter Share Transactions which may include: (a) the purchase by one or more ICL Promoters (the **"Idea Purchasers"**) of securities representing up to 9.88% (nine point eight eight per cent.) of the equity share capital of VIL on a Fully-Diluted Basis (the **"VIL Sale Shares"**), free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration prior to the Effective Date, and failing agreement on such purchase among the parties to the Implementation Agreement, (b) the purchase by the Idea Purchasers of the Sale Shares, free of Lien, from one or more VIL Promoters for an amount equal to the Purchase Consideration following the completion of the steps set out in Clause 4.2.1(i) to (ix); provided that in the event the Effective Date does not occur and actions set out in this Clause have been completed, the Parties shall make all reasonable endeavours to restore the Idea Purchasers, VIL and the VIL Promoters to their respective original positions, as if the actions under this Clause did not occur and any costs, Taxes and expenses incurred for purposes of such restoration shall be borne by the VIL Promoters and the ICL Promoters equally.
- 5.3 It is clarified that in the event that the Promoter Share Transaction specified in Clause 5.2(b) above is undertaken, such transaction shall be deemed to have occurred on the Effective Date.

## SCHEDULE 1

### PART A

#### TELECOMMUNICATIONS LICENCES HELD BY THE TRANSFEROR COMPANY 1

S.No.	Service Area	Type	Licence Agreement Nos. for UAS/UL	Effective Date
1.	Delhi	Unified Licence (UL)	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
2.	Kolkata	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
3.	Andhra Pradesh	Unified Access Service Licence (UASL)	842-1014/2008-AS-IV dated 06.11.2008	26.09.2001
4.	Tamil Nadu including Chennai	UASL	842-1015/2008-AS-IV dated 06.11.2008	26.09.2001
5.	Karnataka	UASL	842-1016/2008-AS-IV dated 06.11.2008	26.09.2001
6.	Punjab	UASL	842-1021/2008-AS-IV dated 06.11.2008	05.10.2001
7.	Uttar Pradesh (W)	UASL	20-218/2003-HUTCH/BS-III dated 13.02.2004	13.02.2004
8.	West Bengal	UASL	20-201/2004-HUTCH/BS-III dated 23.03.2004	23.03.2004
9.	NLD	All India	10-20/2005-BS-I (NLD-12) dated 10.11.2006	10.11.2006
10.	ILD	All India	10-54/2006-BS-I (ILD-08) dated 13.11.2006	13.11.2006
11.	Gujarat	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
12.	Kerala	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
13.	Maharashtra	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
14.	Haryana	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
15.	Rajasthan	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
16.	Uttar Pradesh (E)	UL	20-428/2014 AS-I/31 dated 21.11.2014	30.11.2014
17.	Assam	UASL	20-203/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
18.	Bihar	UASL	20-204/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
19.	Himachal Pradesh	UASL	20-207/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
20.	Jammu & Kashmir	UASL	20-208/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
21.	North East	UASL	20-213/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
22.	Orissa	UASL	20-214/2006-ESSAR/AS-I dated 05.12.2006	05.12.2006
23.	Madhya Pradesh	UASL	20-211/2007-VODAFONE ESSAR/AS-I dated 19.12.2007	20.03.2007
24.	ISP (Category-A)	All India	820-1051/09-LR dated 11.12.2009	11.12.2009

### PART B

#### TELECOMMUNICATIONS LICENCES HELD BY THE TRANSFEROR COMPANY 2

S.No.	Service Area	Type	Licence Agreement Nos. for UAS/UL	Effective Date
1.	Mumbai	UL	20-426/2014 AS-I/40 dated 21.11.2014	29.11.2014

## SCHEDULE 2

### PART A

#### LIST OF ASSETS WHICH MAY BE TRANSFERRED BY THE VIL MERGER GROUP PURSUANT TO A PRE-MERGER DISPOSAL

1. 42% (forty two per cent.) equity interest held by VIL in Indus;
2. International network assets, including:
  - a. Group Multiprotocol Label Switching (MPLS)
    - i. Core and access routers in Mumbai, Bangalore, Chennai, Pune, Kolkata, Hyderabad and New Delhi;
    - ii. Network control and performance monitoring routers;
  - b. Group Dedicated Ethernet
    - i. Multiplexers in Mumbai, Chennai, Bangalore and New Delhi;
    - ii. Metro Dense Wavelength Division Multiplexing in Mumbai;
  - c. Submarine System
    - i. Bay of Bengal Gateway Cable landing station associated equipment and physical infrastructure, and indefeasible right to use ownership of fiber
  - d. Legacy International Network assets outside India for internet transit and peering, international voice and MPLS services
3. Information technology platforms
  - a. VONE-C (unified communications platform for enterprise customers) in Chennai comprising Cisco Hosted Communications Solutions equipment

### PART B

#### VODAFONE INTER-COMPANY AGREEMENTS

1. Framework Agreement for Roaming IOT Discounts with Vodafone Roaming Services S.a.r.l. and VIL, VMSL, Vodafone East Limited, Vodafone West Limited and Vodafone Cellular Limited with an effective date of 1 May 2010 and IOT Discount Letter No. 6 with an effective date 1 May 2015.
2. Any Bilateral Roaming Agreement between a member of the Vodafone Parent Group and VIL or its Affiliate.
3. Any agreement relating to the provision or receipt of assignees between a member of the Vodafone Parent Group and VIL or its Affiliate.
4. Any agreements relating to the processing of data.
5. Carrier related agreements (as set out in Service Description IN02\_03 of the Recharges Agreement between Vodafone Group Services Limited and ICL):
  - a. Service and Revenue Share Agreement between Vodafone South Limited and Vodafone Limited originally dated 9 September 2008;
  - b. International Telecommunications Service Agreement between Cable & Wireless UK and Vodafone South Limited dated 1 November 2012;
  - c. Managed Service Agreement between Vodafone South Limited and Vodafone Limited dated 1 October 2014;
  - d. International Telecommunications Services Agreement between Vodafone Enterprise Global Limited and VMSL dated 15 June 2016; and
  - e. Bandwidth Connect Agreement between Vodafone Global Network Limited and VMSL dated 28 February 2017.

Any reference to an agreement includes any addendums or ancillary documents (i.e., statements of work or invoices) relating to such agreements.

**PART C**  
**ICL INTER-COMPANY AGREEMENTS**

1. Any Bilateral Roaming Agreement between a member of the Idea Group and Axiata group (including its subsidiaries and Affiliates).
2. Any Interconnect Agreements between a member of the Idea Group and Axiata group (including its subsidiaries and Affiliates).
3. Agreements between ICL and Indus to avail passive infrastructure and energy efficiency services.
4. Any rental arrangements between ICL and its Related Parties.
5. Any arrangements between ICL and its Related Parties to provide mobility and leased line services.
6. Any arrangements between Idea Group and its Related Parties to avail any insurance services for its assets, employees and their dependents.
7. Any arrangements between Idea Group and its Related Parties for use of guest house facilities.
8. Agreement between ICL and Aditya Birla Wellness (P) Limited to partner in a wellness program of the latter and sharing the incentives provided to the customers of the latter registered under this program.
9. Any arrangements for sale/purchase of goods and services, sharing of common facilities and financing arrangements within the ICL Merger Group.
10. Any agreements / arrangements between the Idea Group and its related parties for availing post- paid collection and prepaid recharges.
11. Non-compete fee paid to a director on the board.

Any reference to an agreement includes any addendums or ancillary documents (i.e., statements of work or invoices) relating to such agreements.

## SCHEDULE 3

### AMENDED AND RESTATED ARTICLES OF ASSOCIATION

#### UNDER THE COMPANIES ACT, 2013

#### COMPANY LIMITED BY SHARES

#### ARTICLES OF ASSOCIATION

#### OF

#### IDEA CELLULAR LIMITED

#### *PART I*

#### INTERPRETATION

1. The regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers by the Company with reference to the repeal or alterations or addition to its regulations by a Special Resolution as prescribed by the Companies Act, 2013, be such as are contained in the Articles set out herein below, and the regulations in Table F of Schedule I to the said Companies Act, 2013 shall not, except in respect of such of the matters for which no provisions exist in these Articles, apply to this Company. In the event of any conflict between Parts I and II of the Articles of Association and Part III of the Articles of Association, the provisions of Part III of the Articles of Association shall prevail.
2. (a) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the meanings assigned to them respectively hereunder.
  - (i) "Act" means the Companies Act, 2013 or any statutory modifications or re-enactment thereof for the time being in force.
  - (ii) "Annual General Meeting" means a General Meeting of Members held in accordance with the provisions of Section 96 of the Act.
  - (iii) "Articles" or "Articles of Association" means these articles of association of the Company as originally framed or as altered from time to time in accordance with the provisions of the Act.
  - (iv) "Auditor" means and includes a Person appointed as such for the time being of the Company.
  - (v) "Audited Statement of Accounts" means the audited statement of accounts of the Company prepared by the Auditor in compliance with the Act and placed before the Members at the Annual General Meeting of the Company for approval.
  - (vi) "Auditor's Report" means a report prepared by the Auditor in addition to the Audited Statement of Accounts of the Company and placed before the Members at the Annual General Meeting of the Company for approval.
  - (vii) "Board of Directors" or "Board" means the Board of Directors of the Company.
  - (viii) "Capital" means the Share capital, for the time being raised or authorized to be raised, as the case may be, for the purposes of the Company.
  - (ix) "Capital Redemption Reserve Account" has the meaning assigned to it in Article 7(a)(iv).
  - (x) "Chairman" means the Chairman of the Board of Directors.
  - (xi) "Chief Executive Officer" means the chief executive officer of the Company appointed, from time to time, by the Board of Directors as provided in Article 173.
  - (xii) "Chief Financial Officer" means the chief financial officer of the Company appointed, from time to time, by the Board of Directors as provided in Article 174.
  - (xiii) "Chief Technical Officer" means the chief technical officer or any other officer carrying on similar functions, by whatever name called, of the Company appointed, from time to time, by the Board of Directors.
  - (xiv) "Committee" means a committee of the Board of Directors.
  - (xv) "Company" means IDEA CELLULAR LIMITED.
  - (xvi) "Company Secretary" or "the Secretary" means the company secretary of the Company appointed, from time to time, by the Board of Directors.

- (xvii) “Debenture” includes debenture-stock, bonds and other securities of the Company, whether constituting a charge on the assets of the Company, its subsidiaries, its holding company or its associate companies or not.
- (xviii) “Directors” means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a Board.
- (xix) “Director’s Report” means a report prepared by the Directors of the Company and placed before the Members of the Company at the Annual General Meeting, for their approval.
- (xx) “Dividend” includes bonus.
- (xxi) “DoT” means the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India.
- (xxii) “Equity Capital” means the equity Shares in the Capital of the Company.
- (xxiii) “Extra-ordinary General Meeting” means an extra ordinary General Meeting of the Members other than Annual General Meeting duly called and constituted and any adjourned holding thereof.
- (xxiv) “Financial Year” has the meaning given to it under Section 2 (41) of the Act.
- (xxv) “In writing” and “Written” include printing, lithography and other modes of representing or reproducing words in a visible form.
- (xxvi) “Key Managerial Personnel” means the officers of the Company to be appointed in accordance with Section 203 of the Act.
- (xxvii) “Licence Agreements” means the licence agreements entered into by the Company with the DoT for carrying on any its business including the cellular mobile telephone service licence agreement, unified access service licence agreement, unified licence agreement, national long distance licence agreement, international long distance licence agreement and the internet service provider licence agreement or any other license agreement as amended or substituted from time to time.
- (xxviii) “Managing Director” means the managing director of the Company appointed, from time to time, by the Board of Directors as provided in Article 176.
- (xxix) “Member” means a duly registered holder, for the time being, of the Shares of the Company, and includes a subscriber to the Memorandum and Articles of Association of the Company.
- (xxx) “Meeting” or “General Meeting” means a general meeting of the Members held in accordance with the provisions of Section 96, Section 97 or Section 100 of the Act.
- (xxxi) “Memorandum” or “Memorandum of Association” means the memorandum of association of the Company as originally framed or as altered from time to time.
- (xxxii) “Office” or “Registered Office” means the registered office, for the time being, of the Company.
- (xxxiii) “Paid up” in relation to Shares includes credited as paid up.
- (xxxiv) “Person” means any individual, partnership (including any limited liability partnership), association, joint stock company, joint venture corporation, trust, unincorporated organisation or government, or agency or sub-division thereof.
- (xxxv) “Proxy” means any person who is appointed by an instrument to vote for a Member at a General Meeting in a poll.
- (xxxvi) “Register of Charges” means the register of charges to be kept pursuant to Section 85 of the Act.
- (xxxvii) “Register of Contracts” means the register of contracts to be kept pursuant to Article 168.
- (xxxviii) “Register of Directors” means the register of directors to be kept pursuant to Article 168.
- (xxxix) “Register of Members” or “Register and Index of Members” means the register of Members to be kept pursuant to the Act.
- (xl) “Register and Index of Debenture-holders” shall mean the register of debenture-holders required to be kept pursuant to the Act.
- (xli) “Register of Renewed and Duplicate Certificates” shall mean the register of renewed and duplicate Share certificates required to be kept pursuant to Article 28(c)(v).
- (xlii) “Register of Transfers and Transmissions” shall mean the register of transfers and transmission of Shares required to be kept pursuant to Article 73.
- (xliii) “Registrar” means the Registrar of Companies of the State in which the Registered Office of the Company is, for the time being, situate.
- (xliv) “Regulations” or the “Company’s Regulations” means the regulations or bylaws, for the time being, framed by the Company.
- (xlv) “Rules” means the applicable rules for the time being in force as prescribed under relevant Sections of the Act.

- (xlvi) "Seal" or "Common Seal" means the common seal, for the time being, of the Company.
  - (xlvii) "Securities Premium Account" has the meaning given to it in Article 24(a).
  - (xlviii) "Senior Officers" mean the Chief Financial Officer, the Chief Technical Officer, the Company Secretary and any other key positions of the Company as may be notified by the DoT from time to time.
  - (xlix) "Share" means shares in the Capital of the Company, and includes stock except where a distinction between stock and shares is expressed or implied.
  - (l) "Shareholder" means any owner of the Shares in the Capital of the Company.
  - (li) "Section" or "Sections" means a section of the Act for the time being in force.
  - (lii) "Special Resolution" and "Ordinary Resolution" have the meanings respectively given to them under the provisions of the Act.
  - (liii) "Stock Exchange" means the relevant stock exchange on which the Shares or Debentures of the Company are listed.
- (b) Any reference in these Articles to :
    - (i) Any gender, whether masculine, feminine or neuter, shall be deemed to be construed as referring to the other gender or genders, as the case may be; and
    - (ii) Singular number be construed as referring to, the plural number and vice versa.
  - (c) The headings are inserted for convenience only and do not affect the interpretation of these Articles.
  - (d) Save as aforesaid, any words or expressions defined in the Act, but not defined in these Articles and not inconsistent with the subject or context, bear the same meaning herein as given to them respectively in the Act.

### 3. CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

- (a) The authorised Capital of the Company shall be as stated in Clause V of the Memorandum of Association.
- (b) Upon an acquisition, whether by merger, issue of Shares or otherwise by the Company of another body corporate, the Company may issue new Shares in its Equity Capital at par or at such premium as may be agreed by Shareholders.
- (c) Subject to the provisions of Article 88(g) and Section 43 of the Act and the Rules, the Company may, with the approval of the Shareholders in a General Meeting, issue Shares with differential rights as to Dividend, voting or otherwise.

- 4. (a) The Company in a General Meeting, may, by Special Resolution and subject to the provisions of these Articles, from time to time, increase the authorized Capital by the creation of new Shares, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe.  
 Subject to the provisions of Sections 43, 47, 55 and 62 of the Act, the new Shares shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto, as the General Meeting shall direct and if no direction be given, as the Board of Directors shall determine, and in particular, such Shares may be issued with a preferential or qualified right to Dividends and in the distribution of the assets of the Company and subject to the provisions of the said Sections with special or without any right of voting and subject to the provisions of Section 55 of the Act any preference Shares may be issued on the terms that they are liable to be redeemed.
- (b) Whenever the Capital of the Company is increased under the provisions of this Article the Board of Directors shall comply with the provisions of Section 64 of the Act.

- 5. Except so far as otherwise provided by the conditions of issue or by these Articles, any Capital raised by the creation of new Shares, shall be considered as part of the original Capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.

- 6. (a) Subject to the provisions of these Articles, where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares made for the first time after formation of the Company, whichever is earlier, it is proposed to increase the subscribed Capital of the Company by allotment of further Shares:
  - (i) Such further Shares shall be offered to the Persons who, as on the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit to the Capital paid-up on those Shares at that date;
  - (ii) Such offer shall be made by a notice specifying the number of Shares offered and stipulating a time not being less than fifteen days and not more than thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person; and the notice referred to herein above shall contain a statement of this right.

Provided that the Directors may decline, without assigning any reason, to allot any Shares to any Person in whose favour any Member may renounce Shares offered to him; and

- (iv) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of such Shares in such manner as the Board thinks most beneficial to the Company.
- (b) Notwithstanding anything contained in the preceding sub-Article, the Company may by a Special Resolution offer further Shares to any Person or Persons either for cash or for consideration other than cash, and such Person or Persons may or may not include the Persons who at the date of the offer, are the holders of the equity Shares of the Company.
- (c) Nothing contained in sub-Articles (a) and (b) of this Article 6 shall apply -
  - (i) to the increase of the subscribed Capital caused by the exercise of an option attached to any Debentures issued or loans raised by the Company;
  - (ii) to the conversion of such Debentures or loans into Shares in the Company; or
  - (iii) to the subscription of Shares in the Company.

Provided that the terms of the issue of such Debentures or the terms of such loans include a term providing for such option and such term as may be mutually agreed upon before the issue of the Debentures or before the raising of the loans or is in conformity with the rules, if any, made by the Central Government in this behalf or by such authorities as may be laid down by the Central Government.

  - (iv) in the case of Debentures or loans, other than those Debentures issued to, or loans obtained from the Central Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in a General Meeting before the issue of the Debentures or the raising of the loans.
  - (v) subject to the provisions of the Act, and these Articles, the Board of Directors may issue and allot Shares in the Capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any Shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up Shares as the case may be.
- (d) Nothing in sub-article (a)(iii) of Article 6 hereof shall be deemed:
  - (i) To extend the time within which the offer should be accepted; or
  - (ii) To authorise any Person to exercise the right of renunciation for a second time on the ground that the Person in whose favour the renunciation was first made has declined to take Shares comprised in the renunciation.
- (e) Any Debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

7. (a) Subject to the provisions of Section 43, Section 55 and other applicable provisions, if any, of the Act and the Rules and the provisions of these Articles, the Company shall by a Special Resolution have power to issue or re-issue preference Shares/ cumulative convertible preference Shares of one or more classes which are liable to be redeemed or converted to equity Shares, with such rights and on such terms and conditions that are prescribed in this behalf from time to time.

Provided that:

- (i) No such Shares shall be redeemed except out of the profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purposes of redemption;
  - (ii) No such Shares shall be redeemed unless they are fully paid;
  - (iii) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account before the Shares are redeemed;
  - (iv) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed; and the provisions of the Act relating to the reduction of the Capital of the Company shall, except as provided in Section 55 of the Act and the Rules apply as if the Capital Redemption Reserve Account were paid up Capital of the Company.
- (b) Subject to the provisions of Section 55 of the Act and the Rules and subject to the provisions on which any Shares may have been issued, the redemption of preference Shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
  - (c) The redemption of preference Shares under the provisions of their issue by the Company shall not be taken as reducing the amount of its authorised Capital.

- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference Shares, it shall have the power to issue Shares up to the nominal amount of the Shares redeemed or to be redeemed as if those Shares had never been issued and, accordingly, the Capital of the Company shall not, for the purpose of calculating the fees payable under Section 403 of the Act, be deemed to be increased by the issue of Shares in pursuance of this Article.
- Provided that where new Shares are issued before the redemption of the old Shares, the new Shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this Article unless the old Shares are redeemed within one month of the issue of the new Shares.
- (e) The Capital Redemption Reserve Account may, notwithstanding anything contained in this Article 7, be applied by the Company, in paying up unissued Shares of the Company to be issued to Members of the Company as fully paid bonus Shares.
8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference Shares, to redeem at par the whole part of the preference Shares, for the time being outstanding, by payment of the nominal amount thereof with Dividend calculated up to the date or dates notified for payment (and for this purpose the Dividend shall be deemed to accrue and be due from day to day) and in the case of redemption of part of the preference Shares the following provisions shall take effect:-
- (a) The Shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its Registered Office in the presence of at least one of the Directors; and
- (b) Forthwith after every such drawing, the Company shall notify to the Shareholders whose Shares have been drawn for redemption, its intention to redeem such Shares by payment at the Registered Office of the Company at the time and on the date to be named against surrender of the certificates in respect of the Shares to be so redeemed and at the time and date so notified each such Shareholder shall be bound to surrender to the Company the Share certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such Shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry Dividend from the date named for payment as aforesaid. Where any such certificate comprises any Shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefor.
9. (a) The Company may (subject to the provisions of Sections 55 and 66 of the Act and the provisions of these Articles), from time to time by a Special Resolution, reduce its Capital and any Capital Redemption Reserve Account or Securities Premium Account and / or any other reserve in the nature of Capital in any manner for the time being authorised by law, and in particular Capital may be paid off on the footing that it may be called up again or otherwise.
- (b) This Article 9 shall not derogate from any power the Company would have if it were omitted.
10. Subject to the provisions of Section 61 of the Act and these Articles, the Company in a General Meeting may, from time to time, by a Special Resolution alter the conditions of its Memorandum of Association so as to:
- (a) increase its Capital by such amount as it thinks expedient by issuing new Shares;
- (b) consolidate and divide all or any of its Capital into Shares of larger amount than its existing Shares; Provided that any consolidation and division which results in changes in the voting percentage of Members shall require the applicable approvals under the Act;
- (c) convert all or any of its fully paid up Shares into stock; and reconvert that stock into fully paid up Shares of any denomination;
- (d) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association of this Company subject nevertheless to the provisions of the Act in that behalf and so however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived, and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards Dividend, capital or otherwise, over, or as compared with, the others or other; and
- (e) cancel Shares which at the date of passing of the resolution in a General Meeting in that behalf have not been taken or agreed to be taken by any Person, and diminish the amount of its Capital by the amount of the Shares so cancelled.
11. (a) If the Company has:
- (i) consolidated and divided its Capital into Shares of a larger amount than its existing Shares;
- (ii) converted any Shares into stock;
- (iii) reconverted any stock into Shares;
- (iv) sub-divided its Shares or any of them;
- (v) redeemed any redeemable preference Shares; or

- (vi) cancelled any Shares otherwise than in connection with a reduction of Capital under Section 66 of the Act, the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the Shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.
  - (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.
12. Subject to the provisions of the Act and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other guidelines issued in this context, the Company may at any time authorize the Board to create or implement one or more employee stock option plans or employee stock purchase plans, which may run simultaneously to any issue of Shares or securities to its employees and/or any other Persons whose contributions to the Company's performance including profitability is of material importance. Subject to applicable law, the Board may, at its discretion, create one or more trusts or other special purpose vehicles of any nature, and/or any other mechanism to implement one or more employee stock option plans or employee stock purchase plans and/or use the offices of any intermediaries to conceptualize, implement, manage, and/or administer any such schemes from time to time.
13. (a) Whenever the Capital, by reason of the issue of preference Shares, or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 48 of the Act and these Articles, and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated, or dealt with the consent in writing of the holders of at least three-fourths in nominal value of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate Meeting of the holders of Shares of that class and all the provisions hereinafter contained as to a General Meeting shall, *mutatis mutandis*, apply to every such Meeting.
- (b) This Article shall not derogate from any power the Company would have if this Article were omitted.

#### SHARES AND SHARE CERTIFICATES

14. The rights or privileges conferred upon the holders of the Shares of any class issued with preference or other rights, shall not unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied or modified or affected by the creation or issue of further Shares ranking *pari passu* therewith.
15. The provisions of Sections 43 and 47 of the Act in so far as the same may be applicable shall be observed by the Company.
16. Subject to the provisions of the Act and these Articles, the Shares (including any Shares forming part of any increased Capital of the Company) in the Capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 53 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any Person or Persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call of Shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.
17. The Board shall observe the restrictions as to allotment contained in Section 39 of the Act and shall cause to be made the return of allotment in accordance with Section 39 of the Act and the Rules.
18. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 9 hereof and with the sanction of the Company in a General Meeting may, subject to the provisions of Section 62 of the Act, determine that any Shares (part of the original Capital or of any increased Capital of the Company) shall be offered to such Persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 52 and 53 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any Person/s (whether a Member or not) the option to call or be allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 52 and 53 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting, or the Company in General Meeting may make any other provision whatsoever for the issue, allotment and disposal of any Shares.
19. The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Section 88 of the Act and Register and Index of Debenture-holders in accordance with Section 88 of the Act. The Company shall be entitled to keep in any State or country outside India, a branch Register of Member resident in that State or country.
20. The Shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share shall continue to bear the number by which the same was originally distinguished.
21. (a) An application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles.
- (b) Every Person who thus or otherwise accepts any Shares and whose name is entered in the Register of Members shall, for the purposes of these Articles, be a Member.

22. The money, if any, which the Board of Directors shall, on the allotment of any Shares being made by it, required or direct to be paid by way of deposit, call or otherwise, in respect of the Shares so allotted, shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
23. Every Member shall pay to the Company the portion of the Capital represented by his Share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Board of Directors shall, from time to time, in accordance with the Company's Regulations require or fix for the payment thereof.
24. (a) Where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those Shares shall be transferred to an account to be called "the Securities Premium Account" and the provisions of the Act relating to the reduction of the Capital of the Company shall except as provided in this Article, apply as if the Securities Premium Account were paid up Capital of the Company.
- (b) The Securities Premium Account may, notwithstanding anything in sub-Article (a) above, be applied by the Company:
- (i) in paying up unissued Shares of the Company to be issued to members of the Company as fully paid bonus Shares;
  - (ii) in writing off the preliminary expenses of the Company;
  - (iii) in writing off the expenses of or the commission paid or discount allowed on, any issue of Shares or Debentures of the Company;
  - (iv) in providing for the premium payable on the redemption of any redeemable preference Shares or of any Debenture of the Company; or
  - (v) for the purchase of its own shares or other securities under Section 68 of the Act.
25. If and whenever, as the result of issue of new or further Shares or any consolidation or sub-division of Shares, any Shares are held by Members in fractions, the Directors shall, subject to the provisions of the Act and the Articles and to the directions of the Company in a General Meeting, if any, sell those Shares, which Members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the Members entitled to such Shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any Person to transfer the Shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
26. (a) Every Member or allottee of Shares shall be entitled, without payment, to receive one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine; provided that such fee does not exceed the maximum fee agreed between the Company and the Stock Exchange) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within fifteen days of the date of lodgement for transfer, transmission, sub-division, consolidation, renewal or endorsement of call of any of its Shares as the case may be. Every certificate of Shares shall be under the Seal of the Company, if any and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve.
- (b) Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of advice or acceptance or letters of renunciation, or in cases of issue of bonus Shares.
- Provided that if the letter of allotment is lost or destroyed, the Board may impose, such reasonable terms, if any, as it thinks fit as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence.
- (c) For any further certificate the Board shall be entitled, but shall not be bound, to prescribe the charge not exceeding ₹ 50 (Rupees fifty) per certificate or such other limit as may be prescribed by the Act and the Rules.
27. (a) Any two or more joint allottees of a Share shall, for the purpose of this Article 27, be treated as a single Member, and the certificate of any Shares, which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them and the company shall not be borne to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holders.
- (b) Subject to the provisions of the Act and the Rules or any statutory modification or reenactment thereof, for the time being in force, every such certificate shall be issued under the Seal, if any, which shall be affixed in the presence of (i) two Directors or Persons acting on behalf of the Directors under duly registered power of attorney and (ii) the Secretary or some other Person appointed by the Board for the purpose. The two Directors or their attorneys and the Secretary or other Person so appointed shall sign the Share certificate. Provided that if the Company does not have a Seal, the share certificate shall be signed by two directors or by a director and the Secretary. Provided further that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a Person other than a Managing Director or Whole-time Director.

- (c) A Director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical material used for the purpose.
  - (d) Particulars of every Share certificate issued shall be entered in the Register of Members against the name of the Person to whom it has been issued indicating the date of issue and the amount paid up thereon.
  - (e) The Company shall comply with the provisions of Section 56 of the Act.
- 28.
- (a) No certificate of any Share or Shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to the Company.
  - (b) The Company may charge such fee not exceeding that which may be agreed upon by the Company and the Stock Exchange per certificate, issued on splitting or consolidation of Share certificate except for marketable lots. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or pursuant to a scheme of arrangement sanctioned by the National Company Law Tribunal or the Central Government.
  - (c)
    - (i) Notwithstanding anything contained in the preceding Article, the Directors of the Company may in their absolute discretion refuse sub-division of Share certificates or Debenture certificates into denominations of less than the marketable lots except where such sub-division is required to be made to comply with a statutory provision or an order of a competent Court of law.
    - (ii) When a new Share certificate has been issued in pursuance of Article 28(a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. .... subdivided/replaced/on consolidation of Shares".
    - (iii) If a Share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board upon payment of such fees as may be agreed upon between the Company and the Stock Exchange, and on such terms, if any, as to evidence and indemnity and payment of out of pocket expenses incurred by the Company in investigating the evidence, as the Board thinks fit. The Company will issue such duplicate certificate within six weeks of notification of loss and receipt of proper indemnity.
    - (iv) When a new Share certificate has been issued in pursuance of Article 28(c)(iii) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of Share certificate No.....". The word "duplicate" shall be stamped or punched in bold letters across the face of the Share certificate.
    - (v) Where a new Share certificate has been issued in pursuance of Article 28(c)(i) or Article 28(c)(iii) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name(s) of the Person(s) to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross references in the "Remarks" column.
    - (vi) Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the Rules or the rules made under Securities Contracts (Regulation) Act, 1956 or any other statutes or rules applicable in this behalf, including intimating the Stock Exchange within forty eight hours of receipt of information regarding loss of share certificates and issue of duplicate certificates, both by way of floppy disks and printed details.
- 29.
- (a) All blank forms to be used for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board.
  - (b) The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other Person as the Board may appoint for the purpose.
  - (c) The Secretary or the Person aforesaid shall be responsible for rendering an account of these forms to the Board.
  - (d) The Managing Director of the Company, for the time being, or if the Company has no Managing Director, every Director of the Company and the Secretary, if any, shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates, except the blank forms of Share certificates referred to in Article 29(a). All books referred to herein shall be preserved in good order permanently.
30. The provisions of the foregoing Articles relating to issue of certificates shall *mutatis mutandis* apply to the issue of certificates for any other securities including Debentures (except where otherwise provided by the Act) of the Company.
31. If any Share stands in the names of two or more Persons, the Person first named in the Register of Members shall, as regards receipt of Dividends or bonus, or service of notices and all other matters connected with the Company, except voting at Meetings, and the transfer of the Shares be deemed the sole holder; but the other joint holder(s) of the same shall not be relieved of his / their obligations in respect of payment of all installments and calls due on the Share and all incidents thereof in accordance with the Rules.

32. (a) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall not be bound to recognize any benami, trust of equity or any equitable, contingent, future or partial interest in the Shares, or except only as is by these Articles otherwise expressly provided, any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the Persons who are from time to time, registered as the holders thereof; but the Board shall be at liberty, at its sole discretion, to register any Share in the joint names of any two or more Persons or the survivor or survivors of them.
- (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a Person of unsound mind, or in the name of any firm or partnership or trust.
33. Funds of the Company shall not be applied in the purchase of any Shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any Shares in the Company or in its holding company, save as provided by Section 67 of the Act.
34. The Company may, by Special Resolution, purchase its own Shares or other securities, subject to such limits and on such terms and conditions specified under Sections 68 to 70 and other applicable provisions of the Act and the Rules.
35. The provisions of the Article under this heading shall *mutatis mutandis* apply to Debentures of the Company.
36. Dematerialisation of Securities
- (a) For the purpose of this Article:
- (i) "SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
- (ii) "Depositories Act" means the Depositories Act, 1996, including any statutory modifications thereof for the time being in force.
- (iii) "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section 1A of section 12 of the Securities and Exchange Board of India Act, 1992.
- (iv) "Bye-laws" means bye-laws made by a Depository under section 26 of the Depositories Act.
- (v) "Beneficial Owner" means a Person whose name is recorded as such with a depository.
- (vi) "Member" means the duly registered holder of from time to time of the Shares of the Company and includes every Person whose name is entered as a Beneficial Owner in the records of the Company.
- (vii) "Participant" means a Person registered as such under section 12A of the Securities and Exchange Board of India Act, 1992.
- (viii) "Records" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulations made by the SEBI in relation to the Depositories Act.
- (ix) "Regulations" means the regulations made by SEBI.
- (ix) "Security" means such security as may be specified by SEBI.
- (x) Words imparting the singular number only include the plural number and vice-versa.
- (xii) Words and expressions used but not defined in the Act but defined in the Depositories Act, shall have the same meanings respectively assigned to them in that Act.
- (b) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including Shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
- (c) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialize its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (d) Every Person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a Person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.
- (e) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 89 and other applicable provisions of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

- (f) (i) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every Person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
- (g) Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the Person whose name appears on the Register of Members as the holder of any Share or where the name appears as the Beneficial Owner of the Shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto in accordance with these Articles, on the part of any other Person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any Share in the joint names of any two or more Persons or the survivors or survivors of them.
- (h) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- (i) Upon receipt of certificates of securities on surrender by a Person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- (j) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.
- The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.
- The Company shall within thirty days of the receipt of intimation from the Depository and on fulfilment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
- (k) Notwithstanding anything in the Act, or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (l) Except as specifically provided in these Articles, the provisions relating to joint holders of Shares, calls, lien on Shares, forfeiture of Shares and transfer and transmission of Shares shall be applicable to Shares held in Depository so far as they apply to Shares in physical form subject to the provisions of the Depository Act.
- (m) Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (n) The Shares in the Capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the Shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinabove mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.
- (o) The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture-holders in accordance with Section 88 of the Act, and the Depositories Act, with details of Shares and debentures held material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of Debenture-holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that State or country.

#### **UNDERWRITING COMMISSION AND BROKERAGE**

37. (a) The Company may pay commission to any Person in consideration of:
- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any Shares in, or Debentures of the Company, subject to the restrictions specified in sub-section (6) of Section 40 of the Act and the Rules; or
- (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any Shares in, or Debentures of the Company to be offered to the public, if the following conditions are fulfilled, namely:

- (1) the commission is paid out of the proceeds of the issue, the profits of the Company, or both;
  - (2) the commission paid or agreed to be paid does not exceed in the case of Shares, five percent of the price at which the Shares are issued and in the case of Debentures, two and half percent of the price at which the Debentures are issued;
  - (3) the name of the underwriters and the amount or rate percent of the commission paid or agreed to be paid, on Shares or Debentures offered to the public for subscription, is disclosed in the prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a prospectus inviting subscription for the Shares or Debentures is issued is also disclosed in that circular or notice;
  - (4) the number of Shares or Debentures which such Persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid; and
  - (5) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus for registration.
- (b) Nothing in this Article 37 shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (c) A vendor to, promoter of, or other Person who receives payment in Shares, Debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the Shares, Debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 40 of the Act.
- (d) The commission may be paid or satisfied (subject to the provisions of the Act, the Rules and these Articles) in cash, or in Shares, Debentures or debenture-stocks of the Company.

#### CALLS AND LIENS

38. (a) The Board may, from time to time, make calls upon the Members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one fourth of the nominal value of the Share or be payable at less than one month from the date fixed for payment of the last preceding call.
- (b) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares. The call notice shall be in a standard form acceptable to the Stock Exchange.
- (c) A call may be revoked or postponed at the discretion of the Board.
39. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
40. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
41. (a) If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten percent per annum or at such lower rate, if any, as the Board may determine.
- (b) The Board shall be at liberty to waive payment of any such interest wholly or in part.
42. (a) Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which the terms of issue such sum becomes payable.
- (b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
43. The Board:
- (a) may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him; and
- (b) Upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the Member paying the sum in advance.
- The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities of the Company including Debentures.
44. Subject to the provisions of the Act and these Articles, on the trial or hearing of any suit, action or other proceeding brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove:
- (a) That the name of the Member, in respect of whose Shares the money is sought to be recovered, appears entered in the Register of Members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the Shares in respect of which such money is sought to be recovered;

- (b) that the resolution making the call is duly recorded in the minutes book; and
  - (c) that the notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the meeting of the Board at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.
45. (a) (i) The Board may, if it thinks fit, agree to receive from Members willing to advance the same, all or any part of the amounts of their respective Shares beyond the sums actually called up, and upon the monies so paid in advance, or upon so much thereof, from time to time, and at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made, the Board of Directors may pay or allow interest, at such rate as the Members paying the sum in advance and the Board of Directors agree upon.
- Provided that any amount paid up in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to Dividends or to participate in profits.
- (ii) The Board of Directors may agree to, at any time, repay the same upon giving to the Member three months' notice in writing.
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.
46. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of the actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.
47. The provision of these Articles shall *mutatis mutandis* apply to the calls on any other securities including Debentures of the Company.
48. (a) The Company shall have a first and paramount lien upon all Shares and / or Debentures (other than fully paid-up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all monies including his debts, liabilities and engagements solely or jointly with any other Person to or with the Company (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any such Share shall be created except upon the footing and condition this Article will have full legal effect. Provided that the Directors may at any time declare any Shares / Debentures wholly or in part to be exempt from the provisions of this Article 48(a).
- (b) The Company's lien on a Share shall extend to all Dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such Shares for any money owed to the Company.
- (c) Unless otherwise agreed, the registration of transfer of Shares shall operate as a waiver of the Company's lien, if any, on such Shares.
49. (a) For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as it shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and / or debentures and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such Member / Debenture-holder.
- Provided that no such sale shall be made:
- (i) unless a sum in respect of which the lien exists is presently payable, or
  - (ii) until the expiration of fourteen days after a notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or his committee, curator bonis or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid.
- (b) To give effect to any such sale, the Board may authorize any Person to transfer the Shares sold to the purchaser thereof.
- (c) The purchaser shall be registered as the holder of the Shares comprised in any such transfer.
- (d) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
50. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists, as is presently payable and the residue, if any, shall be payable to such members his executors or administrators or assigns or his committee, curator bonis or other legal representatives as the case may be, who are entitled to the Shares on the date of the sale.
- (b) The receipt by the Company of consideration given for the Share on sale thereof (subject, if necessary, to the execution of an instrument of transfer) constitute a good title to the Share and the purchaser shall be registered as the holder of the Share. The Company shall be entitled to treat the registered holder of any Share or Debenture as the absolute owner

thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such Shares or Debentures on the part of any other Person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

51. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities including Debentures of the Company.

#### **FORFEITURE**

52. If any Member or Debenture-holder fails to pay any call, or instalment of a call, the day appointed for the payment thereof, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, serve notice to him requiring payment of so much of the call or instalment as is unpaid, together with any interest thereon which may have accrued.
53. The notice aforesaid shall:
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the Shares or other securities in respect of which the call was made shall be liable to be forfeited.
- If the requirements of such notice as aforesaid are not complied with, any Share or other security in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
54. (a) A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.  
(b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
55. (a) A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares.  
(b) The liability of such Person shall cease if and when the Company shall have received payment in full of such monies in respect of the Shares.
56. (a) A duly verified declaration in writing that the declarant is a Director, the manager or Secretary of the Company, and that Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Share.  
(b) The Company shall receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of.  
(c) The transferee shall thereupon be registered as the holder of the Share.  
(d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
58. The provisions of these Articles as to forfeiture shall *mutatis mutandis* apply to any other securities including Debentures of the Company.

#### **TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

59. The instrument of transfer of any Share in the Company shall be executed by or on behalf of the transferor and the transferee.
60. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.
61. The Board may, subject to the right of appeal conferred by Section 58 of the Act and other provisions of the Act, decline to register:
- (a) the transfer of a Share, not being a fully paid Share, to a Person of whom they do not approve; or
  - (b) any transfer of Shares on which the Company has a lien.
62. the Board may decline to recognize any instrument of transfer unless:
- (a) the instrument of transfer is in the form as prescribed in the Rules made under sub-section (1) of Section 56 of the Act and approved by the Stock Exchange;
  - (b) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonable require to show the right of the transferor to make the transfer; and
  - (c) the instrument of transfer is in respect of only one class of Shares.

63. The Company shall verify the signatures of the Members on instruments of transfer, letters of allotment, instruments of split or consolidation or renewal of Shares when so required by the Members, or by a member of the Stock Exchange or by the clearing house of the Stock Exchange.
64. The Board shall not decline to register or acknowledge any transfer of Shares on the ground that the transferor holding the Shares, either singularly or jointly with another Person, is indebted to the Company on any account whatsoever and the Board shall issue certificates within fifteen days of the lodgement for transfer.
65. On giving not less than seven days' previous notice in accordance with Section 91 and the Rules prescribed thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine; provided that the registration shall not be suspended for more than thirty days at any one time and there shall be a gap of at least thirty days between two book closures; provided that the Company shall give the Stock Exchange notice of its intention to close its transfer books for the purpose of settlement of transactions and shall not close its transfer books on such days as may be inconvenient to the Stock Exchange.
66. The Board shall, in order to expedite the process of transfer of Shares, delegate the power of Share transfer to an officer or a Committee or to the Registrar and share transfer agents. The delegated authority shall attend to the share transfer formalities at least once in every fifteen days.
67. The Company shall close its transfer books at least once a year at the time of the Annual General Meeting, if they have not been otherwise closed at any time during the year, and shall give to the Stock Exchange notice in advance of at least seven working days or such other number of days as the Stock Exchange may prescribe from time to time, stating the date of closure and the purpose of closure of the transfer books, and shall send copies of such notices to the other recognized Stock Exchange in India. The Company shall further close its transfer books for purposes of declaration of Dividend, or issue of rights or bonus Shares or Shares for conversion of Debentures or Shares arising out of rights attached to the Debentures or for such other purposes as the Stock Exchange may require from time to time.
68. (a) On the death of a Member, the survivor or survivors where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Persons recognized by the Company as having any title to his interest in the Shares.
- (b) Nothing in Article 68(a) shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.
69. (a) Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:
- (i) to be registered himself as the holder of the Share; or
- (ii) to make such transfer of the Share as the deceased or insolvent Member could have made.
- (b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.
70. (a) If the Person so becoming entitled shall elect to be registered as the holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (b) If the Person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.
- (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
71. A Person becoming entitled to a Share by reason or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company; provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days.
72. Subject to the provisions of Sections 58 and 59 of the Act, section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and subject to the provisions of any other law for the time being in force, the Board shall not decline to register or acknowledge any transfer of Shares on the ground that the transferor holding the Shares, either singularly or jointly with another Person, is indebted to the Company on any account whatsoever.
73. The Company shall keep a book, to be called the "Register of Transfers and Transmissions", and therein shall be fairly and distinctly entered the particulars of every transfer and transmission of Shares.
74. The provisions of these Articles shall *mutatis mutandis* apply to the transfer or transmission by operation of law, of any other securities including Debentures of the Company.
- 74A. Until such time as the Company remains a promoter of Aditya Birla Idea Payments Bank Limited, no person / group of persons shall acquire any shares of the Company which would take his / her / its holding to a level of 5% or more (or any such percentage

imposed by Reserve Bank of India from time to time) of the total issued capital of the Company unless prior approval of the Reserve Bank of India has been obtained by such person / group of persons.

Provided that the foregoing shall not be applicable to any promoter, member of the promoter group or person acting in concert with any promoter or member of the promoter group of the Company.

#### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

75. The Company may, by an Ordinary Resolution passed at a General Meeting convert any fully paid up Shares into stock and reconvert that stock into fully paid up Shares of any denomination where any Shares have been so converted into stock, the several holders of stock may henceforth transfer their respective interests therein or any part of such interests in the same manner as and subject to the same regulations under which, the Shares from which the stock arose might, before the conversion, have been transferred, or as near thereto as circumstances admit. Provided that, the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.
76. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at the Meetings of the Company, and other matters, as if they held the Shares from which the stock arose, but no such privilege or advantage (except participation in the Dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage. These Articles as are applicable to paid up Shares shall apply to stock and the words "Share" and "Shareholder" in those Articles shall include "stock" and "stockholder", respectively.

#### **JOINT HOLDERS**

77. Where two or more Persons are registered as the holders of any Share / Debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.
- (a) The Company shall be entitled to decline to register more than six Persons as the joint holders of any Shares / Debentures.
  - (b) The joint holders of any Share / Debenture shall be liable severally as well as jointly for and in respect of all calls and other payments, which ought to be made in respect of such Shares / Debentures.
  - (c) In the case of a transfer of Shares / Debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.
  - (d) On the death of any one or more such joint holders the survivor or survivors shall be the only Person or Persons recognized by the Company as having any title to the Share / Debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares / Debentures held by him jointly with any other Person.
  - (e) Any one of such joint holders may give effectual receipts of any Dividends, interests or other monies payable in respect of such Share / Debenture.
  - (f) Only the Person whose name stands first in the Register of Members / Register of Debenture-holders as one of the joint holders of any Shares / Debentures shall be entitled to the delivery of the certificate relating to such Share / Debenture or to receive notice.
  - (g)
    - (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such Persons so present whose name stands first or higher (as the case may be) on the Register in respect of such Share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder presently by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the Register in respect of such Shares.
    - (ii) Several executors or administrators of a deceased Member in whose (deceased Member) sole name any Share stands shall for the purpose of this Article 77(g)(ii) be deemed joint holders.

#### **COPIES OF MEMORANDUM AND ARTICLES, ETC. TO BE GIVEN TO MEMBERS**

78. Copies of the Memorandum and Articles of Association of the Company and other documents referred in Section 117 of the Act shall be sent by the Company to every Member at his request on payment of such fees as may be fixed by the Board for each copy provided that such fees shall not exceed the maximum fees agreed between the Company and the Stock Exchange.

#### **POWERS OF DIRECTORS**

79. The Board of Directors shall not, except with the consent of the Company in General Meeting accorded by a Special Resolution:
- (a) Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings.

- (b) Invest otherwise in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation.
- (c) Borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of the Company's paid-up Capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business.
- (d) Remit, or give time for the repayment of, any debt due from a Director.
- (e) Dispose of shares in a material subsidiary of the Company which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease to exercise control over the subsidiary.
- (f) Sell, dispose of or lease assets amounting to more than twenty percent of the assets of a material subsidiary.

Explanation 1:- Every resolution passed by the Company in a General Meeting in relation to the exercise of the power referred to in sub-Article (c) of this Article 79 shall specify the total amount up to which money may be borrowed by the Board of Directors under sub-Article (c).

Explanation 2:- 'Material subsidiary' shall mean a subsidiary of the Company which the Company has disclosed to the Stock Exchange and in its annual report as being material.

- 80. The Board of Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, Debentures or debenture- stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.
- 81. Any bonds, Debentures, debenture-stocks or other securities issued or to be issued by the Company shall be under the control of the Board of Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company and in accordance with applicable provisions of the Act and Rules. Provided that bonds, Debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into Shares shall not be issued except with the sanction of the Company in General Meeting.
- 82. Debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the Person to whom the same may be issued.
- 83. Any bonds, Debentures, debenture-stocks or other securities may be issued, subject to the provisions of the Act, and these Articles, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appoint of Directors and otherwise and subject to the following:
  - (a) The Company shall not issue any Debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
  - (b) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of the Act.
  - (c) Certain charges shall be void against the liquidators or creditors unless registered as provided in Section 77 of the Act and the Rules.
  - (d) The term 'charge' shall include mortgage in these Articles.
  - (e) A contract with the Company to take up and pay for any Debentures of the Company may be enforced by a decree for specific performance.
  - (f) The Company shall, within six months after the allotment of any of its Debentures and within sixty days after the application for the registration of the transfer of any such Debentures or debenture-stocks have complete and have ready for delivery the certificate of all the Debentures and the certificates of all debenture-stocks allotted or transferred unless the conditions of issue of the Debentures or debenture-stocks otherwise provide. The expression transfer for the purpose of this Article 88(f) means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.
  - (g)
    - (i) A copy of the trust deed for securing any issue of Debentures shall be open for inspection to any Member or Debenture holder of the Company, in the same manner, to the same extent and on the payment of the same fees, as if it were the Register of Members of the Company; and
    - (ii) A copy of the trust deed shall be forwarded to any Member or Debenture holder of the Company, at the request, within seven days of the making thereof, on the payment of such fee as may be determined by the Board; provided that such fees shall not exceed the fees agreed between the Company and the Stock Exchange.
- 84. If any uncalled Capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed.
- 85. If the Directors or any of them or any other Person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or Person so becoming liable as aforesaid from any loss in respect of such liability.

86. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 77 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 77 of the Act and the Rules or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 77 of the Act and the Rules.
- (d) Where any charge on any property of the Company required to be registered under Section 77 of the Act has been so registered, any Person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 79 of the Act shall be complied with.
- (f) The Company shall comply with the provisions of the Act relating to particulars in case of Debentures entitling holders *pari passu*.
- (g) The Company shall comply with the provisions of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.
- (h) The Company shall comply with the provisions of Section 78 of the Act as regards registration of particulars of every charge and of every series of debentures.
- (i) As to modification of charges, the Company shall comply with the provisions of Section 79 of the Act.
- (j) The Company shall comply with the provisions of Section 85 of the Act regarding keeping a copy of instrument creating charge at the Registered Office of the Company and comply with the provisions of Section 84 of the Act in regard to entering in the register of charges any appointment of receiver or manager as therein provided.
- (k) The Company shall also comply with the provisions of Section 82 of the Act as to reporting satisfaction of any charge and procedure thereafter.
- (l) The Company shall keep at its registered office a register of charges in the prescribed form and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the Company.
- (m) Any creditor or Member of the Company and any other Person shall have the right to inspect copies of instruments creating charges and the Company's Register of Charges in accordance with and subject to the provisions of Section 85 of the Act and the Rules.
87. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture-holders.

#### **MEETINGS OF MEMBERS**

88. (a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year.
- (b) All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.
- (c) Nothing contained in the foregoing provisions shall be construed as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time within which any Annual General Meeting may be held.
- (d) Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the city or town in which the Registered Office of the Company is, for the time being, situated as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting.
- (e) Every Member of the Company shall be entitled to attend every General Meeting either in Person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as such Auditor. No Person shall be permitted to act as a proxy for more than fifty Members or in respect of Shares aggregating more than ten per cent of the total Capital of the Company carrying voting rights. The proxy register with proxies and the Register of Directors' shareholdings shall remain open and accessible during the Meeting.
- (f) At every Annual General Meeting, there shall be laid on the table the directors' report and audited statement of accounts and the Auditors' Report (if not already incorporated in the audited statement of accounts).
- (g) A resolution of a General Meeting of the Shareholders shall be adopted by a simple majority of the Shares of Equity Capital entitled to vote at such Meeting (whether by show of hands, by poll or through electronic voting), unless a greater percentage is required by applicable law.

89. The Board shall cause to be prepared the annual return and balance sheet and profit and loss account and the consolidated financial statements required to be prepared under Section 129(3) of the Act and Article 212, and forward the same to the Registrar, in accordance with Sections 92 and 137 of the Act.
90. Section 98, Sections 101 to 107 and Section 109 of the Act with such adaptations and modifications, if any, as may be prescribed, shall apply with respect to Meetings of any class of Members or Debenture-holders of the Company in like manner as they apply with respect to General Meetings of the Company.
91. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting. The Board shall at the requisition made by such number of Members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up Capital of the Company as on that date carries the right of voting.
92. If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an Extra-ordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
93. Any requisition so made by Members shall set out the matter or matters for the consideration of which the Meeting is proposed, shall be signed by the requisitionists, and shall be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.
94. If the Board does not, within twenty one days of the date of receipt of a valid requisition in regard to any matter, proceed to call a Meeting for the consideration of that matter on a day not later than forty five days from the date of receipt of such requisition, the Meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
95. Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which Meeting are to be called by the Board.
96. (a) Twenty one days' notice of every General Meeting, Annual or Extra ordinary, and by whomsoever called, specifying the day, place and hour of the Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such Persons as are under these Articles entitled to receive notice from the Company. Provided that, with the consent of the Members holding not less than ninety five per cent of such part of the paid up Capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice.
- (b) In the case of an Annual General Meeting, any business other than (i) the consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors, (ii) the declaration of a Dividend, (iii) the appointment of Directors in the place of those retiring, and (iv) the appointment of, and the fixing of the remuneration of, the Auditors, is to be transacted, and in the case of any other Meeting all business, shall be special, and there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of special business, including, in particular, the nature of the concern or interest, if any, therein of every Director and Key Managerial Personnel , if any, and their Relatives.
- (c) Where any such item of business relates to, or affects any other Company, the extent of shareholding interest in that other Company of every Director and the Manager, if any, of the Company shall also be set out in such statement if the extent of such shareholding interest is not less than twenty per cent of the paid up Capital of that other Company.
- (d) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
97. The accidental omission to give any such notice to, of the non-receipt of notice by any Member or other Person to whom it should be given shall not invalidate any proceedings at the Meeting.
98. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business, the general nature of which has not been mentioned in the notice upon which it was convened.
99. (a) Subject to the provisions of the Act, five Members present in Person shall be a quorum for a General Meeting.
- (b) A body corporate, being a Member, shall be deemed to be personally present if represented in accordance with Section 113 of the Act.
100. (a) If the quorum is not present within half an hour from the time appointed for holding a General Meeting:
- (i) the Meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; provided that in the case of an adjourned Meeting or of a change of day, time or place of meeting, the Company shall give not less than three days' notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the Office is situated; or
- (ii) the Meeting if called by requisitionists under Article 91, shall stand cancelled.
- (b) If at the adjourned Meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be the quorum.

101. (a) Subject to the provisions of these Articles, the Chairman of the Board of Directors shall preside as Chairman at every General Meeting, whether Annual or Extra-ordinary.
- (b) If, at any Meeting the Chairman shall not be present within fifteen minutes of the time appointed for holding such Meeting, or shall decline to take the chair, then the Members present shall elect any other Director as Chairman, and if no Director be present or if all the Directors present at the Meeting decline to take the chair, then the Members present shall elect one of their number to be Chairman.
102. No business shall be discussed at any General Meeting except the election of Chairman, whilst the chair is vacant.
103. The Chairman may, with the consent of any Meeting at which a quorum is present, and shall, if so directed by the Meeting, adjourn the Meeting from time to time and from place to place.
104. No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
105. When a Meeting is adjourned for thirty days or more, notice of the adjourned Meeting shall be given as in the case of an original Meeting.
106. Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.
107. At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded under Section 109 of the Act or the voting is carried out electronically, be decided on a show of hands. declaration by the Chairman of the Meeting of the passing of a resolution or otherwise by show of hands under this Article 107 and an entry to that effect in the books containing the minutes of the Meeting of the Company shall be conclusive evidence of the fact of passing of such resolution or otherwise.
108. In the case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairman shall, have a casting vote.
109. (a) If a poll is demanded as aforesaid, the same shall be taken at such time (not later than forty eight hours from the time when the demand was made) and place in the city or town in which the Registered Office of the Company is, for the time being, situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.
- (b) The demand for a poll may be withdrawn, at any time, by the Persons who made the demand.
110. A Member may exercise his vote at a Meeting by electronic means in accordance with Section 108 of the Act (and the agreement between the Company and the Stock Exchange) and shall vote only once.
111. (a) Where a poll is to be taken, the Chairman of the Meeting shall appoint such number of scrutineers as he, in his sole discretion, deems fit to scrutinize the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have power, at any time, before the result of the poll is declared, to remove a scrutineer from office and fill the vacancy in the office of a scrutineer arising from such removal or from any other cause.
112. Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting itself and without adjournment.
113. The demand for a poll, except on the questions of the election of the Chairman, and of an adjournment, shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

#### **VOTE OF MEMBERS**

114. No Member shall be entitled to vote either personally, by proxy or electronically for another Member, at any General Meeting or at any Meeting of a class of Shareholders, either upon a show of hands, or upon a poll, in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
115. A Member is not prohibited from exercising his voting on the ground that he has not held his Share or other interest in the Company for any specified prescribed period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the Article 114.
116. (a) Subject to the provisions of these Articles, and without prejudice to any special privileges or restrictions as to voting, for the time being attached to any class of Shares for the time being, forming part of the Capital of the Company, every Member, not disqualified by Article 114, shall be entitled to be present, and to speak and vote at such Meeting.
- (b) Subject to any rights or restrictions for the time being attached to any class or classes of Shares:
- (i) on a show of hands, every Member present in person shall have one vote; and
- (ii) on a poll, the voting rights of Members shall be in proportion to his share in the paid-up Capital of the Company.
- Provided that if any preference share holder be present at any Meeting of the Company, save as provided in the second proviso to Section 47(2) of the Act, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference Shares.

117. (a) A body corporate may, if it is a Member of the Company, by a resolution of its board of directors or other governing body, authorize such person as it thinks fit to act as its representative at any General Meeting, or at any meeting of any class of Members of the Company.
- (b) A person authorized by a resolution under Article 117(a) shall be entitled to exercise the same rights and powers, including the right to vote by proxy and by postal ballot, on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Member of the Company.
118. If there be joint registered holders of any Shares, any one of such Persons may vote at any Meeting or may appoint another Person (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto and if more than one such joint holder be present at any Meeting either in person or by proxy, that one of the said Persons so present whose name stands higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other or others of the joint holders shall be entitled to be present at the Meeting.
119. Subject to the provisions of the Act and in accordance with these Articles, any Person entitled under the Articles pertaining to transmission to any Shares may vote at any General Meeting in respect thereof as if he was the registered holder of such Shares, provided that at least forty eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such Shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
120. (a) Subject to the provisions of these Articles, votes may be given by Members either in Person or by proxy.
- (b) Any Member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint any other Member as his proxy to attend and vote instead of himself. A Member (and in case of joint holders, all holders) shall not appoint more than one Person as proxy.
- (c) In every notice called a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that proxy need not be a Member.
121. (a) The instrument appointing a proxy shall be in the form as specified in the Rules made under Section 105 of the Act and shall:
- (i) be in writing; and
- (ii) be signed by the appointee or his attorney duly authorised in writing or, if the appointee is a body corporate, be under its Seal, if any or be signed by an officer or an attorney duly authorised by it.
- (b) The proxy so appointed shall not have any right to speak at the Meeting.
122. No Member present only by proxy shall be entitled to vote on a show of hands. The representative of a body corporate appointed in terms of Section 113 of the Act, however, shall have a vote on a show of hands.
123. (a) The President of India or the Governor of a State if he is a Member of the Company may appoint such Person as he thinks fit to act as his representative at any meeting of the Company or at any Meeting of any class of Members of the Company in accordance with provisions of Section 112 of the Act or any other statutory provision governing the same.
- (b) A Person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a Member of such a Company and shall be entitled to exercise the same rights and powers (including the right to, vote by proxy) as the President or the Governor, as the case may be, could exercise, as a Member of the Company.
124. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of authority, shall be deposited at the office not less than forty eight hours before the time for holding the Meeting or adjourned Meeting at which the Person named in the instrument proposes to vote, or in the case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.
125. Every instrument of proxy shall be in the form specified in the Rules and any other Rules made under Section 105 to the Act, or in a form as near thereto as circumstances admit.
126. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, insanity, winding up of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given. Provided that no intimation in writing of such death, insanity, winding up, revocation or transfer shall have been received at the Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used.
127. No objection shall be raised to the qualification of the voter or to the validity of any vote, except at the Meeting or at the adjourned Meeting or on a poll at which such vote shall be given or tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or adjourned Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever. Provided that, any such objection raised in due time shall be referred to the Chairman of the Meeting, whose decision shall be final and conclusive.

128. Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
129. The Chairman of any Meeting shall be the sole judge of the validity of every vote given or tendered at such Meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
130. (a) The Company shall cause minutes of all proceedings of every meeting of every class of Shareholders or creditors' meeting and every resolution passed by postal ballot to be kept by making entries thereof in books kept for that purpose with their pages consecutively numbered within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within this period, by a Director duly authorised by the Board for the purpose.
- (c) The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
- (d) All appointments of officers made at any of the Meetings aforesaid shall be included in the minutes of the Meeting.
- (e) (i) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting:
- (1) is, or could reasonably be regarded as defamatory of any Person;
- (2) is irrelevant or immaterial to the proceedings; or
- (3) is detrimental to the interest of the Company.
- (ii) The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (f) Any such minutes shall be kept in accordance with the provisions of the Act and shall be evidence of the proceedings recorded therein.
- (g) (i) The books containing the minutes of the proceedings of any General Meeting shall be kept at the Office and shall be open, during business hours, for a period of two hours in the aggregate in each day, to the inspection of any Member without charge.
- (ii) Any Member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board (which shall in no event exceed the fees agreed by the Company and the Stock Exchange), with a copy of any minutes referred to in Article 130(a).
131. The Board, and any Person(s) authorised by it, may take any action before the commencement of any General Meeting, or any Meeting of a class of Members in the Company, which they may think fit to ensure the security of the Meeting, the safety of the people attending the Meeting, and the future orderly conduct of the Meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the Meeting concerned shall be subject to such decision.

#### **DIRECTORS**

132. The persons hereinafter named shall be the first Directors, that is to say:
- (a) Shri Aditya Vikram Birla;
- (b) Shri Kumar Mangalam Birla; and
- (c) Shri Mahesh Chandra Bagrodia.
133. (a) Until otherwise determined by a General Meeting and subject to Section 149 of the Act, and the provisions of these Articles, the number of Directors shall not be less than three and not more than fifteen.
- (b) The majority Directors on the Board shall be resident Indian citizens.
134. (a) The Company shall in general, subject to the provisions of the Act, be entitled hereafter to agree with the Central or any State Government, Person, firm or corporation or any financial or lending Institution, the he or it shall have right to appoint his or its nominee(s) on the Board of the Company, upon such terms and conditions mutually agreed on.
135. Subject to the provisions of Section 152 of the Act, the number of Directors appointed under Article 134 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.
136. (a) The Board of Directors shall be entitled to appoint an alternate Director to a Director who is not present in India for a period of not less than three months. No Person shall be appointed as an alternate Director for an independent Director unless he is qualified to be appointed as an independent Director under the provisions of the Act.
- (b) An alternate Director appointed under this Article 136 shall vacate office if and when the original Director returns to such State in which meetings of the Board are ordinarily held.

- (c) If the term of office of the original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the original Director, and not to the alternate Director.
- (d) An alternate Director shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed.
137. (a) Subject to the provisions of Section 149 of the Act and the other applicable provisions of these Articles, the Board of Directors shall also have power any time and from time to time to appoint any person, other than a person who fails to get appointed as a Director in a General Meeting, as an additional Director, but so that the total number of Directors shall not, at any time exceed the maximum strength fixed for the Board by the Articles.
- (b) Any Person so appointed as an additional Director shall remain in office only up to the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for the re-appointment at such Meeting subject to the provisions of the Act.
138. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may, in default of and subject to these Articles, be filled by the Board of Directors at a meeting of the Board. The Director so appointed shall hold office only up to the date which the Director in whose place he is appointed would have held office if it had not been vacated.
139. No Director shall be required to hold any Shares as qualification Shares.
140. (a) At a General Meeting of the Company a motion shall not be made for the appointment of two or more Persons as Directors by a single resolution, unless a resolution that it shall be so made has first been agreed to by the Meeting without any vote being given against it.
- (b) A resolution moved in contravention of Article 140(a) shall be void, whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed, no provision for the automatic re-appointment of the retiring Director in default of another appointment shall apply, as herein before provided.
- (c) For the purpose of this Article 140, a motion for approving a Person's appointment, or for nominating a Person for appointment, shall be treated as a motion for his appointment.
141. (a) A Person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting, if he or some Member intending to propose him has, not less than fourteen days before the Meeting, left at the Registered Office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office, as the case may be, to such member, if the Person succeeds in getting elected as a Director.
- (b) The Company shall inform its Members of the candidature of a Person for the office of a Director or the intention of a Member to propose such Person as a candidate for that office, by serving individual notices on the Members not less than seven days before the Meeting. Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid, if the Company advertises such candidature or intention, not less than seven days before the Meeting, in at least two newspapers circulating in the place where the Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.
- (c) Every Person (other than a Director retiring by rotation or otherwise or a Person who has left at the Office of the Company, a notice under Section 160 of the Act signifying his candidature for the office of Directors) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.
142. A Person other than -
- (a) A Director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
- (b) An additional or alternate Director, or a Person filling a casual vacancy in the office of a Director under Section 161 of the Act, appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office; or
- (c) A person named as a Director of the Company under its Articles as first registered, shall not act as a Director of the Company unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.
143. (a) The fee payable to a Director for attending a meeting of the Board or Committee thereof or a General Meeting shall be decided by the Board of Directors from time to time and shall not exceed ₹ 1,00,000 (Rupees one lakh) per meeting or such other limit as may be prescribed by the Act. The remuneration payable to a Director shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (b) Subject to the provisions of the Act, the Directors may be paid such further or additional remuneration, if any, as the Company in General Meeting shall, from time to time, determine, and such additional or further remuneration shall be divided among the Directors in such proportion and manner as the Board may, from time to time, determine, and in default of such determination shall be divided equally among the Directors entitled to remuneration.

- (c) Subject to the provisions of the Act, if any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts, either by a fixed sum or otherwise, as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.
144. The Board of Directors may allow and pay to any Director, who is not a resident of the place where the meetings of the Board or Committees thereof or General Meeting of the Company are held and who shall come to such place for the purpose of attending a meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for traveling, and other incidental expenses, in addition to his fee, if any, for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence of the Company's business, he shall be entitled to be reimbursed all traveling and other expenses incurred in connection with the business of the Company.
145. The continuing Director(s) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the continuing Director(s) may act for the purpose of increasing the number of Directors to that fixed for the quorum, or for summoning a General Meeting, but for no other purpose.
146. Subject to Section 167 of the Act, the office of a Director shall become vacant, if:
- (a) he is found to be of unsound mind by a Court of competent jurisdiction;
  - (b) he applies to be adjudicated as an insolvent and his application is pending;
  - (c) he is an undischarged insolvent;
  - (d) he fails to pay any call made on him in respect of Shares of the Company held by him whether alone or jointly with others, within six months from the last date fixed for the payment of the call, unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure;
  - (e) he absents himself from all meetings of the Board held during a period of twelve months with or without seeking leave of absence of the Board;
  - (f) he becomes disqualified by an order of court under the provisions of the Act;
  - (g) he is removed in pursuance of Section 169 of the Act;
  - (h) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interest, in contravention of the provisions of Section 184 of the Act;
  - (i) he acts in contravention of Section 184 of the Act;
  - (j) he is convicted by a court of any offense involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; provided that the office shall be vacated by the Director even if he has filed an appeal against the order of such court;
  - (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
147. (a) A Director of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or a proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into with any other company where any of the Directors of the Company holds or two or more of them together hold, not more than two per cent of the paid up Capital in any such other company.
- (b) (i) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under Article 147(a) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested;
  - (ii) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (c) A Director shall give notice of his interests to the Company in the prescribed form at the first meeting of the Board of Directors in every financial year.
148. No Director shall as such interested Director, take any part in the discussion of, or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-
- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a member holding not more than two per cent of its paid up Capital.
149. (a) The Company shall keep one or more Registers in accordance with Section 189 of the Act, and shall within the time specified therein, enter in such Register(s) the particulars of all contracts or arrangements to which Section 184 or Section 188 of the Act applies in the form prescribed by the Act and the Rules.
- (b) The Registers shall be kept at the Office and shall be open to inspection at the Office and extracts may be taken there from and copies thereof may be required by any Member of the Company to the same extent, in the manner and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.
150. Subject to the provisions of the Act and any other law for the time being in force, a Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, Shareholder, or otherwise, and, subject to the provisions of the Act, no such Director shall be accountable for any benefits received as Director or shareholder of such other company.
151. (a) The Company shall keep at the Office a register containing the particulars of Directors, Managers, Secretaries, Key Managerial Personnel and other Persons mentioned in Section 170 of the Act and shall send to the Registrar, a return containing the particulars specified in such register and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall also keep at the Office a register in respect of the Shares or Debentures of the Company held by the Directors and Key Managerial Personnel as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.
152. (a) Every Director, Managing Director, Manager, Secretary or Key Managerial Personnel of the Company shall immediately upon his appointment to any of the above offices in other body corporate, disclose to the Company the particulars relating to his office in the other body corporate or bodies corporate which are required to be specified under Section 170 of the Act and the Rules.
- (b) Every Director and Key Managerial Personnel, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of Section 170 of the Act and the Rules.
153. (a) The Company may (subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles) by passing a Special Resolution at the General Meeting remove any Director other than Special Directors or Debenture Directors before the expiry of his period of office.
- (b) Special notice as provided by Section 115 of the Act shall be required of any resolution to remove a Director under this Article 153 or to appoint some other Person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article 153, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article 153 and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to Members, the Company shall unless the representations are received by it too late for it to do so.
- (i) In the notice of the resolution given to Members of the Company state the fact of the representations having been made, and
- (ii) Send a copy of the representation to every Member of the Company to whom notice of the Meeting is sent (whether before or after receipt of the representations by the Company), and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the Meeting, provided that copies of the representations need not be sent or read out at the Meeting if so directed by the Court.
- (e) Subject to the provisions of the other Articles hereof and in particular Article 151 hereof a vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Section 161 of the Act be filled by the appointment of another Director in his stead by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 153(b) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under Article 153(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of the said Article 136 and of Section 161 of the Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office under this Article 153 shall not be re-appointed as a Director by the Board of Directors.

- (g) Nothing contained in this Article 153 shall be taken:
  - (i) as depriving a Person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as director; or
  - (ii) as derogating from any power to remove a Director which may exist apart from this Article 153.

154. The continuing Directors may act notwithstanding any vacancy in the Board; but if so long as their number is reduced below the quorum prescribed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.

#### **ROTATION OF DIRECTORS**

155. Not less than two-third of the total number of Directors shall;

- (a) be Persons whose period of office is liable to determination by retirement of Directors by rotation, and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in General Meeting. For the purposes of this Article 155 "total number of Directors" shall not include independent Directors on the Board, whether appointed under this Act or any other law for the time being in force.

156. (a) At every Annual General Meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearer to one-third, shall retire from office.
- (b) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.
- (c) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other Person thereto.
- (d) (i) If the place of the retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place.
- (ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless
- (1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
  - (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
  - (3) he is not qualified or is disqualified for appointment;
  - (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or

Explanation: In this Article the expression "Retiring Director" means Director retiring by rotation.

#### **PROCEEDINGS OF DIRECTORS**

157. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit and shall so meet at least once in every quarter and at least four such meetings shall be held in every calendar year and not more than one hundred and twenty days shall intervene between two consecutive meetings. The meetings of the Board may be called by the Company Secretary on instructions of any member of the Board or by any member of the Board or by the Chairman. The provisions of this Article 157 shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

158. The participation of Directors in a meeting of the Board or a meeting of a Committee of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the provisions of the Act and the Rules.

159. (a) At least seven calendar days' notice of every meeting of the Board shall be given in writing to every Director. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board, provided, however, that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent Director, if any, shall be present at the meeting. In case of absence of independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one independent director, if any. Notice of Board Meetings to all

Directors shall be given sent by hand delivery or by post or by electronic means to every Director at his address registered with the Company.

- (b) The Board shall only transact the business set out in the agenda accompanying the notice to the Directors provided however that with the consent of the Board, any other business not set out in the agenda may be transacted.
160. The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed by the Act and the Rules, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time.
161. The quorum for a meeting of the Board shall be one-third of the total strength of the Board for the time being or three Directors whichever is higher, and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this Article 161. Where a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday till the next succeeding day, which is not a national holiday, at the same time and place. If at the adjourned meeting also, there is no quorum, the Directors present at such adjourned meeting being not less than three in number shall constitute quorum for that particular meeting and the business as per the agenda already circulated to the Directors, in respect of the original meeting transacted by such Directors at such adjourned meeting shall be valid and binding.
162. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles or the Regulations of the Company are, for the time being, vested in or exercisable by the Board generally.
163. (a) The Board of Directors may create such Committees as it deems appropriate or as may be required by applicable law. Permanent invitees of the Committees, if any, shall be determined by the Board of Directors.
- (b) The Board may, from time to time, dissolve or discharge any such Committee of the Board either wholly or in part and either as to Persons or purposes, but every Committee of the Board to be formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board.
- (c) All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purpose of their constitution but not otherwise shall have the like effect as is done by the Board.
164. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by any regulations made by the Directors under Article 163. The Board may subject to the provisions of the Act from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same.
165. Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.
166. All acts done by any meeting of the Board or by a Committee of the Board, or by any Person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or Persons acting as aforesaid or that they or any of them were disqualified or that the appointment of any of them be terminated by virtue of any provisions contained in the Act in these Articles, be as valid as if every such Person had been duly appointed, and was qualified to be a Director. Provided that nothing in this Article 166 shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
167. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and of every Committee of the Board to be kept by making entries thereof in books kept for that purpose with their pages consecutively numbered within thirty days of the conclusion of every such meeting.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each book shall be dated and signed by the Chairman of that meeting of the Board or of the Committee, as the case may be, or the Chairman of the next succeeding meeting of the Board or the Committee, as the case may be.
- (c) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (d) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (e) The minutes shall also contain details of:
- (i) the names of Directors and other members of the Committee present at the meeting;
  - (ii) all orders made by the Board and any Committee of the Board;
  - (iii) all resolutions and proceedings of meetings of the Board; and
  - (iv) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in, the resolution.

- (f) Nothing contained in Articles 167(a) to 167(e) shall be deemed to require the inclusion in such minutes of any matter which, in the opinion of the Chairman of the Meeting:
    - (i) is, or could reasonably be regarded as defamatory of any Person;
    - (ii) is irrelevant or immaterial to the proceedings, or
    - (iii) is detrimental to the interest of the Company.
  - (g) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article 167.
  - (h) Minutes kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.
168. (a) The Directors shall cause to be kept at the registered office of the Company:
- (i) A Register of the Directors, Managing Director, Manager and Secretary of the Company containing the particulars required by Section 170 of the Act;
  - (ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 189 of the Act; and
  - (iv) A Register of Directors shareholding containing the particulars required by Section 170 of the Act; and
  - (iv) Other registers and indexes as required by the Act.
- (b) The Company shall comply with the provisions of Sections 170, 189, 190 and other Sections of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

#### **POWER OF DIRECTORS**

169. The business of the Company shall be managed by the Board, and the Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other law or by the Memorandum of Association of the Company or by these Articles required to be exercised by the Company in a General Meeting, subject nevertheless to the provisions of the Act, any other law, or in the Memorandum of the Company or these Articles or any regulations, being not inconsistent therewith and duly made thereunder including regulations, made by the Company in a General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
170. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.
- (i) The power to make calls on Shareholders in respect of money unpaid on their Shares;
  - (ii) The power to authorize buy-back of securities of the Company under Section 68 of the Act;
  - (iii) The power to issue securities, including Debentures, whether in or outside India;
  - (iv) The power to borrow moneys;
  - (v) The power to invest the funds of the Company;
  - (vi) The power to grant loans or give guarantee or provide security in respect of loans;
  - (vii) The power to approve financial statements and the Directors' report;
  - (viii) The power to diversify the business of the Company;
  - (ix) The power to approve amalgamation, merger or reconstruction;
  - (x) The power to take over a company or acquire a controlling or substantial stake in another company;
  - (xi) The power to make political contributions;
  - (xii) The power to appoint or remove Key Managerial Personnel of the Company;
  - (xiii) To appoint internal auditors and secretarial auditor;
  - (xiv) The power to take note of appointment(s) or removal(s) of employees of the Company one level below the Key Managerial Personnel of the Company;
  - (xv) The power to buy, sell investments held by the Company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company;
  - (xvi) The power to invite or accept or renew public deposits and related matters;
  - (xvii) The power to review or change the terms and conditions of public deposits; and
  - (xviii) The power to approve quarterly, half yearly and annual financial statements or financial results, as the case may be.
- Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in Articles 170(a)(iv), 170(a)(v) and 170(a)(vi) above on such condition as the Board may prescribe.

- (b) Nothing in this Article shall be deemed to affect the right of the Company in a General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in items (i) to (xviii) of Article 170(a) above.

171. Without prejudice to the general powers conferred by Article 170 and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by the Act and these Articles, but subject to the restrictions contained in the other Articles hereof, it is hereby declared that the Directors shall have the following powers:

- (a) to pay/reimburse the costs, charges, and expenses, preliminary and incidental to the incorporation, promotion, establishment and registration of the Company;
- (b) to purchase or otherwise acquire for the Company any lands, buildings, machinery, premises, assets, hereditaments property, effects, rights or privileges, credits, royalties, bounties and goodwill of any Person, firm or company which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (c) to pay and charge to the Capital account of the company any commission or interest lawfully payable thereat under the provisions of Section 40 of the Act;
- (d) at their discretion, and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly, in cash or in Shares, stock, bonds, Debentures, debenture-stock, mortgages or other securities of the Company, and any such Shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, Debentures, debenture-stock, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled Capital or not so charged;
- (e) to secure the fulfilment of any contract or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled Capital for the time being or in such manner as the Directors may think fit;
- (f) to accept from any Member, so far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) to appoint any Person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purpose; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;
- (h) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or its other employees or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and to observe and perform any awards made thereon;
- (i) subject to the provisions of the Act, to give in the name and on behalf of the Company such indemnities and guarantees as may be necessary;
- (j) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (k) to make and give receipts, release, and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (l) subject to the provisions of Sections 179, 180 and 186 of the Act, to invest and deal with any moneys of the Company upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and, from time to time, vary or realize such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name;
- (m) to execute in the name and on behalf of the Company in favour of any Director or other Person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (n) to determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, promissory notes, receipts, acceptances, endorsements, cheques, Dividend warrants, releases, contracts, instruments and documents, and general correspondence, and to give the necessary authority for such purpose;
- (o) subject to the provisions of the Act and the Rules, to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and other Persons who are or were working for the Company delegated or seconded by any other organizations and the wives, widows and families or the dependents or connections of such Persons by building or contributing to the building of houses, dwellings, or by grants of money, pensions, gratuities, bonus, allowances or other payments; or by creating and from time to time subscribing or contributing to provident fund, including acceptance of transfer of money or from any other provident fund and any superannuation fund for being credited to the relevant fund created by the Company and to other associations, institutions, funds or trusts including any research and development organizations, training schools, by providing or subscribing or contributing towards research and development centres

and places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, educational, cultural, social and other institutions for objects which shall have any moral or other claims to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

- (p) (i) before recommending any Dividend, to set aside, out of the profits of the Company such sums as they may think proper for depreciation in accordance with the provisions of the Act, or as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares) as the Board may, from time to time, think fit;
- (ii) before the declaration of any dividend in any Financial Year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company; and
- (iii) carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- (q) to distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company, and to give to any Director, officer or other Person employed by or working for the Company, a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
- (r) to effect, make and enter into, on behalf of the Company, all transactions, agreements and other contracts within the scope of the business of the Company; and to appoint, constitute and at their discretion, remove or dissolve any consultant, advisors and Committee(s) as they may from time to time think fit, and to determine their powers and duties and fix their remuneration;
- (s) from time to time and at any time, to make such arrangements as the Directors may consider appropriate for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any Person(s) to be in charge of such offices;
- (t) subject to Section 179 of the Act, from time to time, and at any time to appoint any Person and to delegate to the Person so appointed, any of the powers, authorities and discretion for the time being vested in the Directors; and to authorize any Person to fill up any vacancies therein and to act notwithstanding vacancies; and such appointment or delegation may be made on such terms, and subject to such conditions as the Directors may think fit, and the Directors may, at any time remove any Person so appointed, and may annul or vary any such delegation;
- (u) at any time, and from time to time, by power of attorney to appoint any Person or Persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents) and subject to the provisions of Section 179 of the Act and for such period and subject to such conditions as the Directors may, from time to time, think fit, and any such appointment may (if the Directors think fit) be made in favour of any Person or in favour of any Company, or the Shareholders, Directors, nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body of Persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain such powers for the protection of convenience of Persons dealing with such attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;
- (v) subject to Section 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- (w) to purchase or otherwise acquire or obtain licence for the use of, and to sell, exchange or grant licence for the use of any trade mark, patent, invention or technical know-how;
- (x) to undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned or to otherwise acquired by the Company, and to purchase the reversion or reversions, and otherwise to acquire the fee simple of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate;
- (y) to improve, manage, develop, exchange, lease, sell, re-sell, and re-purchase, dispose of, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company has or may have interest;
- (z) to let, sell or otherwise dispose of, subject to the provisions of Section 180 of the Act any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and accept payments of satisfaction for the same in cash or otherwise as they think fit;
- (aa) from time to time to make, vary and repeal bye-laws, regulations and other rules, guidelines or instructions for regulating the business of the Company, its officials employees and other Persons having dealings with the Company;

- (bb) to get insured and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other movable property of the Company either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to assign, surrender or discontinue any policies of assurance effected in pursuance of this power; and
- (cc) Subject to Section 179 of the Act, to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit.

#### **DECISIONS OF THE BOARD OF DIRECTORS**

172. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting, at which a quorum of the Board of Directors is present.

#### **CHIEF EXECUTIVE OFFICER**

173. (a) The Chief Executive Officer /Managing Director shall be vested with the day-to-day responsibility and discretion for managing the business and operations of the Company and the authority conferred on him by the Board of Directors. The Chief Executive Officer/Managing Director shall have, in addition to the powers and authorities normally incidental to the office of Chief Executive Officer / Managing Director, and the powers and duties set forth in these Articles, if any, the following authorities and accountabilities: (i) accountability to the Board of Directors to achieve the milestones, requirements and objectives as set forth in annual operating and capital budget or otherwise; (ii) day-to-day administration of the Company and co-ordination of the subcontractors; (iii) representing the Company in dealings with the Shareholders and third parties; (iv) proposing to the Board of Directors updates and amendments to annual operating and capital budgets; (v) delegating authority to other officers or employees of the Company the authority to discharge the functions on behalf of, and enter into transactions in the name of, the Company consistent with the Act and these Articles; and (vi) managing the personnel resources of the Company.
- (b) The Chief Executive Officer / Managing Director may be appointed by the Board for such term, at such remuneration and upon such terms and conditions as it may think fit; and any Chief Executive Officer / Managing Director so appointed may be removed by means of a resolution of the Board.
- (c) A Director may be appointed as Chief Executive Officer.

#### **CHIEF FINANCIAL OFFICER**

174. (a) The Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such terms and conditions as it may think fit; and any Chief Financial Officer so appointed may be removed by means of a resolution of the Board. Provided that, the Board may appoint one or more Chief Financial Officers for its multiple businesses.
- (b) A Director may be appointed as a Chief Financial Officer.
175. The Company shall have Senior Officers as decided by the Board of Directors. The Senior Officers shall be resident Indian citizens and shall discharge such functions as may be decided by the Board of Directors.

#### **MANAGING DIRECTOR / WHOLE TIME DIRECTOR**

176. (a) Subject to the provisions of the Act and Articles 173 to 175, the Board shall have the power to appoint and reappoint and from time to time remove one or more Persons to be Managing Director(s) and whole time Director(s) of the Company for a fixed period as the Board thinks fit, and subject to the provisions of Article 178, the Board may by resolution vest in such Managing Director such of the powers hereby vested in the Board generally as it thinks fit, and such power may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine.
- (b) A Managing Director or a Whole-time Director shall receive such remuneration (whether by way of salary, perquisites, commission or participation in profits, or otherwise or partly in one way and partly in another) as the Directors may, subject to the provisions of the Act, or any other law applicable for the time being in force in that behalf, determine.
- (c) Subject to the provisions of the Act, the Board of Directors may entrust to and confer upon a Managing Director or Whole-time Director any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as the Board may think fit, and either collaterally with or to the exclusion of powers of the Board, and may, from time to time, revoke, withdraw, alter or vary any of such powers.
177. (a) The Company shall not appoint or employ, or continue the appointment or employment of, a Person as its Managing or Whole-time Director who;
- (i) is an undischarged insolvent, or has, at any time, been adjudged an insolvent;
  - (ii) suspends, or has, at any time, suspended with his creditors, or makes, or has at any time made, a composition with them; or
  - (iii) is, or has at any time been convicted by a Court of an offense involving moral turpitude.
- (b) If the Managing or Whole-time Director ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director or whole time Director, as the case may be, of the Company.

## **MANAGER**

178. (a) Subject to the provisions of the Act, if a Managing Director has not been appointed as provided for in the Articles, the Board may appoint a Manager for such term and on such remuneration and upon such conditions as it may deem fit; and any Manager so appointed may be removed by the Board.
- (b) The Manager shall exercise such power or powers and for such period or periods and upon such conditions and subject to such restrictions as the Board may determine.

## **THE SECRETARY**

179. Subject to the provisions of the Act, the Board of Directors may, from time to time appoint and, at their discretion remove any individual (hereinafter called "the Secretary" or the "Company Secretary") who shall have such qualifications as may be prescribed to perform any functions, which by the Act or these Articles are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties which from time to time be assigned to the Secretary. The Board of Directors may also at any time appoint some Persons (who need not be the Secretary) to keep the registers required to be kept by the Company. The Secretary may be appointed by the Board of Directors on such terms and conditions and at such remuneration as it may deem fit.

## **THE SEAL**

180. The Board may, at its discretion, provide a Common Seal for the purposes of the Company, and shall have from time to time, power to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being.
181. The Seal, if any, shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors or a Committee of the Board authorized by it in that behalf and except in the presence of at least one Director and of the Secretary or such other Person as the Board may appoint for the purpose, and such one Director and Secretary or other Person as aforesaid shall sign every instrument to which the Seal of the Company, if any, is so affixed in their presence.
- Provided further that the certificates of Shares or Debentures shall be sealed in the manner and in conformity with the provisions of the Rules and any statutory modifications thereof, for the time being in force.

## **DIVIDENDS**

182. The profits of the Company, subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of Capital paid up or credited as paid up on the Shares held by them respectively but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such share shall rank for Dividend accordingly.
183. The Company, in General Meeting, may declare Dividends to be paid to Members according to their respective rights but no Dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a lower Dividend.
184. No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Act, or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both.

Provided that:

- (a) if the Company has not provided for depreciation for any previous Financial Year or years, it shall, before declaring or paying any Dividend for any Financial Year, provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years;
- (b) if the Company has incurred any loss in any previous Financial Year or years, the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Schedule II of the Act or against both.
- Provided further that, no Dividend shall be declared or paid for any Financial Year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 123 of the Act or such high percentage of its profits as may be allowed in accordance with that Section.
- Provided further that, the Board may carry forward any profits which it may consider necessary not to divide, without setting them aside as reserve.
185. The Board may, from time to time, pay to the Members such interim Dividend as in its judgment the position of the Company justifies.
186. Where the Capital is paid in advance of the calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest, confer a right to participate in profits.
187. The Company shall pay Dividends in proportion to the amount paid up or credit as paid-up on some Shares than on others.

188. The Board may retain the Dividends payable upon Shares in respect of which any Person has become entitled to be a Member under Article 56 or any Person under that Article is entitled to transfer until such Person becomes a Member in respect of such Shares or shall duly transfer the same.
189. A waiver in whole or in part of any Dividend on any Share by any document (whether or not under Seal, if any) shall be effective only if such document is signed by the Member (or the Person entitled to the Share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.
190. Any one of the several Persons who are registered as joint holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or other moneys payable in respect of such Share.
191. No Member shall be entitled to receive payment of any interest or Dividend or bonus in respect of his Share whilst any moneys may be due or owing from him to the Company in respect of such Share or otherwise, however, either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any Member all such sums of money so due from him to the Company.
192. (a) Unless otherwise directed, any Dividend payable in cash in respect of Shares may be paid by electronic mode, cheque or warrant payable only in India, or by a pay slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Member or Person entitled, or in case of joint holders to that one of them first named in the Register of Members in respect of the joint holding.
- (b) Every such cheque or warrant shall be made payable to the registered holder of Shares or to his order or to his bankers.
- (c) Payment in any way whatsoever shall be made at the risk of the Person entitled to the money paid or to be paid. The Company shall not be liable or responsible for any cheque or warrants or payslip or receipt lost in transmission, or for any Dividend lost to the Member or Person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any payslip or receipt or the fraudulent or improper recovery of the Dividend by and other means. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.
193. The Company shall pay the Dividend or send the cheque or warrant or given instructions for payment in electronic mode in respect thereof to the Member entitled to the payment of Dividend in accordance with the provisions of the law from the date of the declaration unless:
- (a) where the Dividend could not be paid by reason of the operation of any law;
- (b) where a Shareholder has given directions regarding the payment of the Dividend and those directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the Dividend; or
- (d) where for any other reason, the failure to pay the Dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
194. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the Shares.
195. No unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by law, and such forfeiture, when affected, shall be annulled in appropriate cases, and the Company shall comply with the provisions of Section 124 of the Act, as applicable, in respect of such Dividend.
196. Unclaimed Dividends shall be transferred to the unpaid Dividend account of the Company as hereinafter provided:
- (a) Where the Dividend has been declared but not paid but the warrant in respect thereof has not been posted, within thirty days from the date of the declaration to any Shareholder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of thirty days transfer the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted within the said period of thirty days to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of ".....".
- A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the Shareholders to whom the money is due.
- (b) Any money transferred to the unpaid Dividend account of the Company in pursuance of sub-Article (a) hereof which remains unpaid or unclaimed for a period for seven consecutive years or more from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund;
- (c) The Company shall, when making any transfer under Article 196(b) hereof to the general revenue account of the Central Government of any unpaid or unclaimed Dividend, furnish to such officer as the Central Government may appoint in this behalf a statement in the prescribed form setting forth in respect of all sums included in such transfer, the nature of the sums, the names and last known addresses of the Persons entitled to receive the sum, the amount to which each Person is entitled, and the nature of his claim thereto and such other particulars as may be prescribed by the Central Government.

197. Any General Meeting declaring a Dividend may, on the recommendations of the Board of Directors, make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call be made payable at the same time as the Dividend; and the Dividend may, if so arranged between the Company and the Members, be set off against the call.
198. No Dividend shall be payable except in cash. Provided that nothing in this Article 198 shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
199. Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividends, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the Dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, Dividends may be declared and paid according to the amounts of the Shares. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article 199 as paid on the Share.
200. The Board may deduct from any Dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.
201. No Dividend shall bear interest against the Company.

#### **CAPITALISATION BUY-BACK OF SHARES**

202. (a) The Company in General Meeting may, upon the recommendation of the Board:
- (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (ii) that such sum be accordingly set free for distribution in the manner specified in Article 202(b) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions of the Act, either in or towards:
- (i) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
  - (ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (iii) partly in the way specified in Article 202(b)(i) and partly that specified in Article 202(b)(ii);
  - (v) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares;
  - (vi) The Board shall give effect to the resolution passed by the Company in pursuance of this Article 202.
203. (a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
- (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotment and issues of fully paid Shares if any; and
  - (ii) generally do all acts and things required to give effect thereto.
- (b) The Board shall have the power:
- (i) make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (ii) to authorise any Person to enter, on behalf of all the Members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares;
  - (iii) Any agreement made under such authority shall be effective and binding on such Members.

#### **BUY-BACK OF SHARES**

204. Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 of the Act, or any other law for the time being in force, the Company may purchase its own Shares or other specified securities.

#### **ACCOUNTS**

205. (a) The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of accounts in accordance with Section 128 of the Act with respect to:
- (i) all sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place;

- (ii) all sales and purchases of goods by the Company; and
- (iii) the assets and liabilities of the Company.

The books of accounts may also be maintained in electronic form.

- (b) Where the Board decides to keep all or any of the books of accounts at any place other than the Office of the Company, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.
  - (c) The Company shall preserve in good order the books of accounts relating to a period of not less than eight years preceding the current year together with the vouchers relevant to entries in such books of account.
  - (d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article 205 if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to dates at intervals of not more than three months, are sent by the branch office to the Company at the registered office or other place in India, at which the Company's books of account are kept as aforesaid.
  - (e) The books of account shall give a true and fair view of the state of the affairs of the Company.
  - (f) The books of account shall be open for inspection by any Director during business hours. No Member (not being a Director) shall have any right to inspect any books of account or books and papers or documents of the Company except as conferred by law or authorised by the Board.
206. The Board shall, from time to time, in accordance with the provisions of the Act, cause to be prepared and to be laid at each Annual General Meeting a profit and loss account and a balance sheet, containing a summary of the property and assets and of the Capital and liabilities of the Company, made up to a date not earlier than the date of the Meeting by more than six months or such extended period as may be permitted under the Act by the Registrar of Companies.
207. Every balance sheet and profit and loss account of the Company shall give a true and fair view of the affairs and the profit or loss of the Company for the financial year and shall comply with the requirements of Schedule III of the Act, so far as they are applicable thereto.
208. (a) Every balance sheet laid before the Company in Annual General Meeting shall be accompanied by a report of the Board of Directors as to the state of the Company's affairs and as to the amounts, if any, which it recommends should be paid by way of Dividend and material changes and commitments, if any, affecting the financial position of the Company for which the balance sheet relates and the date of the report.
- (b) The Board's report shall so far as is material for the appreciation of the state of the Company's affairs by its Members and which will not, in the Board's opinion, be harmful to the business of the Company, deal with any change which have occurred during the Financial Year in the nature of the Company's business and generally in the classes of business in which the Company has an interest.
- (c) The Board shall also give the fullest information and explanations in its Report aforesaid, or in an addendum to that report on every reservation, qualification or adverse remark contained in the Auditor's Report.
- (d) The Board's Report and any addendum thereto shall be signed by its Chairman if he is authorized in that behalf by the Board, and where he is not so authorized, shall be signed by such number of Directors as are required to sign the balance sheet and the profit and loss account of the Company.
- (e) The Board shall have the right to charge any Person not being a Director with the duty of seeing that the provisions of Articles 208(a) to 208(c) are complied with.
209. (a) The profit and loss account and balance sheet shall be signed on behalf of the Board of Directors by the Manager or Secretary, if any, and by not less than two Directors, one of whom shall be a Managing Director where there is one, provided that if there is only one Director present in India at the time the profit and loss account and balance sheet shall be signed by such Director but in such a case there shall be attached to the Profit and Loss Account and Balance Sheet a statement signed by such Director explaining the reason for non-compliance with the aforesaid provision requiring the signatures of two Directors.
- (b) The profit and loss account and balance sheet shall be audited by the Auditor and the Auditor's Report (including the Auditors separate, special or supplementary report, if any) shall be attached thereto, and such Report shall be read before the Company in General Meeting and shall be open to inspection by any Member.
210. The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts, books and documents of the Company or any of them, shall be open to the inspection of the members, and no members (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorized by the Directors or by a resolution of the Company in General Meeting.
211. A copy of every balance sheet including the profit and loss account, the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the balance sheet, which is to be laid before the Company in a General Meeting, shall be made available for inspection at the Registered Office, of the Company during working hours for a period of twenty one days before the date of the Meeting.

212. Subject to provisions of the Act and the Rules, where the Company has one or more subsidiaries, it shall, in addition to the financial statements to be prepared in accordance with these Articles, prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of its own.
213. A statement containing the salient features of such documents in the prescribed form or the copies of the documents aforesaid, as the Company may deem fit, will be sent to every member of the Company and to every trustee for the holders of any Debentures issued by the Company not less than twenty one days before the date of the meeting as laid down in Section 136 of the Act and all other provisions of this Section shall apply in respect of the matters referred to in this Article 213.

#### **DOCUMENTS AND NOTICES**

214. (a) A document or notice may be served or given by the Company on any Member or officer of the Company either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices in him or by electronic mail.
- (b) Where a document or notice is sent by post, service of the documents or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice. Provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum, sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless, it is sent in the manner intimated by the Member, and such service shall be deemed to have been effected in the case of a notice of a Meeting, at the expiration of forty eight hours after the letter containing the documents or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.
- (c) Where a document or notice is sent by electronic mail, the document or notice shall be deemed to have been delivered upon an electronic mail containing the document or notice being sent to the email address provided to the Company by the Member.
215. A document or notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears, on every Member who has no registered address in India or has not supplied to the Company an address within India for the serving of document on or the sending of notices to him.
216. A document or notice may be served or given by the Company on or to the joint-holders of a Share / Debenture by serving or giving the document or notice on or to the joint-holder named first in the Register of Members/ Register of Debenture-holders in respect of the Share/Debenture.
217. A document or notice may be served or given by the Company on or to the Persons entitled to a Share in consequence of death, insolvency or winding up of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of deceased, official assignee, receiver or liquidator of the Member in insolvency or winding-up or by any like description, at the address, if any, in India, supplied for the purpose by the Persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death, insolvency or winding up had not occurred.
218. Documents of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to every Member and to the Auditor or Auditors for the time being of the Company; and shall be served in the manner provided in Article 214 on every Person entitled to a share in consequence of the death, insolvency or winding up of a Member.
219. Every Person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the register of Members, shall have been duly served on or given to the Person from whom he derives his title to such share.
220. Any document or notice to be served or given by the Company may be signed by any Director, Secretary or some Person duly authorized by the Board of Directors for such purpose and the signature may be written, printed or lithographed.
221. All documents or notice to be served or given by Members on or to the Company or any Officer thereof shall be served or given by sending the same to the Company or officer at the Registered Office by post under a certificate of posting or by registered post, or by leaving the same at its Registered Office.
222. A Notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

#### **WINDING UP**

223. (a) Subject to the provisions of the Companies Act, 1956 or the Act, as applicable, and these Articles, if the Company shall be wound up, the liquidator, may with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose of aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may be determined how such division shall be carried out as between the Members or different classes of Members.

- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any Shares of other securities whereon there is any liability.

#### **INDEMNITY AND RESPONSIBILITY**

224. (a) Save and except so far as the provisions of this Article 224 shall be avoided by Section 197(13) of the Act, the Board of Directors, Managing Director, Managers, Secretary, and other officers or other employees/servants for the time being of the any, Auditor and the trustees, if any, for the time being acting in relation to any of the affairs of the Company and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators shall or may incur or sustain by or reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trust, except such, if any as they shall incur or sustain through or by their own wilful neglect or default respectively.
- (b) None of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other Person with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except the same shall happen by or through their own wilful dishonesty, neglect or default respectively.

#### **SECRECY**

225. (a) Every Director, Manager, Auditor, treasurer, trustee, Member of a Committee, officer, servant, agent, accountant or any other Person employed in the company shall, if so required by the Directors, or by any other Person authorized in this behalf before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the Person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Company Secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
- (c) Subject to the provisions of the Act, no member shall be entitled to visit or inspect any works of the Company without the permission of the Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may be relate to the conduct of the business of the Company and which in the opinion of the Directors, would be inexpedient in the interest of the Company to disclose.
- (d) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and Key Managerial Personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

#### **GENERAL POWER**

226. Wherever in the Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this regulation hereto authorizes and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

#### **COMPLIANCE WITH THE LICENCE AGREEMENTS**

227. The Company will adhere and comply with the conditions and terms stipulated in the Licence Agreements. Under extant requirements of the DoT, any violation of any such License Agreements shall automatically lead to the Company being unable to carry on its business in this regard.

## PART II

### OVERRIDING EFFECT AND INTERPRETATION

228. Subject to the requirements of Applicable Laws, in the event of any conflict between the provisions of Articles 1 to 227 (Part I of the Articles of Association of the Company) and Articles 228 to 235 (Part II of the Articles of Association of the Company), the provisions of Part II shall apply.
229. Nothing in the Overriding Articles shall be construed to limit or restrict or supersede the rights of the Company's lenders under the Long Term Facilities.
230. Interpretation of Articles 228 to 235 (Part II of the Articles of Association of the Company).  
Notwithstanding the provisions of Articles 1 to 227 (Part I of the Articles of Association), (a) capitalised terms and expression used in the Articles, shall have the meaning assigned to such terms in Part II of the Articles of Association; (b) capitalised terms and expressions used in the Articles, but not defined in Part II of the Articles of Association shall have the meaning assigned to such terms in Articles 1 to 227; and (c) any terms and expressions (whether capitalised or not), used but not defined specifically in these Articles shall have the same meaning as ascribed to them in the Act or any statutory modification thereof.
- "Affiliate" in relation to any entity, means any body corporate, partnership, unincorporated association which directly or indirectly Controls or is Controlled by or is under common Control with that entity.
- "Alternate Director" has the meaning given in Article 233.
- "Applicable Laws" means any applicable statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, clearance, approval, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any statutory or regulatory authority in effect in India.
- "Audit Committee" means the audit committee of the Company.
- "Audit Committee Nominee" has the meaning given in Article 232(b).
- "Axiata" means Axiata Group Berhad (formerly known as TM International Berhad), a company incorporated under the laws of Malaysia and having its registered office at Level 42, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia.
- "Axiata Nominee" means TMI Mauritius Ltd. or any other Affiliate of Axiata, Khazanah or any entity Controlled by Khazanah.
- "Axiata Parties" means TMI Mauritius Ltd. , Axiata, all Affiliates of Axiata and Khazanah.
- "Base Shareholding Level" means fourteen point nine nine percent of the Equity Capital of the Company on 13<sup>th</sup> August, 2008 or the maximum Shareholding of Axiata as is, or has been, mutually agreed between the Company and Axiata from time to time in writing, and in either case, as reset in accordance with Article 232.
- "Control" (including the terms "Controlled by" and "under common Control with") means, in relation to a body corporate, the right to exercise, or control the exercise of, whether directly or indirectly, acting alone or together with another Person, more than fifty percent of the total voting rights at a general meeting of that body corporate, or the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the affairs of that body corporate, including the composition of any Board of Directors of that body corporate, and, in relation to any Person which is not a body corporate, the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the affairs of that Person.
- "ESOS" means the Idea Employee Stock Option Scheme - 2006 and any other stock option schemes adopted by the Company pursuant to Applicable Laws, from time to time.
- "FDI Limits" means the applicable Indian laws and regulations governing the maximum non-Indian direct and indirect shareholdings in an Indian telecommunications services company from time to time.
- "Khazanah" means Khazanah Nasional Berhad, an entity established by the Government of Malaysia.
- "Long Term Facilities" means the long term financing facilities entered into on 8<sup>th</sup> August, 2006 and 12<sup>th</sup> October, 2007 in the aggregate amount of ₹ 74,240,000,000 (Rupees seventy four billion two hundred and forty million) between the Company and a consortium of lenders led by IDBI Bank Limited (as lead arranger).
- "Non-Residents" shall mean one or more Persons who are not Indian resident for the purposes of the FDI Limits.
- "Person" means any individual, partnership, corporation, association, joint stock Company, joint venture corporation, trust, unincorporated organisation or government, or agency or sub-division thereof or any other legal entity.
- "Related Party Transactions" means a transfer of resources or obligations, or any other material transactions or arrangements, between the Company and any Affiliate of the Company, regardless of whether or not a price is charged.
- "SEBI DIP Guidelines" means the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time.
- "Shareholding of Axiata" means the direct and indirect holding of Shares by TMI Mauritius Ltd when aggregated with the direct and indirect holding of Shares by Axiata and all of Axiata's Affiliates (other than TMI Mauritius Ltd).

“Spice” means Spice Communications Limited, a company incorporated under the Act, having its Registered Office at A-30, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110 044.

“TMI Mauritius Ltd” means the company named TMI Mauritius Ltd, which is incorporated under the laws of Mauritius and having its Registered Office at 3rd Floor, TM Building, Pope Hennessy Street, Republic of Mauritius.

“Third Party” means a Person other than Axiata or its Affiliates.

231. Axiata’s rights upon further issue of Shares by the Company:

- (a) Save as otherwise provided in this Article 231, so long as the Shareholding of Axiata is at least ten percent of the total issued Equity Capital of the Company from time to time, if the Company intends to issue and allot Shares or any other securities convertible into Shares or any securities giving the right to call for the issue of Shares (“Relevant Securities”) other than:
  - (i) Shares issued on an event of default under the Long Term Facilities; or
  - (ii) Shares issued on the exercise of options under the ESOS; or
  - (iii) Relevant Securities being offered to all Shareholders in proportion to their percentage holding of Shares; to any Third Party (“Further Preferential Issue”), the Company will, subject to compliance with Applicable Laws, offer Axiata or any Axiata Nominee nominated by Axiata in writing, the option of subscribing for Relevant Securities on the same terms and conditions (including as to price) as those proposed to be offered to such Third Party, in such manner as to maintain the Base Shareholding Level on a fully diluted basis (“Pro-Rata Top Up”) in accordance with the procedure set out in Article 232(b) below; and where any or all of the Relevant Securities in the Further Preferential Issue are intended to be allotted to Non-Residents, the Company shall ensure that the size of the offering to the Non-Residents is such that Axiata will be able to exercise its Pro-Rata Top Up without breaching any FDI Limits.
- (b) If the Shareholding of Axiata falls below ten percent of the total issued Equity Capital of the Company from time to time directly as a result of a breach by the Company of its obligations under this Article 232 or as a result of any issue by the Company of Relevant Securities if such issue is as a result of an event of default under the Long Term Facilities or the exercise of any options granted under the ESOS, Axiata shall retain its rights pursuant to Articles 232 to 235 and this Article 231.
- (c) The Company will notify Axiata in writing not less than thirty days in advance of any meeting of the Board to consider a Further Preferential Issue of its intention to make the Further Preferential Issue (a “Further Preferential Issue Notice”). Axiata agrees, within fifteen days of receipt by it of the Further Preferential Issue Notice (the “Axiata Acceptance Period”), to inform the Board: (a) whether it intends to exercise its rights in respect of the Pro-Rata Top Up; and (b) which Axiata Nominee will subscribe for the Relevant Securities (the “Axiata Notice”). If Axiata indicates in the Axiata Notice that it wishes to exercise the Pro-Rata Top Up, Axiata undertakes to complete the subscription for the Relevant Securities during the currency of the Company’s shareholder resolution passed in respect of the Further Preferential Issue (subject to any approval required from its shareholders and any applicable regulatory requirements (including consent of Bank Negara Malaysia) pursuant to the Pro-Rata Top Up. If Axiata does not serve a Axiata Notice before the expiry of the Axiata Acceptance Period or Axiata indicates in the Axiata Notice that it does not wish to exercise the Pro-Rata Top Up, the Company may freely issue and allot the Relevant Securities on a preferential basis to the Person(s) identified in the Further Preferential Issue Notice on the same terms and conditions (including as to price) as those available to Axiata under the Pro-Rata Top Up.
- (d) If Axiata’s shareholder approval is required for Axiata or any Axiata Nominee to participate in the Pro-Rata Top Up, the Company will, subject to all Applicable Laws, ensure that the time frame for completion of the Further Preferential Issue will be sufficient to allow Axiata to seek and obtain such shareholders approval. Axiata acknowledges and agrees that it would seek any relevant shareholder approval as quickly as possible and would use its best efforts to ensure that the obtaining of such shareholders approval does not delay the completion of the Further Preferential Issue. If it is not possible for Axiata to obtain its shareholder approval without delaying the completion of the Further Preferential Issue past the latest time permitted for the Further Preferential Issue under the SEBI DIP Guidelines, Axiata will waive its Pro-Rata Top Up rights in respect of that Further Preferential Issue, provided that the Company convenes a further meeting of Shareholders as soon as possible thereafter to approve the Further Preferential Issue in favour of Axiata or an Axiata Nominee at the higher of: (a) the lowest price per Share permitted by Applicable Laws; and (b) the price paid by the subscriber in the relevant Further Preferential Issue, which would permit Axiata to increase its holding of Shares to the same percentage as it had immediately prior to the original Further Preferential Issue. Nothing in this Article 231(d) will imply that the Company needs to delay the holding of any meeting of Shareholders.
- (e) Base Shareholding Level:
  - (i) Save as otherwise provided in this Article 231(e)(i), if Axiata fails to exercise its rights to Pro-Rata Top Up and, as a result, the Shareholding of Axiata is diluted below the Base Shareholding Level, the Base Shareholding Level shall be deemed to remain at the level immediately before the Further Preferential Issue in respect of which it failed to exercise its Pro-Rata Top Up right for a period of twelve months from the date on which the relevant dilution occurs (the “Standstill Period”). If there is more than one Further Preferential Issue in any twelve months

period, the Base Shareholding Level will only be deemed to be adjusted downwards to the level that would have prevailed if there had been no Further Preferential Issue during the said twelve months period. If the Shareholding of Axiata has not, on the expiry of the Standstill Period, increased to the Base Shareholding Level through secondary purchases, the Base Shareholding Level shall be deemed to be adjusted downwards to reflect the percentage holding of Shares then held directly and indirectly by the Axiata Parties. If the FDI Limits are exceeded at any time during the Standstill Period, such Standstill Period shall automatically be extended until such time as the FDI Limits are no longer exceeded. If the Shareholding of Axiata is diluted below the Base Shareholding Level as a result of:

- (1) Shares being issued on an event of default under the Long Term Facilities; or
  - (2) Shares being issued on the exercise of options under the ESOS; or
  - (3) the completion of a merger of any company with the Company, including a merger of Spice with the Company, the Base Shareholding Level shall not be adjusted downwards.
- (ii) If the Axiata Parties sell any Shares to any Person other than an Axiata Party, the Base Shareholding Level shall be deemed to be reset at the percentage of the total issued Capital of the Company held by the Axiata Parties immediately following such sale.
- (iii) Save as otherwise provided in this Article 231, Axiata's rights under this Article 231 to Pro-Rata Top Up will not apply where the Shareholding of Axiata is diluted below the Base Shareholding Level for any reason other than a Further Preferential Issue or where the Shareholding of Axiata is diluted below the Base Shareholding Level as a result of:
- (1) Shares being issued on an event of default under the Long Term Facilities; or
  - (2) Shares being issued on the exercise of options under the ESOS, in particular, such rights shall not apply in the event of any dilution taking place as a result of completion of a merger of any company with the Company including a merger of Spice with the Company, provided that in such event, Axiata shall be entitled to make secondary purchases of Shares not exceeding the Base Shareholding Level.
- (f) An Axiata Party shall be entitled (but not obliged) to acquire from any Person, and whether through the stock exchanges or not, such number of Shares as shall result in the Shareholding of Axiata being equal to (but not exceeding) the Base Shareholding Level.

232. Axiata's Directors:

So long as the Shareholding of Axiata is at least ten percent of the total issued Equity Capital of the Company from time to time and subject to Article 231(b), Axiata will have the right to:

- (a) nominate to, and / or remove or replace from, the Board, one Director ("Nominee Director"); and
- (b) nominate and / or remove or replace the Nominee Director as a member of the Audit Committee of the Company ("Audit Committee Nominee"), and the Company will do all things within its power to ensure that the Nominee Director and the Audit Committee Nominee is so appointed and remains in office unless otherwise instructed by Axiata in writing.

233. Notwithstanding anything to the contrary in Article 134, so long as the Shareholding of Axiata is at least ten percent of the total issued Equity Capital of the Company from time to time and subject to Article 231(b), upon the request of Axiata, the Company, shall as soon as reasonably possible, appoint an Alternate Director ("Alternate Director") in accordance with Section 161 of the Act, to act in place of the Nominee Director. In the event such Alternate Director ceases to hold office or Axiata wishes to replace such Alternate Director, the Company shall, as soon as reasonably possible, do all things required to effect such appointment, re-appointment or replacement. Such Alternate Director shall be entitled, while holding office as such, to (i) receive notices of meetings of the Board or the Audit Committee; (ii) attend and vote as a Director at any such meetings of the Board or Audit Committee of which the Nominee Director is a member; and (iii) generally exercise all the powers, rights, duties and authorities and to perform all functions of the Nominee Director. Further, such Alternate Director shall be entitled to exercise the vote of the Nominee Director at any meeting of the Board or any such Committee. For the avoidance of doubt, Nominee Director and Alternate Director will not have any veto rights or affirmative control rights in respect of the activities of the Company.

234. Proceedings of the Audit Committee: So long as the Shareholding of Axiata is at least ten percent of the total issued Equity Capital of the Company from time to time and subject to Article 231(b), the Company will cause full details of all Related Party Transactions to be disclosed to the Audit Committee at least once every quarter. If the Audit Committee raises any concerns in relation to such transactions/arrangements, the Company will act in accordance with the recommendations of the Audit Committee.

235. Notification requirements:

So long as the Shareholding of Axiata is at least ten percent of the total issued Equity Capital of the Company from time to time and subject to Article 231(b), the Company shall, on a quarterly basis, inform Axiata of the aggregate shareholding of Non-Residents in the Company. In the event that the FDI Limits are reached at any time, the Company will notify Axiata promptly and will, on a monthly basis thereafter, notify Axiata of the aggregate holding of Shares by Non-Residents.

## PART III

### 1. EFFECTIVE DATE; OVERRIDING EFFECT

This Part III of the Articles of Association shall be effective from the Effective Date (defined below). In the event of any conflict between Parts I and II of the Articles of Association and Part III of the Articles of Association, the provisions of Part III of the Articles of Association shall prevail.

### 2. DEFINITIONS & INTERPRETATION

#### 2.1 Definitions

Unless the context otherwise requires, the following words and terms shall have the meanings set forth below:

“**Acceptance Notice**” shall have the meaning given to it in Article 13.3.3;

“**Act**” means the Indian Companies Act, 2013 and shall include the provisions of the Indian Companies Act, 1956, to the extent the corresponding provision in the Indian Companies Act, 2013 has not been notified;

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, (a) owns greater than 26% of the voting equity or interest of such Person or is similarly owned by such Person; and (b) Controls, is Controlled by, or is under common Control with, such first Person, and in the case of a natural Person, shall include his or her Relatives;

“**Agreed Shared Costs**” shall have the meaning as agreed, *inter alia*, among the Parties as on the date of the Shareholders’ Agreement;

“**Big Four Accounting Firm**” shall mean any of (i) KPMG, (ii) Deloitte Touche Tohmatsu Limited (iii) Ernst and Young LLP, or (iv) Price waterhouse Coopers, or any of their Indian associates and affiliates.

“**Board**” means the board of directors of the Company constituted in accordance with the Articles of Association from time to time;

“**Books and Records**” means all accounting, financial reporting, tax, business, marketing and corporate files, documents, instruments, papers, books, registers and records (statutory or otherwise) of the Company and its Subsidiaries, including technical records, financial statements, journals, deeds, manuals, minute books, customer and client lists, reports, files, documents, electronic information and operating data, contracts, memoranda of understanding and agreements, in whatever form;

“**Business**” means the provision of fixed and mobile telecommunications services to consumer and enterprise customers, including direct-to-consumer video and content services that are bundled with telecommunications services by the Company and its Subsidiaries in the Territory, and subject to amendment in accordance with Article 10 (*Reserved Matters*), any other business carried on by the Company and its Subsidiaries;

“**Business Day**” means a day other than Saturday and Sunday on which banks are open for normal banking business in London, United Kingdom, Mauritius, the Netherlands and Mumbai, India;

“**Business Plan**” means the detailed operating budget and the financial and strategic plan of the Company as prepared, approved and amended from time to time in accordance with the Articles of Association;

“**Call Option 1**” shall have the meaning given to it in Article 12.3.1(a);

“**Call Option 1 Equity Share Value**” means the Call Option 1 Equity Value divided by the sum of:

- (a) the number of Equity Shares of the Company (on a fully diluted basis) as on the Effective Date;
- (b) (without double counting) the number of Equity Shares issued pursuant to all Rights Recapitalisations occurring under Article 4; and
- (c) the number of Equity Shares issued as bonus shares with respect to any of the Equity Shares falling within (a) or (b) above, and adjusted in customary manner for any split or reverse-split made with respect to such Equity Shares on or after the date on which they were issued;

“**Call Option 1 Equity Value**” means, in relation to a Call Option 1 Notice, the amount that is equal to the sum of:

- (a) ₹ 945,524 million; and
- (b) (without double counting) the aggregate of value of all gross consideration received or receivable by the Company pursuant to all Rights Recapitalisations occurring under Article 4 and before the date of that Call Option 1 Notice;

“**Call Option 1 Notice**” shall have the meaning given to it in Article 12.3.1(c);

“**Call Option 1 Period**” means a period of 36 (thirty six) months and one (1) Business Day from the Effective Date;

“**Call Option 1 Price**” shall have the meaning given to it in Article 12.3.1(c);

“**Call Option 1 Purchaser**” shall have the meaning given to it in Article 12.3.1(c);

“**Call Option 1 Shares**” shall have the meaning given to it in Article 12.3.1(c);

“**Call Option 2**” shall have the meaning given to it in Article 12.3.2(a);

“**Call Option 2 Notice**” shall have the meaning given to it in Article 12.3.2(d);

“**Call Option 2 Period**” shall have the meaning given to it in Article 12.3.2(a);

“**Call Option 2 Price**” shall have the meaning given to it in Article 12.3.2(e);

“**Call Option 2 Purchaser**” shall have the meaning given to it in Article 12.3.2(d);

“**Call Option 2 Shares**” shall have the meaning given to it in Article 12.3.2(b);

“**Call Option Cap**” means at any specified time, the number of Equity Shares that is equal to 50% of the Excess Equity Shares at such time (rounded down to the nearest whole Equity Share) (it being acknowledged that, at the end of the Effective Date, the Call Option Cap will be equal to 9.5% of the Share Capital);

“**Capped Options**” means Call Option 1, Call Option 2, Step Down Option 1 and the Rights Recapitalisation Call Option;

“**CEO**” means the chief executive officer of the Company, appointed from time to time in accordance with the Articles of Association;

“**CFO**” means the chief financial officer of the Company, appointed from time to time in accordance with the Articles of Association;

“**Chairperson**” shall have the meaning given to it in Article 5.7.1;

“**Circular Resolution**” shall have the meaning given to it in Article 5.8.1;

“**Closing Date**” shall have the meaning as agreed, *inter alia*, among the Parties as on the date of the Shareholders’ Agreement;

“**CoC Exercise Notice**” shall have the meaning given to it in Article 16.2.1;

“**CoC Notice**” shall have the meaning given to it in Article 16.1;

“**CoC Shareholder**” shall have the meaning given to it in Article 16.1;

“**CoC Shares**” shall have the meaning given to it in Article 16.2.1;

“**Committee**” shall have the meaning given to it in Article 5.4.1;

“**Company**” means Idea Cellular Limited, a company incorporated under the laws of India having its registered office at Suman Tower, Plot No. 18, Sector 11, Gandhinagar, Gujarat 382011, India;

“**Competing Business**” means a business in the Territory that is the same as or substantially similar to the Business;

“**COO**” means the chief operating officer of the Company, appointed from time to time in accordance with the Articles of Association;

“**Control**” (including with correlative meaning, the terms “**Controlled by**” and “**under common Control**” with) means the right to appoint the majority of the directors or to control the management or policy decisions of a Person, exercisable by a Person or Persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

“**Deadlock**” shall have the meaning given to it in Article 14.1;

“**Deadlock Notice**” shall have the meaning given to it in Article 14.2;

“**Deed of Adherence**” means the deed of adherence set out in the Shareholders’ Agreement;

“**Defaulting Promoter Group**” shall have the meaning given to it in Article 15.1.1;

“**Defaulting Shareholder Group**” shall have the meaning given to it in Article 15.2.1;

“**Diluted Group**” shall have the meaning given to it in Article 4.8.1;

“**Directors**” mean the members of the Board appointed in accordance with the Articles of Association;

“**Draft Revised Business Plan**” shall have the meaning given to it in Article 11.1;

“**EBITDA**” means the consolidated profit before tax of the Company as per the Financial Statements for that relevant period after adding back:

- (a) any amount attributable to amortisation of intangible assets and goodwill, and depreciation of tangible assets;
- (b) Finance Charges;
- (c) items treated as exceptional;
- (d) Integration Costs; and
- (e) Agreed Shared Costs, in each case, to the extent added, deducted or taken into account, as the case may be, in determining the consolidated profit before tax of the Company as per the relevant Financial Statements;

“**Effective Date**” means the Closing Date;

“**Equal Offer Notice**” shall have the meaning given to it in Article 12.6.3(a);

“**Equal Offer Period**” shall have the meaning given to it in Article 12.6.3(b);

“**Equal Shareholding Date**” means the first date on which the number of Excess Equity Shares becomes zero;

“**Equity Shares**” means fully-paid up equity shares issued from time to time forming part of the Share Capital;

“**Event of Default**” shall have the meaning given to it in Article 15.2.1;

“**Excess Equity Shares**” means, at any specified time and subject to Articles 4.6, 12.1.1, and 12.3.2(i), the number of Equity Shares that is equal to the greater of:

- (a) zero; and

- (b) (i) the Shareholding of the Vodafone Group Shareholders at such time minus (ii) the Shareholding of the ICL Group Shareholders at such time;

**“Excluded Financial Investor”** means any Financial Investor:

- (a) where 33% or more of that Financial Investor’s assets under management comprise an equity holding in a single Person that conducts a business that is similar to the Business within or outside the Territory; or
- (b) whose Investment Manager is Controlled by a Person who conducts a business that is similar to the Business within or outside the Territory;

**“Extended RCO Period”** shall have the meaning given to it in Article 4.7.1(c);

**“Fair Market Value”** means the Volume Weighted Average Market Price for a period of three (3) months preceding the Relevant Date, as traded on the Recognised Stock Exchange where the maximum volume of trading in the Equity Shares of the Company is recorded during the three-month period prior to the Relevant Date;

**“Finance Charges”** means, for any relevant period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums, Forex Losses or Gains (if net losses) and other finance payments in respect of Financial Indebtedness whether accrued, paid or payable in respect of that relevant period, net of any treasury income (representing income from investing surplus cash in securities as per the treasury policy of the Company), or interest or similar income and Forex Losses or Gains (if net gains) whether accrued, received or receivable, and:

- (a) including the interest element of leasing and hire purchase payments;
- (b) including the mark to market gains or losses, whether realised or unrealised, on foreign exchange rate and interest rate derivative financial instruments; and
- (c) including any amounts in the nature of interest payable in respect of any shares other than ordinary equity share capital;

**“Financial Indebtedness”** means any borrowings or indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) accrued interest payable;
- (c) any interest bearing amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;
- (d) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (e) the amount of any liability in respect of any finance lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing under Ind AS;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); and
- (i) shares which are expressed to be redeemable or shares or instruments convertible into shares (other than compulsorily convertible instruments), provided in each case that there shall be no double-counting of any indebtedness;

**“Financial Investor”** means any organisation (including banks, insurance companies, hedge funds, endowment funds, pension funds, sovereign wealth funds and other financial institutions) engaged in the business of holding and managing assets (including securities) or wealth management, for and on behalf of its clients, other than an Excluded Financial Investor;

**“Financial Statements”** means in relation to the Company the consolidated quarterly financial statements of the Company and its Subsidiaries prepared under Ind AS;

**“Financial Year”** means the Company’s fiscal year beginning on 1 April of each calendar year and ending on 31 March of the immediately succeeding calendar year, or such other period as the Board or the Shareholders, as the case may be, determine in accordance with applicable Law;

**“First Refusal Right”** shall have the meaning given to it in Article 13.3.1;

**“Forex Losses or Gains”** means the net foreign exchange gains or losses with respect to Financial Indebtedness denominated in currency other than INR;

**“General Meeting”** shall have the meaning given to it in Article 6.1;

**“GIL”** shall have the meaning given to it in Article 9.2.1(b);

**“Governmental Authority”** means any national, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body of any nation or any of its ministries, departments, secretariats, agencies or any legislative body, commission, authority, court or tribunal or entity, and shall include any authority exercising jurisdiction over any Person;

“**Group**” means, (i) the ICL Group and/or the Vodafone Group, as the context may require, (ii) in relation to the Company, the Company and its Subsidiaries, and (iii) in relation to any other company, means that company and any Affiliate of that company;

“**Higher Number**” shall have the meaning given to it in Article 4.3.2(ii)(A);

“**Higher Shareholder**” shall have the meaning given to it in Article 12.6.3;

“**ICL Bank**” shall have the meaning given to it in Article 4.3.2(ii);

“**ICL CoC Period**” shall have the meaning given to it in Article 16.2.1;

“**ICL CoC Price**” means an amount equal to the Vodafone Purchase Price;

“**ICL Confirmation Notice**” shall have the meaning given to it in Article 12.2.2(b);

“**ICL Group**” means the ICL Group Shareholders and their respective Affiliates, excluding the Company and its Subsidiaries;

“**ICL Group Directors**” shall have the meaning given to it in Article 5.2.2(a);

“**ICL Group Shareholders**” shall mean (i) Grasim Industries Limited, (ii) Aditya Birla Nuvo Limited, (iii) Pilani Investments and Industries Limited, (iv) Hindalco Industries Limited and (v) Birla TMT Holdings Private Limited, together with any Affiliates that execute a Deed of Adherence;

“**ICL Opposition Notice**” shall have the meaning given to it in Article 12.2.1(a);

“**Ind AS**” means Indian Accounting Standards as notified by Ministry of Corporate Affairs, Government of India;

“**Indian Competitor**” means: (a) any Person, including its Affiliates, engaged in a Competing Business; or (b) any Person who holds, directly and/or indirectly through its Affiliates, 26% (twenty six percent) or more in, and is categorised as a promoter of, a Person referred to in (a) above;

“**Integration Costs**” means costs incurred on or after the Effective Date in connection with the combination of the Company and Vodafone India Limited as agreed, *inter alia*, among the Parties as on the date of the Shareholders’ Agreement, which would not have been incurred otherwise;

“**Intellectual Property**” means all domestic and foreign intellectual property rights, including with respect to all patents, patent applications, and trademarks, service marks, trade names, trade dress, logos, corporate names, brand names, domain names, all copyrights, designs and mask works, and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data) and trade secrets, confidential business information and other proprietary information;

“**Investment Bank**” means a Category I merchant banker registered with the Securities and Exchange Board of India;

“**Investment Manager**” in respect of any Person, means any general partner, investment manager or other person who controls the investment decisions of such Person;

“**KMB**” means Kumar Mangalam Birla, an individual residing in India;

“**Law**” means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by any Governmental Authority;

“**Leverage Breaching Group**” shall have the meaning given to it in Article 17.3.3;

“**Leverage Ratio**” means, at any time, the ratio of the Net Financial Debt to LTM EBITDA, each of which shall have been determined with reference to the same time;

“**Leverage Ratio Trigger**” is met in the case where the then current Leverage Ratio is above:

- (a) 6:1 in the financial year ended 31 March 2018;
- (b) 5.75:1 in the first quarter of the financial year ended 31 March 2019;
- (c) 5.5:1 in the second quarter of the financial year ended 31 March 2019;
- (d) 5.25:1 in the third quarter of the financial year ended 31 March 2019; or
- (e) 5:1 in the fourth quarter of the financial year ended 31 March 2019 or at any time thereafter;

“**Lower Number**” shall have the meaning given to it in Article 4.3.2(ii)(A);

“**LTM EBITDA**” means, at any time, the EBITDA (by reference to the Financial Statements) for the 12 (twelve) months up to the end of the most recent calendar quarter ended 31 March, 30 June, 30 September or 31 December. Where LTM EBITDA requires EBITDA to be determined for periods prior to the Effective Date, EBITDA for these periods shall be taken from the Financial Statements and the Vodafone Financial Statements and aggregated;

“**Net Assets**” means, at any time in relation to a Person, the aggregate of its assets (excluding intangible assets) less the aggregate of its liabilities (other than share capital and reserves, and provisions against intangible assets), in each case calculated on a consolidated basis in accordance with applicable accounting standards;

“**Net Assets Threshold**” means ₹167,375 million;

“**Net Financial Debt**” means, at any time, the aggregate amount of all obligations of the Company for or in respect of Financial Indebtedness at that time but:

- (a) deducting the aggregate amount of cash and cash equivalent investments held by the Company at that time; and
- (b) deducting the aggregate amount of interest receivable by the Company at that time, and so that no amount shall be included or excluded more than once;

**“New Qualifying Shareholder”** shall have the meaning given to it in Article 13.2.3;

**“Non-Diluted Group”** shall have the meaning given to it in Article 4.8.1;

**“Non-Equal Shareholder”** shall have the meaning given to it in Article 12.6.3;

**“Non-transferring Shareholder”** shall have the meaning given to it in Article 13.3.2;

**“Offered Shares”** shall have the meaning given to it in Article 13.3.2;

**“Offer Period”** shall have the meaning given to it in Article 13.3.3;

**“Option Transfer”** shall have the meaning given to it in Article 12.7.1;

**“Party”** means any of the ICL Group Shareholders, the Vodafone Group Shareholders and the Company in its capacity as a party to the Shareholders’ Agreement;

**“Person”** means any individual, general or limited partnership, corporation, limited liability company, joint stock company, trust, joint venture, unincorporated organisation, association or any other entity, including any Governmental Authority, or any group consisting of two (2) or more of the foregoing;

**“Promoter Group”** means the Vodafone Group Shareholders collectively and/or the ICL Group Shareholders collectively, as the context may require;

**“Proposed Transferee”** shall have the meaning given to it in Article 13.3.1;

**“Public Shareholder”** means any Person holding Public Shareholding;

**“Public Shareholding”** means, with respect to the Company, its public shareholding (as defined under rule 2(e) of the Securities Contracts (Regulation) Rules, 1957);

**“Qualifying Threshold”** means:

- (a) 26% of the Share Capital until 31 March 2020; and
- (b) 21% of the Share Capital at any time thereafter;

**“RCO Notice”** shall have the meaning given to it in Article 4.7.1(b);

**“RCO Period”** shall have the meaning given to it in Article 4.7.1;

**“RCO Price”** means, if the Vodafone Group Shareholders elect to Transfer Equity Shares: (i) on a Recognised Stock Exchange, the higher of the maximum price per Equity Share permitted under Law for such Transfer without the approval of any Governmental Authority (or if applicable Law does not prescribe a price, the per share Fair Market Value) and the subscription price per share for the Rights Recapitalisation; and (ii) in an off-exchange Transfer, the higher of the maximum price per Equity Share permitted under Law for such Transfer without the approval of any Governmental Authority (or if applicable Law does not prescribe a price, the per share Fair Market Value) and the subscription price per share for the Rights Recapitalisation;

**“RCO Purchaser”** shall have the meaning given to it in Article 4.7.1(b);

**“RCO Shares”** shall have the meaning given to it in Article 4.7.1;

**“RCO Withholding Computation”** shall have the meaning given to it in Article 4.7.1(g);

**“Recognised Stock Exchange”** means any stock exchange where the Equity Shares are listed;

**“Relative”** with respect to a natural Person, shall have the meaning given to the term in the Act;

**“Relevant Date”** means, for the purpose of determination of the Fair Market Value in: (i) Article 4.7.1(b), the date of the RCO Notice; (ii) Article 16, the date of the CoC Notice; and (iii) the context of Relevant India Telecom Equity Value, the earlier of the date of public announcement of and the date of execution of binding documentation for a Vodafone Permitted Group Sale Disposal or a Vodafone Restricted Group Sale Disposal, as applicable;

**“Relevant Holdco Equity Value”** means, in relation to: (i) item (a) of the definitions of Vodafone Permitted Group Sale Disposal and Vodafone Restricted Group Sale Disposal, the aggregate proportionate equity value of the entities or assets proposed to be included within such transaction, as derived from the agreed consideration for such transaction; and (ii) item (b) of the definitions of Vodafone Permitted Group Sale Disposal and Vodafone Restricted Group Sale Disposal, the aggregate proportionate equity value of the entities proposed to be included within such transaction as derived from a valuation opinion prepared by any one of the Persons specified in **Schedule 1** selected by the Vodafone Group by a draw of lots in the presence of an authorised representative of the ICL Group Shareholders;

**“Relevant India Telecom Equity Value”** means, with respect to Shareholder(s) proposed to be included within a Vodafone Permitted Group Sale Disposal or a Vodafone Restricted Group Sale Disposal, the equity value of the Company based on the Fair Market Value multiplied by the percentage Shareholding of such Shareholder(s);

**“Remaining ICL Shareholders”** shall have the meaning given to it in Article 16.2.1;

**“Remote Participation”** shall have the meaning given to it in Article 5.9.1;

**“Representatives”** means, with respect to any Person, its directors, officers, employees, consultants, agents, investment bankers, financial advisors, legal advisors, accountants, other advisors and authorised representatives;

**“Reserved Matters”** has the meaning given to it in Article 10;

**“Rights Cure Period”** shall have the meaning given to it in Article 17.3.2;

**“Rights Recapitalisation”** shall have the meaning given to it in Article 4.3;

**“Rights Recapitalisation Call Option”** shall have the meaning given to it in Article 4.7.1;

**“Rights Recapitalisation Cap”** means with respect to any Rights Recapitalisation, the lower of: (a) the number of new Equity Shares subscribed for by the Vodafone Group Shareholders in excess of the new Equity Shares to which they are entitled and (b) the number of new Equity Shares to which the ICL Group Shareholders were entitled under the Rights Recapitalisation but for which they did not subscribe;

**“Rights Recapitalisation Notice”** shall have the meaning given to it in Article 4.3;

**“Shareholder”** means any Person who holds Equity Shares in the Company;

**“Shareholding”** means, with respect to:

- (a) any Person as a Shareholder, at any time, that Person’s total direct and indirect shareholding in the Company; and
- (b) a group of Persons directly and indirectly holding shares in the Company, the aggregate of the total direct and indirect shareholding of each Person in the group in the Company without any duplication or double counting of shareholdings among such Persons, in each case, on a fully diluted basis, it being understood that the indirect shareholding of any such Person in the Company means the voting interest held indirectly by such Person through its subsidiaries. Shareholding shall refer to the number of Equity Shares or the percentage of Share Capital, as the context may require;

**“Share Capital”** means the equity share capital of the Company on a fully diluted basis. For the purposes of Article 10.4 (*Reserved Matters*), Share Capital shall mean share capital of the Company on a fully diluted basis;

**“Shareholders’ Agreement”** means the Shareholders’ Agreement dated 20 March 2017, by and among the ICL Group Shareholders, the Vodafone Group Shareholders, the Company, KMB and the Vodafone Confirming Party;

**“Step Down 1 Excess Shareholding”** shall have the meaning given to it in Article 12.4;

**“Step Down Option 1”** shall have the meaning given to it in Article 12.4;

**“Step Down Option 1 Period”** shall have the meaning given to it in Article 12.4;

**“Step Down Option 2 Period”** shall have the meaning given to it in Article 12.5;

**“Step Down Share Value”** means, as of a particular date, the Step Down Value divided by the number of Equity Shares of the Company (on a fully diluted basis) as on the date of the Transfer of Equity Shares in accordance with Article 12.5;

**“Step Down Value”** means, in relation to a proposed Transfer of Equity Shares in accordance with Article 12.5, the amount that is equal to the sum of:

- (a) US\$ 14,123 million;
- (b) the aggregate of value of all gross consideration, whether in cash or otherwise, received or receivable by the Company in respect of each and every allotment of Equity Shares (or securities convertible into or exchangeable for Equity Shares), or grant of rights to subscribe for or otherwise acquire Equity Shares, in each case occurring between the date of the Shareholders’ Agreement and the date of that proposed Transfer of Equity Shares;
- (c) the aggregate value of all gross consideration, whether in cash or otherwise, received or receivable by the Company and/or a Subsidiary in respect of each and every allotment of equity shares in a Subsidiary (or securities convertible into or exchangeable for equity shares in a Subsidiary), or grant of rights to subscribe for or otherwise acquire equity shares in a Subsidiary (excluding any allotment or grant to the Company or another Subsidiary that is wholly owned by the Company), in each case occurring between the date of the Shareholders’ Agreement and the date of that proposed Transfer of Equity Shares, and for the purpose of this definition: (i) any adjustment to the gross consideration received or receivable by the Company or such Subsidiary occurring or liable to occur after such allotment or grant shall be disregarded and (ii) the total amount of the maximum gross consideration receivable shall be brought into account for the purpose of this definition notwithstanding that all or any part of it is deferred or contingent);

**“Subsidiary”** means a subsidiary of the Company;

**“Tag-Along Right”** shall have the meaning given to it in Article 13.4.1;

**“Tag Exercise Notice”** shall have the meaning given to it in Article 13.3.3;

**“Tagged Shares”** shall have the meaning given to it in Article 13.4.3;

**“Takeover Code”** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

“**Target Group**” shall have the meaning as agreed, *inter alia*, among the Parties as on the date of the Shareholders’ Agreement;  
“**Target Leverage Ratio**” means a Leverage Ratio of: (i) 4.5:1 during the financial years ended 31 March 2018 and 31 March 2019 and (ii) 4:1 at any time thereafter;

“**Tax**” means any tax payable under the Indian Income-tax Act, 1961, as amended;

“**Terms**” shall have the meaning given to it in Article 4.3.2(i);

“**Territory**” means India;

“**Third Banker**” shall have the meaning given to it in Article 4.3.2(ii)(C);

“**Third Number**” shall have the meaning given to it in Article 4.3.2(ii)(C)(a);

“**Transferring Shareholder**” shall have the meaning given to it in Article 13.3.1;

“**Transfer**” means to transfer, assign, pledge or otherwise alienate or dispose of, in any way, any Equity Shares, or any rights relating to such Equity Shares, and “**Transferred**” shall be construed accordingly;

“**Transfer Embargo**” means any prohibition on the Transfer of any Equity Shares pursuant to an order of a Governmental Authority issued in respect of any Party;

“**Transfer Notice**” shall have the meaning given to it in Article 13.3.2;

“**Ultimate Parent**” in relation to any Person, means the Person (if any) which is not itself subject to Control but which has Control of that first Person, either directly or through a chain of Persons each of which has Control over the next Person in the chain (being, as at the date of the Shareholders’ Agreement, Vodafone Plc in the case of the Vodafone Group Shareholders);

“**Underwriting Promoter Group**” shall have the meaning given to it in Article 4.3.2(ii);

“**Vodafone Bank**” shall have the meaning given to it in Article 4.3.2(ii);

“**Vodafone Confirmation Notice**” shall have the meaning given to it in Article 12.2.1(b);

“**Vodafone Confirming Party**” means Vodafone International Holdings B.V., a company incorporated under the laws of The Netherlands and having its registered office at Rivium Quadrant 173, 2909 LC Capelle aan den IJssel, The Netherlands;

“**Vodafone Direct Spin-off Disposal**” means a demerger or spin off (effected by a solvent reconstruction or otherwise) of the entire Shareholding held by the Vodafone Group Shareholders on a *pro rata* basis to the shareholders of the Ultimate Parent;

“**Vodafone Financial Statements**” means the consolidated financial statements of Vodafone India Limited and its subsidiaries prepared for group reporting purposes under IFRS;

“**Vodafone Group**” means the Vodafone Group Shareholders and their respective Affiliates, excluding the Company and its Subsidiaries;

“**Vodafone Group Directors**” shall have the meaning given to it in Article 5.2.2;

“**Vodafone Group Shareholders**” shall mean (i) Al-Amin Investments Ltd., (ii) Asian Telecommunication Investments (Mauritius) Ltd., (iii) CCI (Mauritius) Inc, (iv) Euro Pacific Securities Ltd., (v) Vodafone Telecommunications (India) Ltd., (vi) Mobilvest (vii) Prime Metals Ltd., (viii) Trans Crystal Ltd., (ix) Omega Telecom Holdings Private Limited, (x) Telecom Investments India Private Limited, (xi) Jaykay Finholding (India) Private Limited, and (xii) Usha Martin Telematics Limited, together with any Affiliates that execute a Deed of Adherence;

“**Vodafone Opposition Notice**” shall have the meaning given to it in Article 12.2.2(a);

“**Vodafone Permitted Group Sale Disposal**” means: (a) a transfer of shares, voting rights, assets or any economic interest in a Vodafone Group Shareholder(s) or an entity(ies) within the chain(s) of entities between a Vodafone Group Shareholder(s) and its Ultimate Parent; or (b) a demerger or spin off (effected by a solvent reconstruction or otherwise) involving the transfer or distribution of shares in any entity within the chain(s) of entities between the Vodafone Group Shareholders and their Ultimate Parent on a *pro rata* basis to the shareholders of the Ultimate Parent, in each case, where the Relevant India Telecom Equity Value represents 33% or less of the Relevant Holdco Equity Value;

“**Vodafone Permitted Transactions**” shall have the meaning given to it in Article 16.6;

“**Vodafone Plc**” means, as at the date of the Shareholders’ Agreement, Vodafone Group Plc, a company incorporated under the laws of England with its registered office at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, and shall instead mean, if applicable in the future, any company which becomes the holding company of Vodafone Group Plc provided that:

- (a) such holding company (directly or indirectly) owns 100% of the previous Vodafone Plc’s share capital (excluding any treasury shares);
- (b) such holding company is listed on a recognised stock exchange; and
- (c) the shareholders of such holding company when it becomes the holding company of the previous Vodafone Plc, include all or substantially all of the shareholders of the previous Vodafone Plc immediately prior to such event;

“**Vodafone Plc Shareholder Approval**” shall mean the approval (by means of an ordinary resolution) of the shareholders of Vodafone Plc at a general meeting of Vodafone Plc;

**“Vodafone Purchase Price”** means (a) the lower of: (i) the minimum price per Equity Share under Law for Transfers on a Recognised Stock Exchange and (ii) the minimum price per Equity Share permitted under Law for an off-exchange Transfer, in each case, without the approval of any Governmental Authority in respect of Transfers of Equity Shares by the resident to the non-resident; or (b) if applicable Law does not prescribe a price, the per share Fair Market Value;

**“Vodafone Restricted Group Sale Disposal”** means: (a) a transfer of shares, voting rights, assets or any economic interest in a Vodafone Group Shareholder(s) or an entity(ies) within the chain(s) of entities between a Vodafone Group Shareholder(s) and its Ultimate Parent; or (b) a demerger or spin off (effected by a solvent reconstruction or otherwise) involving the transfer or distribution of shares in any entity within the chain(s) of entities between the Vodafone Group Shareholders and their Ultimate Parent on a *pro rata* basis to the shareholders of the Ultimate Parent, in each case, where the Relevant India Telecom Equity Value represents more than 33% of the Relevant Holdco Equity Value;

**“Vodafone Sale Price”** means (a) the higher of (i) the maximum price per Equity Share permitted under Law for Transfers on a Recognised Stock Exchange and (ii) the maximum price per Equity Share permitted under Law for an off-exchange Transfer, in each case, without the approval of any Governmental Authority in respect of Transfers of Equity Shares by the non-resident to the resident; or (b) if applicable Law does not prescribe a price, the per share Fair Market Value;

**“Volume Weighted Average Market Price”** means the product of the number of Equity Shares traded on a Recognised Stock Exchange and the closing price of each Equity Share divided by the total number of Equity Shares traded on the Recognised Stock Exchange;

**“Voting Default”** shall have the meaning given to it in Article 15.1.1; and

**“Withholding Computation”** shall have the meaning given to it in Article 12.3.3.

## 2.2 Interpretation

Unless the context otherwise requires, in this Part III of the Articles of Association:

2.2.1 the expression “Articles” or “Articles of Association” shall mean the Articles included in this Part III;

2.2.2 any reference to any statute or statutory provision shall include:

- (i) all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated);
- (ii) such provision as from time to time modified or re-enacted or consolidated and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision (as from time to time modified or re-enacted or consolidated) which such provision has directly or indirectly replaced, provided that nothing in this Article 2.2.2 shall operate to increase the liability of any Party beyond that which would have existed had this Article 2.2.2 been omitted;

2.2.3 any reference to the singular shall include the plural and *vice-versa* and references to any gender includes the other gender;

2.2.4 the terms “herein”, “hereof”, “hereto”, “hereunder” and words of similar purport refer to the Articles of Association as a whole and not to any particular provision of the Articles of Association;

2.2.5 any references to a “company” shall include a body corporate;

2.2.6 references to a document shall be a reference to that document as modified, amended, novated or replaced from time to time;

2.2.7 the expression “this Article” shall, unless followed by reference to a specific provision, be deemed to refer to the whole Article (not merely the sub-Article, paragraph or other provision) in which the expression occurs;

2.2.8 headings are for convenience only and shall be ignored in construing or interpreting any provision of the Articles of Association;

2.2.9 if the last day of any period of days specified in the Articles of Association is not a Business Day, then such period shall include the following Business Day;

2.2.10 a reference to a specific time for the performance of an obligation is a reference to that time in the place where that obligation is to be performed;

2.2.11 the words “include” and “including” shall be construed without limitation;

2.2.12 reference to any Person shall include that Person’s successors in title and permitted assigns or transferees that have executed a Deed of Adherence in accordance with the Shareholders’ Agreement ;

2.2.13 where a wider construction is possible, the words “other” and “otherwise” shall not be construed *ejusdem generis* with any foregoing words;

2.2.14 any reference to any Indian legal term or concept (including for any action, remedy, judicial proceeding, document, legal status, statute, court, official governmental authority or agency) shall, in respect of any jurisdiction other than India, be interpreted to mean the nearest and most appropriate analogous term to the Indian term in the legal language in that jurisdiction as the context reasonably requires so as to produce as nearly as possible the same effect in relation to that jurisdiction as would be the case in relation to India;

2.2.15 any undertaking by any of the Parties not to do any act or thing will be deemed to include an undertaking not to permit or suffer or assist the doing of that act or thing (to the extent that such action or omission will be under the control or influence of the relevant Party);

- 2.2.16 where any obligation is imposed on the Company under the Articles of Association, it will be deemed that the Promoter Groups have a corresponding obligation to exercise all their powers (including voting powers) and take all necessary steps and do or cause to be done all acts, deeds and things, commissions or omissions as required to ensure compliance with such obligation of the Company;
- 2.2.17 where any obligation is imposed on any member of a Promoter Group under the Articles of Association (irrespective of whether or not such obligation on such member is independent of or in conjunction with the same obligation being placed on the Company), the members of such Promoter Group will have a corresponding obligation to cause themselves as well as each of the other members of such Promoter Group to exercise all their powers (including voting powers) and take all necessary steps and do or cause to be done all acts, deeds and things, commissions or omissions as required to ensure compliance with such obligation of the Promoter Group;
- 2.2.18 unless otherwise expressly specified in the Articles of Association, all Shareholders who are members of the same Group shall be deemed to be one (1) Shareholder and shall act together in the exercise of their rights;
- 2.2.19 unless otherwise expressly specified in the Articles of Association, the rights and obligations of the ICL Group Shareholders contained in the Articles of Association shall be exercised and performed jointly and severally by the ICL Group Shareholders;
- 2.2.20 unless otherwise expressly specified in the Articles of Association, the rights and obligations of the Vodafone Group Shareholders contained in the Articles of Association shall be exercised and performed jointly and severally by the Vodafone Group Shareholders;
- 2.2.21 any obligation, covenant, warranty, representation or undertaking hereto that is expressed to be made, undertaken or given by the ICL Group Shareholders will be deemed to be jointly and severally undertaken and given by each of the ICL Group Shareholders;
- 2.2.22 any obligation, covenant, warranty, representation or undertaking hereto that is expressed to be made, undertaken or given by the Vodafone Group Shareholders will be deemed to be jointly and severally undertaken and given by each of the Vodafone Group Shareholders;
- 2.2.23 notices issued in respect of options for shares shall be irrevocable except as provided in Article 12.1.1 or agreed among the Parties in writing;
- 2.2.24 a Person may exercise its votes as a Shareholder in accordance with the Articles of Association in any manner permitted by applicable Law, including at a General Meeting, through postal ballot or through e-voting;
- 2.2.25 references to “INR” or “₹” are to Indian National Rupees;
- 2.2.26 references to “US\$” or “U.S. Dollars” are to United States Dollars;
- 2.2.27 References to “EUR” or “€” are to Euros.
- 2.2.28 “fully diluted basis” means a calculation assuming that all outstanding mandatorily convertible securities and any options issued or reserved for issuance under the employee stock option plan or any other stock option plan or scheme by whatever name called existing at the time of determination have been exercised or converted into equity shares, and equity shares under all outstanding commitments to issue equity shares or other ownership interests have been issued, in each case, as adjusted for any stock splits or any capital or other restructuring or consolidation or reduction of capital;
- 2.2.29 references to number of shares of a company and price at which any option for shares can be exercised shall be adjusted for bonus issue, reduction, reclassification, buy-back, split, sub-division or consolidation of share capital, or any similar corporate action, of such company; and
- 2.2.30 the expressions “holding company” and “subsidiary” shall have the same meanings in the Articles of Association as their respective definitions in the Act

### **3. ARTICLES AND OTHER MATTERS**

#### **3.1 Articles of Association**

- 3.1.1 The rights of the Promoter Groups in the Company shall be governed by, and enforceable against each of them, in accordance with the terms of the Articles. The Promoter Groups shall perform and comply with, and pursuant to exercise of their voting and other rights, ensure that the Company performs and complies with, all of their respective obligations under the Articles.
- 3.1.2 The Company shall take all necessary steps to amend and alter the Articles from time to time to reflect any changes made to the Shareholders’ Agreement in accordance with the terms thereof from time to time.
- 3.1.3 In the event of any ambiguity or discrepancy between the provisions of the Shareholders’ Agreement and the Articles of Association, the provisions of the Shareholders’ Agreement shall prevail. The Company shall take all necessary steps to amend and alter the Articles of Association from time to time to resolve any such ambiguity or discrepancy.

#### **3.2 Promoters**

Based on their Shareholding and rights under the Shareholders’ Agreement on the Effective Date, each ICL Group Shareholder and each Vodafone Group Shareholder shall be categorised as a “promoter” of the Company.

#### **3.3 Subsidiaries**

- 3.3.1 The Company shall, and each Promoter Group shall procure that the Company shall, cause each Subsidiary to take all actions necessary to amend the articles of association of such Subsidiary to include (a) the governance provisions set forth in the Articles

of Association (including with respect to board representation, quorum requirements and Reserved Matters), and (b) a provision stating that no resolution shall be adopted by the board or shareholders of such Subsidiary unless it is in compliance with the articles of association of such Subsidiary and the Shareholders' Agreement.

- 3.3.2 With respect to each Subsidiary, the Company shall procure the appointment of the maximum permissible number of directors nominated, and such number of independent directors as may be required under applicable Law from among the Persons recommended for appointment, by each Promoter Group, in the same proportion as is applicable to the constitution of the Board in Article 5.2.
- 3.3.3 If and to the extent the Promoter Groups have not exercised their respective rights with respect to nomination of directors to the boards of the Subsidiaries, the Board shall have the power to select the proposed directors of the Subsidiaries.
- 3.3.4 All resolutions to be considered by the shareholders of the Subsidiaries shall be subject to prior consideration by and approval of the Board in accordance with the Articles of Association.
- 3.3.5 The Company shall exercise its voting rights in each Subsidiary (in its capacity as a shareholder of such Subsidiary) in accordance with the Articles of Association. The Company shall vote in favour of only those resolutions which have been approved by the Board in accordance with the Articles of Association and shall vote against such resolutions which have not been so approved.

#### 4. FUNDING

- 4.1 It is the intention of the Promoter Groups and the Company that the Company is self-funding and that the Company and its Group should be capable of financing their activities on a standalone basis.
  - 4.2 Neither Promoter Group shall be obliged to provide any funding, whether in the form of equity or debt, to the Company or its Group, except for the purposes of Article 9.2.2 in the case of the ICL Group Shareholders.
  - 4.3 If the Leverage Ratio Trigger is met, either Promoter Group may give written notice to the other Promoter Group and the Company directing the Company to implement a rights issue (a "**Rights Recapitalisation**", and such notice, a "**Rights Recapitalisation Notice**") in order to reduce the Leverage Ratio to the Target Leverage Ratio as soon as reasonably practicable. If a Rights Recapitalisation Notice is given after 31 March 2019:
    - 4.3.1 Within 15 (fifteen) Business Days of receipt of the Rights Recapitalisation Notice, each Promoter Group shall give written notice to the Company and to the other Promoter Group as to whether it is willing to underwrite the Rights Recapitalisation in proportion to its Shareholding relative to the total Shareholding.
    - 4.3.2 If:
      - (i) each Promoter Group gives such notice that it is willing to so underwrite the Rights Recapitalisation, the pricing (being a discount to the then current market price), timing and other terms of the Rights Recapitalisation (the "**Terms**") shall, subject to Article 4.3.3, be as the Promoter Groups shall agree;
      - (ii) only one Promoter Group gives such notice that it is willing to so underwrite the Rights Recapitalisation (such Promoter Group being the "**Underwriting Promoter Group**"), the Terms shall be in accordance with the recommendation of an Investment Bank which is selected by both Promoter Groups. If the Promoter Groups are unable to agree on the selection of an Investment Bank within five (5) Business Days of the notice specified above, each Promoter Group shall promptly appoint one Investment Bank, each of whom shall determine the pricing of the Rights Recapitalisation ("**ICL Bank**" and "**Vodafone Bank**") and the following procedure shall apply:
        - (A) the higher of the prices determined by the Vodafone Bank and the ICL Bank shall be the "**Higher Number**" and the lower of the prices determined by the Vodafone Bank and the ICL Bank shall be the "**Lower Number**";
        - (B) if the Higher Number is not more than 110% of the Lower Number, the price will be the arithmetic average of such two numbers;
        - (C) if the Higher Number is more than 110% of the Lower Number, a third Investment Bank shall promptly be appointed by the Board from among the Investment Banks listed in **Schedule 1** ("**Third Banker**") by a draw of lots to determine the pricing of the Rights Recapitalisation and the price of the Rights Recapitalisation shall be:
          - (a) the Higher Number, if the price determined by the Third Banker ("**Third Number**") is greater than the Higher Number;
          - (b) the Lower Number, if the Third Number is less than the Lower Number;
          - (c) the arithmetic average of the Third Number and the other number (Higher Number or Lower Number) that is closer to the Third Number, if the Third Number falls within the range between (and including) the Lower Number and the Higher Number; or
          - (d) the Third Number, if the Lower Number and the Higher Number are equally close to the Third Number.
- Further, the Underwriting Promoter Group shall be entitled to underwrite all or part of the proportion of the Rights Recapitalisation which the other Promoter Group has not agreed to underwrite and/or procure that one or more Investment Banks underwrites all or a part of the proportion which the other Promoter Group has not agreed to underwrite on such terms as the Underwriting Promoter Group chooses; or

- (iii) neither Promoter Group gives such notice, the Rights Recapitalisation shall only proceed if there is a decision of the Board to do so, and in such case the Board shall decide the Terms, it being understood that such decision shall be a Reserved Matter.
- 4.3.3 If Article 4.3.2(i) applies and the Promoter Groups are unable to agree on the Terms within fifteen (15) Business Days of delivery of notices under Article 4.3.2(i), the Terms shall be in accordance with the recommendation of an Investment Bank which is selected by both Promoter Groups. If the Promoter Groups are unable to agree on the selection of an Investment Bank within five (5) Business Days of the expiration of the 15-Business Day period mentioned above, the Vodafone Group Shareholders shall appoint the Vodafone Bank and the ICL Group Shareholders shall appoint the ICL Bank, and the procedure set out in Article 4.3.2(ii) shall apply *mutatis mutandis*.
- 4.3.4 All costs, fees and other expenses of the Investment Bank(s) appointed pursuant to this Article 4.3 shall be borne by the Company.
- 4.4 The Company shall proceed with and promptly implement any Rights Recapitalisation in accordance with this Article 4. Regardless of whether it agrees to underwrite the Rights Recapitalisation, each Promoter Group shall take all steps necessary to procure that the Company proceeds with and promptly implements any Rights Recapitalisation in accordance with this Article 4 (except pursuant to Article 4.9).
- 4.5 To the extent required by applicable Law, any participation by the Promoter Groups in a Rights Recapitalisation shall be subject to compliance by the Company with the minimum public shareholding, if any, prescribed under applicable Law.
- 4.6 **Calculation of Excess Equity Shares following a Rights Recapitalisation**  
 In any Rights Recapitalisation, if the Vodafone Group Shareholders (or their nominated Affiliates) subscribe to a higher percentage of their entitlement than the ICL Group Shareholders (or their nominated Affiliates), the number of Equity Shares subscribed to by the Vodafone Group Shareholders shall, to the extent it relates to the greater relative participation of the Vodafone Group Shareholders in the Rights Recapitalisation, be excluded from the Shareholding of the Vodafone Group Shareholders for calculating the Excess Equity Shares to the extent of such higher relative participation. It is clarified that Equity Shares acquired by the ICL Group Shareholders (or their nominated Affiliates) under Article 4.7 shall be considered for the purposes of calculating the Excess Equity Shares, as per the preceding sentence.
- 4.7 **Rights Recapitalisation Call Option prior to the Equal Shareholding Date**
- 4.7.1 If, at any time prior to the Equal Shareholding Date, the percentage Shareholding of the ICL Group Shareholders is diluted pursuant to their non-participation or partial participation in a Rights Recapitalisation under this Article 4, then for a period of six (6) months from the date of completion of the relevant Rights Recapitalisation (the “**RCO Period**”), the ICL Group Shareholders shall have the right to acquire from the Vodafone Group Shareholders, directly or through their Affiliates, such number of Equity Shares not exceeding the Rights Recapitalisation Cap (the “**RCO Shares**”) in the manner set forth in this Article 4.7 (the “**Rights Recapitalisation Call Option**”), provided that the Shareholding of the Vodafone Group Shareholders does not fall below the Qualifying Threshold pursuant to the exercise of such right:
  - (a) The Rights Recapitalisation Call Option may be exercised only once during the RCO Period.
  - (b) The ICL Group Shareholders may exercise the Rights Recapitalisation Call Option by issuing a written notice to the Vodafone Group Shareholders (the “**RCO Notice**”), which shall specify: (i) the identity of the purchaser(s) (the “**RCO Purchaser(s)**”); (ii) certification that the RCO Purchaser(s) is an ICL Group Shareholder or an Affiliate of an ICL Group Shareholder; and (iii) the number of RCO Shares.
  - (c) The Vodafone Group Shareholders shall, at their sole discretion, determine: (i) the identity of the Vodafone Group Shareholder(s) that shall Transfer the RCO Shares to the RCO Purchaser and the number of Equity Shares that each such Vodafone Group Shareholder will Transfer; (ii) whether such Transfer shall occur on a Recognised Stock Exchange or off-exchange; and (iii) the RCO Price, and shall, within five (5) Business Days of the receipt of the RCO Notice, notify the foregoing details (in writing) to the RCO Purchaser. Notwithstanding anything contained in the Articles of Association, no Vodafone Group Shareholder shall be required to Transfer any RCO Shares to the RCO Purchaser at a price less than the RCO Price. If applicable Law does not permit the RCO Purchaser to pay the RCO Price to the Vodafone Group Shareholders for the purchase of the RCO Shares during the RCO Period without the approval of a Governmental Authority, then at the option of the Vodafone Group Shareholders, (i) Clause 25.14.2 of the Shareholders Agreement shall apply or (ii) the RCO Period shall be extended for a period of three (3) months (the “**Extended RCO Period**”).
  - (d) For the purposes of the sale and purchase of the RCO Shares, the RCO Purchaser and the relevant Vodafone Group Shareholders shall execute a share purchase agreement in the form set out in the Shareholders’ Agreement. Such share purchase agreement, the Shareholders’ Agreement and such other terms as may be mutually agreed shall be the sole terms which govern the sale and purchase of the RCO Shares.
  - (e) The consummation of the sale and purchase of the RCO Shares shall be completed within 10 (ten) Business Days of the date of receipt of the RCO Notice by the Vodafone Group Shareholders (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the RCO Notice).

- (f) The ICL Group Shareholders shall ensure that the exercise of the Rights Recapitalisation Call Option does not result in any requirement to make a public announcement of an open offer with respect to the Company under the Takeover Code.
- (g) The ICL Group Shareholders and the Vodafone Group Shareholders shall jointly appoint a Big Four Accounting Firm, or if no Big Four Accounting Firm is able or willing to act, another accounting firm of international standing, to provide:
  - (i) a certificate confirming (i) the RCO Price; and (ii) whether any Taxes are required to be withheld with respect to the sale and purchase of the RCO Shares, if such certificate is required under applicable Law; and
  - (ii) an opinion on computation of capital gains Taxes in connection with (a) above along with the necessary supporting documents in respect of cost of acquisition of the RCO Option Shares, (together, the “**RCO Withholding Computation**”). The Vodafone Group Shareholders shall promptly provide any information required by the appointed accounting firm for purposes of issue of such certificate and shall confirm to the ICL Group Shareholders that such information is true and correct. On the date of completion of the Transfer of the RCO Shares, the RCO Purchaser shall pay the RCO Price to the relevant Vodafone Group Shareholders after withholding or deduction of any Tax required pursuant to the RCO Withholding Computation. All costs, fees and other expenses of the accounting firm appointed for the purposes of provision of the RCO Withholding Computation shall be borne equally by each Promoter Group.
- (h) The ICL Group Shareholders and the Vodafone Group Shareholders shall execute all such documents, take all such actions and shall render all such assistance to each other as may be reasonably required to complete the Transfer of the RCO Shares.

#### 4.7.2 If:

- (a) the ICL Group Shareholders have issued one or more RCO Notices and have acquired the RCO Shares specified therein up to the Rights Recapitalisation Cap pursuant to Article 4.7.1, the ICL Group Shareholders shall, for a period of three (3) months from the date of the last such acquisition, be entitled to acquire from the market such number of Equity Shares out of the entitlement of the ICL Group Shareholders that were subscribed to by the Public Shareholders (for avoidance of doubt, in excess of the Public Shareholders’ entitlement) in the Rights Recapitalisation;
- (b) the ICL Group Shareholders have issued one or more RCO Notices but, due to restrictions under applicable Law, have been unable to acquire all of the RCO Shares specified therein up to the Rights Recapitalisation Cap during the RCO Period and the Extended RCO Period pursuant to Article 4.7.1(c), the ICL Group Shareholders shall, for a period of three (3) months from the expiration of the Extended RCO Period, be entitled to acquire from the market (i) any remaining RCO Shares as well (ii) as such number of Equity Shares out of the entitlement of the ICL Group Shareholders that have been subscribed to by the Public Shareholders (for avoidance of doubt, in excess of the Public Shareholders’ entitlement) in the Rights Recapitalisation; or
- (c) the Rights Recapitalisation Cap is zero, the ICL Group Shareholders shall, for a period of six (6) months from the date of completion of the relevant Rights Recapitalisation, be entitled to acquire from the market such number of Equity Shares out of the entitlement of the ICL Group Shareholders that have been subscribed to by the Public Shareholders (for avoidance of doubt, in excess of the Public Shareholders’ entitlement) in the Rights Recapitalisation.

#### 4.8 Dilution pursuant to a Rights Recapitalisation after the Equal Shareholding Date

- 4.8.1 At any time after the Equal Shareholding Date, if the percentage Shareholding of any Promoter Group is diluted (the “**Diluted Group**”) to a level below the Shareholding of the other Promoter Group (the “**Non-Diluted Group**”) pursuant to its non-participation or partial participation in a Rights Recapitalisation under this Article 4, then the Diluted Group shall, for a period of six (6) months of the date of completion of the relevant Rights Recapitalisation, have the right to acquire Equity Shares from the market, directly or through its Affiliates, to equalise its Shareholding with the Non-Diluted Group.
- 4.8.2 The Diluted Group shall ensure that the exercise of its rights under Article 4.8.1 does not result in any requirement to make a public announcement of an open offer with respect to the Company under the Takeover Code.

#### 4.9 Initial Rights Recapitalisation Period

- 4.9.1 During the period from the Effective Date until 31 March 2019, if any Promoter Group seeks to implement a Rights Recapitalisation, it shall notify the other Promoter Group in writing. Within a period of 30 (thirty) days of such notice, the Promoter Groups shall discuss, in good faith, whether the Company requires additional equity capital taking into account the performance of and outlook for the Company at that time and the expected timing for realisation of synergies pursuant to the combination of the Company and Vodafone India Limited.
- 4.9.2 If the Promoter Groups cannot agree whether the Company requires additional equity capital within the 30-day period specified in Article 4.9.1, the matter shall be referred to the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group for their consideration, and such persons shall be required to resolve the matter within 30 (thirty) days of the reference.
- 4.9.3 In the event such representatives of the Promoter Groups are unable to resolve such matter within the 30-day period specified in Article 4.9.2, the Promoter Groups shall jointly appoint an Investment Bank to advise the Board on the Terms of the Rights Recapitalisation proposed pursuant to Article 4.9.1. If the Promoter Groups are unable to agree on the selection of an Investment

Bank within five (5) Business Days of the expiration of the 30-day period specified in Article 4.9.2, an Investment Bank shall promptly be appointed by the Board from among the Investment Banks listed in **Schedule 1** by draw of lots.

4.9.4 The Board shall consider the Terms of the Rights Recapitalisation proposed by the Investment Bank appointed by the Promoter Groups or by draw of lots, as applicable, and the Rights Recapitalisation shall proceed only if there is a decision of the Board to do so by a simple majority vote, it being understood that such decision shall not be a Reserved Matter.

4.9.5 All costs, fees and other expenses of the Investment Bank(s) appointed pursuant to this Article 4.9 shall be borne by the Company.

## **5. BOARD OF DIRECTORS OF THE COMPANY**

### **5.1 Authority of the Board**

Subject to the provisions of the Articles of Association and applicable Law, the Board shall be responsible for the management of the Company. The Board shall give due consideration to the views of Committees, however, the Board shall be responsible for taking final decisions on matters considered by such Committees. The approval of the Shareholders will be obtained for such matters as may be required under applicable Law or pursuant to the Articles of Association.

### **5.2 Composition of the Board**

5.2.1 The Board shall consist of twelve (12) Directors as follows:

- (a) three (3) nominee Directors of the ICL Group Shareholders;
- (b) three (3) nominee Directors of the Vodafone Group Shareholders; and
- (c) six (6) independent Directors, in each case, appointed in accordance with this Article 5.2.

5.2.2 Subject to Article 17.3, each Promoter Group shall be entitled, by notice in writing to the Company (with a copy to the other Promoter Group), to require the Company to:

- (a) appoint three (3) Directors nominated by it (the “**Vodafone Group Directors**” and the “**ICL Group Directors**”, as applicable); and
- (b) appoint three (3) independent Directors from among the persons recommended by it for such appointment.

5.2.3 To the extent the entitlement of any Promoter Group to nominate Directors and/or recommend persons for appointment as independent Directors is extinguished pursuant to any provision of the Articles of Association, such entitlement shall be transferred to the other Promoter Group and the entitlement of such other Promoter Group pursuant to Article 5.2.2 shall be increased automatically, provided that the Shareholding of such other Promoter Group is equal to or higher than the Qualifying Threshold and such other Promoter Group has rights under this Article 5.2.

5.2.4 If, at any time, the entitlement of any Promoter Group to nominate Directors and/or recommend persons for appointment as independent Directors is extinguished pursuant to any provision of the Articles of Association, then such Promoter Group shall procure that an appropriate number of Directors nominated or recommended for appointment by that Promoter Group shall resign and vacate office as promptly as practicable.

### **5.3 Qualification**

The Directors shall not be required to hold any qualification Equity Shares.

### **5.4 Board Committees**

5.4.1 Subject to Article 17.3, the Board shall constitute and determine the terms of reference of committees of the Board (each, a “**Committee**”) to the extent required under applicable Law, including an audit committee, a nomination and remuneration committee, a stakeholders’ relationship committee, a risk management committee and a corporate social responsibility committee.

5.4.2 Each Committee shall include:

- (a) such number of independent Directors as may be required under applicable Law from among the Persons recommended for appointment by the Promoter Groups; and
- (b) the maximum permissible number of ICL Group Directors and Vodafone Group Directors, in each case, in the same proportion as is applicable to the constitution of the Board in Article 5.2.

5.4.3 The provisions of this Article 5, including with respect to conduct of meetings, quorum and manner of approval of business, and Article 10, as they apply to the Board, shall apply *mutatis mutandis* to Committees. If any Committee cannot agree on any matter, the Committee shall refer the matter to the Board.

### **5.5 Removal of Directors; Casual Vacancy**

5.5.1 Each Promoter Group shall be entitled, by notice in writing to the Company (with a copy to the other Promoter Group and the concerned Director), to require any Director nominated by it to be removed from such position and the Company and the Promoter Groups shall promptly take steps for the removal of such Director in accordance with such request. In the event of such removal or if any Director nominated by a Promoter Group ceases to hold office for any other reason, such Promoter Group shall be entitled to require the Company to appoint another Director in his or her place pursuant to Article 5.2.2, as promptly as practicable.

5.5.2 In the event that an independent Director appointed from among the persons recommended by any Promoter Group ceases to hold office as a Director for any reason, such Promoter Group shall be entitled to recommend another person in his/her place.

- 5.5.3 Except as set forth in Article 5.2.4, the removal of a Director nominated by a Promoter Group or an independent Director appointed from among the persons recommended by any Promoter Group shall be subject to the prior written consent of such Promoter Group.
- 5.6 **Notice of Board Meetings**
- 5.6.1 A Board meeting may be called by the Chairperson or any two (2) other Directors by giving notice in writing to the company secretary of the Company, who shall convene a Board meeting within ten (10) days of such notice.
- 5.6.2 A notice of a Board meeting shall (i) be in English; (ii) specify a reasonably detailed written agenda specifying the date, time and agenda of such Board meeting; (iii) include copies of all papers relevant for such Board meeting; and (iv) be sent via e-mail and in addition via courier. Unless waived in writing by at least one (1) Vodafone Group Director and at least one (1) ICL Group Director, no discussion, action, vote or resolution with respect to any item not included in the agenda of any meeting shall be taken at any meeting of the Board.
- 5.7 **Chairperson of the Board**
- 5.7.1 Subject to Article 17.3, the ICL Group Shareholders shall have the right to appoint the group chairperson of the ICL Group (or his successor) as the chairperson of the Company ("**Chairperson**"). The Chairperson shall chair all meetings of the Board that he attends.
- 5.7.2 In the absence of the Chairperson at a meeting of the Board, the Board shall appoint the chairperson from among the Directors present for such meeting of the Board.
- 5.7.3 In case of equality of votes, the Chairperson or any other person acting as chairperson at a meeting of the Board shall not have a second and casting vote.
- 5.8 **Resolution by Circulation**
- 5.8.1 Any resolution that is not required to be considered only at a Board meeting under applicable Law may be adopted by circulation by the Board, and such written resolution, if approved, shall be filed with the minutes of proceedings of the Board along with all the documents/information circulated with it ("**Circular Resolution**").
- 5.8.2 Subject to Article 10 (*Reserved Matters*), no Circular Resolution shall be deemed to have been duly passed by the Board, unless the resolution has been circulated in draft in accordance with the Act, together with the necessary papers required for considering the resolution, and approved in writing by a majority of the Directors as are entitled to vote on the resolution.
- 5.9 **Remote Participation**
- Subject to the provisions of the Act:
- 5.9.1 the Directors may participate in a Board meeting by way of video conference or conference telephone or similar equipment ("**Remote Participation**") designed to allow the Directors to participate equally in the Board meeting; and
- 5.9.2 a Board meeting held by Remote Participation shall be valid so long as a quorum in accordance with Article 5.10 is achieved pursuant to the Directors being able to participate in such Board meeting through video conference, telephone conference or similar equipment. Such a Board meeting shall be deemed to take place at the registered office of the Company.
- 5.10 **Quorum**
- The quorum for a meeting of the Board, duly convened and held, including by Remote Participation, shall be one-third of the total number of Directors or two (2) Directors, whichever shall be higher. Provided however that, no quorum as aforesaid shall be validly constituted, and no business at any Board meeting shall be transacted, unless at least one (1) ICL Group Director and one (1) Vodafone Group Director are present at the commencement of such meeting and throughout its proceedings (unless this requirement has been expressly waived in writing by the relevant Promoter Group). In the absence of a valid quorum at a duly convened Board meeting, the Board meeting shall be automatically adjourned to the same day in the next week at the same time. The quorum at such adjourned Board meeting shall, notwithstanding anything to the contrary contained hereinabove, be one-third of the total number of Directors or two (2) Directors, whichever shall be higher and all business transacted thereat shall be regarded as having been validly transacted, provided, however, that no Reserved Matters shall be discussed or transacted at any such adjourned Board meeting unless at least one (1) ICL Group Director and at least one (1) Vodafone Group Director are present at the commencement of such adjourned meeting and throughout its proceedings.
- 5.11 **Voting**
- 5.11.1 At any Board meeting, each Director may exercise one (1) vote.
- 5.11.2 Subject to Article 10 (*Reserved Matters*), all business arising at any Board meeting shall be approved by a resolution passed by a majority of the Directors present and voting at such meeting.
- 5.11.3 In case of equality of votes while voting on a resolution not pertaining to a Reserved Matter, the relevant resolution shall be referred to the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group for their consideration and decision. In the event such representatives of the Promoter Groups are unable to resolve such matter, then *status quo* shall prevail.

5.11.4 Each Promoter Group shall use all reasonable endeavours to ensure that at least one (1) Director nominated by it shall attend each Board meeting.

#### 5.12 **Observers at the Board Meeting**

The CEO and the CFO shall attend meetings of the Board as observers. In addition, the Board shall be entitled to invite any employees or advisors of the Company to attend meetings of the Board as observers or for such other purpose as it may deem fit.

#### 5.13 **Compliance**

The Company shall, and each Promoter Group shall procure that the Company shall, comply with the Articles of Association, including Article 5. Each Promoter Group shall exercise its votes in relation to all the Equity Shares held by it and take all other actions necessary to ensure compliance with the Articles of Association, including Article 5.

### **6. SHAREHOLDERS MEETINGS**

#### 6.1 **General Meetings of Shareholders**

The Chairperson of the Board shall be the chairperson of the meeting of the Shareholders ("**General Meeting**"). In the absence of the Chairperson, the Directors present shall select the chairperson from among themselves for such General Meeting.

#### 6.2 **Quorum**

Quorum at the General Meeting shall comprise of such number of Shareholders to be present in person as required under applicable Law, provided, however that, no quorum as aforesaid shall be validly constituted, and no business at any General Meeting shall be transacted, unless at least one (1) duly authorised representative of the ICL Group Shareholders and at least one (1) duly authorised representative of the Vodafone Group Shareholders are present at the commencement of such meeting and throughout its proceedings (unless this requirement has been expressly waived in writing by the relevant Promoter Group). In the absence of a valid quorum at a duly convened General Meeting, the General Meeting shall be adjourned to the same day in the next week at the same time and place or such other date, time and place as the Board may determine. In the absence of a valid quorum at such adjourned General Meeting, the Shareholder(s) present in person thereat shall, notwithstanding anything to the contrary herein contained, constitute the quorum and all business transacted thereat shall be regarded as having been validly transacted, provided, however that, no Reserved Matters shall be discussed or transacted at any such adjourned General Meeting unless at least one (1) representative of the ICL Group Shareholders and at least one (1) representative of the Vodafone Group Shareholders are present at the commencement of such adjourned meeting and throughout its proceedings.

### **7. KEY EMPLOYEES**

Subject to Article 17.3:

7.1 The appointment of the CEO and the COO shall require the approval of both Promoter Groups (and the ICL Group Directors and the Vodafone Group Directors, as applicable) in accordance with Article 10;

7.2 Either Promoter Group may at any time, by giving written notice to the other Promoter Group and the Company, require the dismissal from the Company of the CEO or the COO. Upon receipt of such notice, the Company shall effect such dismissal as soon as reasonably practicable and each Promoter Group shall take all steps necessary to effect such dismissal; and

7.3 The Vodafone Group Shareholders shall have the right to appoint or dismiss the CFO by giving written notice to the ICL Group Shareholders and the Company. Upon receipt of such notice, the Company shall effect such appointment or dismissal as soon as reasonably practicable and each Promoter Group shall take all steps necessary to effect such appointment or dismissal.

### **8. UNDERTAKINGS OF THE COMPANY**

8.1 The Company hereby undertakes and covenants to the Promoter Groups as follows:

8.1.1 the Company shall not recognise or register any Transfer of Equity Shares unless effected in accordance with the provisions of the Articles of Association;

8.1.2 the Company shall maintain prudent insurance, including directors' and officers' liability insurance, with a well-established and reputable insurer(s) in accordance with current industry practice from time to time against all risks usually insured against by companies carrying on the same business as or a business similar to the Company;

8.1.3 the Company and its Group, at all times, shall keep and maintain proper, complete and accurate proper Books and Records in accordance with Ind AS and applicable Law;

8.1.4 the Company shall procure that its Group's Books and Records, as required, are duly audited by the auditors annually as soon as possible after the end of each Financial Year and as required from time to time pursuant to applicable Law;

8.1.5 the Company shall use all reasonable endeavours to obtain and maintain in full force and effect all approvals, consents or licences necessary for the conduct of the Business and comply with all material applicable Law in the conduct of its business;

8.1.6 subject to applicable Law, the Company shall provide such information to the Promoter Groups as may be required by any member of their Group for any statutory filings under applicable Law or any other general financial reporting of their Group;

8.1.7 the Company shall take all steps promptly to protect the Intellectual Property rights it or its Group owns or lawfully uses. The

Company shall immediately notify the relevant Promoter Group upon becoming aware of any infringement of Intellectual Property rights of such Promoter Group;

- 8.1.8 the Company shall, and shall ensure that during the course of performance of their duties, the management of the Company shall, at all times, provide equal treatment to the Shareholders except as set forth in the Articles of Association;
- 8.1.9 no Shareholder, Director, officer, employee, agent or any of their respective delegates shall take any action purporting to commit the Company or a Subsidiary in relation to any of the Reserved Matters unless such Reserved Matter has been approved in accordance with Article 10;
- 8.1.10 the Company and its Group shall comply with such corporate policies and procedures, including in relation to anti-bribery and anti-corruption, insider dealing and data and privacy protection, as shall have been adopted in a form agreed, *inter alia*, among the Parties and effective as of the Closing Date; and
- 8.1.11 subject to Article 10 (*Reserved Matters*), if the Company or any member of its Group procures any products or services from any member(s) of a Promoter Group, the contract or arrangements entered into with respect to such products or services will be entered into on an arms' length basis and in accordance with applicable Law.

## 9. UNDERTAKINGS OF THE OTHER PARTIES

9.1 Each Promoter Group hereby undertakes and covenants to the other Promoter Group and the Company as follows:

9.1.1 the Directors nominated by it shall:

- (a) not wilfully or unreasonably fail to attend a Board meeting in order to prevent the transaction of business at that Board meeting; and
- (b) exercise their rights to ensure compliance with the Articles of Association by the relevant Promoter Group and the Company;

9.1.2 the members of the relevant Promoter Group shall, including through their duly authorised representatives, proxies or agents at General Meetings, exercise votes in respect of the Equity Shares held by them to ensure compliance with the Articles of Association by the relevant Promoter Group and the Company;

9.1.3 if any shareholders' resolution contrary to the terms of the Articles of Association is proposed, the relevant Promoter Group shall vote against such resolution;

9.1.4 if any shareholders' resolution is adopted or rejected otherwise than in accordance with the terms of the Articles of Association, the relevant Promoter Group shall cooperate with the other Promoter Group and the Company to convene another General Meeting or issue a fresh notice for a shareholders' vote;

9.1.5 if any proposal that is a Reserved Matter is approved and/or implemented in contravention of the Articles of Association, it shall exercise all rights and powers available to it, including voting and causing the ICL Group Directors or the Vodafone Group Directors, as applicable, to vote in favour of, any subsequent resolutions of the Board or the Shareholders, to procure that the position which prevailed prior to such proposal having been approved and/or implemented is restored;

9.1.6 it shall not Transfer, or cause to be Transferred, any Equity Shares held by such Promoter Group except in accordance with the Articles of Association; and

9.1.7 it shall not undertake any acquisition that results in any requirement to make a public announcement of an open offer with respect to the Company under the Takeover Code.

## 9.2 ICL Group

9.2.1 So long as any ICL Group Shareholder (or any Affiliate thereof) holds Equity Shares:

- (a) KMB hereby undertakes and covenants to the Vodafone Group Shareholders and the Company that: (i) he shall, as a Shareholder, comply with the terms of the Articles of Association; (ii) he shall, and shall do everything within his power to cause the ICL Group Shareholders to (by way of his and his Affiliates' direct and indirect shareholding in the ICL Group Shareholders or otherwise), comply with the Articles of Association and vote the Equity Shares held by him and them to implement the provisions of the Articles of Association; (iii) he shall, directly or through his Affiliates, continue to be a promoter of each ICL Group Shareholder; and (iv) he shall own at least 26% of the share capital of each ICL Group Shareholder, either directly or through his Affiliates. If any of (iii) or (iv) is not satisfied in respect of any ICL Group Shareholder, the Shareholding of such ICL Group Shareholder shall be excluded for the purpose of determining whether the ICL Group Shareholders hold the Qualifying Threshold;
- (b) the ICL Group Shareholders hereby undertake and covenant to the Vodafone Group Shareholders and the Company that Grasim Industries Limited ("**GIL**") and Aditya Birla Nuvo Limited (if not yet merged with GIL) shall remain ICL Group Shareholders;
- (c) GIL undertakes that it shall, on an annual basis (within 60 (sixty) days of the end of its financial year), provide a confirmation to the Vodafone Group Shareholders that its Net Assets are equal to at least the Net Assets Threshold; and
- (d) the ICL Group Shareholders undertake that if the Net Assets of GIL fall below the Net Assets Threshold, GIL's Shareholding shall immediately be transferred to an Affiliate that satisfies the Net Assets Threshold in accordance with Article 13.2.1.

9.2.2 Until 31 March 2020, the ICL Group Shareholders shall ensure that their Shareholding does not fall below 26% of the Share Capital.

### 9.3 **Vodafone Confirming Party**

The Vodafone Confirming Party hereby undertakes and covenants to the ICL Group Shareholders and the Company that so long as any Vodafone Group Shareholder (or any Affiliate thereof) holds Equity Shares:

9.3.1 it shall ensure that the Vodafone Group Shareholders shall comply with the Articles of Association and shall vote the Equity Shares held by them to implement the provisions of the Articles of Association;

9.3.2 it shall, on an annual basis (within 60 (sixty) days of the end of its financial year), provide a confirmation to the ICL Group Shareholders that its Net Assets are equal to at least the Net Assets Threshold; and

9.3.3 if at any time its Net Assets fall below the Net Assets Threshold, it shall procure that an Affiliate that satisfies the Net Assets Threshold will immediately replace it as the Vodafone Confirming Party by executing a deed of adherence that shall require compliance with its obligations under the Articles of Association.

### 9.4 **Holding of Equity Shares**

To the extent required by applicable Law, the Vodafone Group Shareholders shall hold Equity Shares that are subject to the Call Option 1 and the Call Option 2 for the prescribed time period, if any, for the exercise of such call options.

## 10. **RESERVED MATTERS**

10.1 No action shall be taken by the Company or any member of its Group in relation to any matter enumerated in Article 10.4 (each, a “**Reserved Matter**”): (i) without the affirmative vote of at least one (1) ICL Group Director and at least one (1) Vodafone Group Director present and voting if the matter is placed before a Board meeting and without the prior written approval of at least one (1) ICL Group Director and at least one (1) Vodafone Group Director if the matter is placed before the Board through a Circular Resolution; and (ii) if the matter is placed before the Shareholders at a General Meeting or otherwise, without the affirmative vote of all ICL Group Shareholders and all Vodafone Group Shareholders.

10.2 In relation to any Reserved Matter that requires the approval of the Shareholders pursuant to the Act or the Articles of Association, such matter shall not be placed before the Shareholders until it has been approved by the Board in accordance with the Articles of Association. If a Reserved Matter has been approved by the Board pursuant to Article 10.1 and then placed before the Shareholders, each member of the Promoter Groups shall be required to vote in favour of it in their capacity as a Shareholder.

10.3 If a resolution for any matter that is a Reserved Matter is proposed directly by any Public Shareholder for the consideration of the Shareholders in a General Meeting pursuant to the Act, which matter has not previously been considered and approved by the Board then, unless both of the Promoter Groups agrees (in writing) to vote in favour prior to the General Meeting, each Promoter Group shall be required to vote against it at the General Meeting.

10.4 The following matters shall be the Reserved Matters under the Articles of Association:

10.4.1 any amendment to the memorandum of association of the Company or the Articles of Association;

10.4.2 any change to the rights attaching to any class of shares in the Company;

10.4.3 any consolidation, sub-division, reclassification or cancellation of any Share Capital (or share premium or other reserve);

10.4.4 any redemption, reduction or buy-back of any Share Capital;

10.4.5 the issue or allotment of any Share Capital or the creation of any option or right to subscribe or acquire, or convert any security into, any Share Capital, including pursuant to employee stock option schemes, other than as permitted pursuant to Article 4;

10.4.6 liquidation or dissolution of the Company or the filing of a petition for winding up by the Company or the making of any arrangement with creditors generally or any application for an administration order or for the appointment of a receiver or administrator;

10.4.7 merger, amalgamation, demerger, reorganisation or restructuring of the Company, including pursuant to a scheme of arrangement under the Act;

10.4.8 any dividend policy which has effect during the Term and any change in the dividend policy or treasury policy of the Company;

10.4.9 declaration or payment of any dividend in any manner inconsistent with the dividend policy of the Company;

10.4.10 incurrence of any financial indebtedness in excess of ₹70 billion or the variation or termination of any agreement for the raising of any such indebtedness (including early repayment) other than in accordance with the Company’s treasury policy;

10.4.11 entering into any derivatives transactions, other than in accordance with the Company’s treasury policy;

10.4.12 the adoption of any new Business Plan or any amendment to any current Business Plan, or the approval or ratification of any departure from the current Business Plan;

10.4.13 acquisition or disposal of any shares, assets (including receivables and financial assets), business, business organisation or division in any manner in excess of ₹2 billion in a single transaction or series of related transactions (other than in accordance with the Company’s treasury policy);

10.4.14 entry into (or the amendment, variation or termination of) any partnership, joint venture or profit-sharing agreement other than any arrangements entered into in the ordinary course of the Business;

- 10.4.15 entry into any agreement for the procurement of materials and/or services where the value of the contract over its term exceeds ₹1 billion;
- 10.4.16 entry into (or the amendment or variation of) any related party transaction the value of which exceeds ₹250 million in aggregate;
- 10.4.17 the appointment of the CEO and the COO;
- 10.4.18 any material change to the nature or scope of the Business;
- 10.4.19 any change to the name or key brands or branding strategy of the Business (including any decision to cease using the Idea or Vodafone brands), or any step to implement any such change;
- 10.4.20 any change in the size of the Board;
- 10.4.21 any change in statutory auditors or accounting policies;
- 10.4.22 authorising, or committing or agreeing to take, any of the foregoing actions; and
- 10.4.23 the effecting of any of the above matters by any member of the Company's Group (as if references to the Company were to such member).

## **11. BUSINESS PLAN**

- 11.1 The Company shall procure that the executive management of the Company shall prepare a Business Plan which is submitted to the Board to replace the existing Business Plan (each, a "**Draft Revised Business Plan**") as follows:
  - 11.1.1 by no later than six (6) months prior to the end of the Financial Year commencing after the Effective Date, comprising a financial and strategic plan for a period of five (5) years from the commencement of the following Financial Year;
  - 11.1.2 by no later than 70 (seventy) days prior to the end of each Financial Year commencing after the Effective Date, an update of the plan prepared in accordance with Article 11.1.1 above and a detailed monthly operating budget for the 12 (twelve) months comprising the next Financial Year, in the same format as the initial business plan in effect on or immediately after the Effective Date or in such other format as has been approved in accordance with Article 10 (*Reserved Matters*).
- 11.2 Each Draft Revised Business Plan submitted to the Board in accordance with Article 11.1 shall address, but not be limited to, the items and subject matter of the initial business plan in effect on or immediately after the Effective Date.
- 11.3 The Draft Revised Business Plan referenced in Article 11.1.2 shall be finalised by the executive management of the Company prior to the start of the period to which it relates. Promptly following such finalisation, such Draft Revised Business Plan shall be considered, and subject to Article 10 (*Reserved Matters*), adopted as the Business Plan, by the Board. The Board shall use all reasonable endeavours to approve the Business Plan referenced in Article 11.1.2 prior to the start of the last month of the Financial Year.
- 11.4 In the event that a Draft Revised Business Plan is not approved and adopted as the Business Plan by the Board, the Company will continue to operate in accordance with the most recent approved Business Plan. In the event that the most recent approved Business Plan does not cover the next applicable period under Article 11.1.2, the Company shall be operated in accordance with the most recently approved Business Plan, adjusted to reflect the percentage change in the consumer price index (as published by the Government of India) for the relevant period.
- 11.5 The executive management of the Company shall present to the Board a comparison of the Company's actual operating performance with the Business Plan on a quarterly basis, in a format agreed with the Promoter Groups.

## **12. TERMS OF EQUALISATION**

- 12.1 The provisions of this Article 12 shall apply until the earlier of: (i) the Equal Shareholding Date; and (ii) the expiration of nine (9) years and one (1) Business Day from the Effective Date, except as set forth in this Article 12.1:
  - 12.1.1 The Vodafone Group Shareholders shall promptly notify the ICL Group Shareholders and the Company (in writing) of any imposition and cessation of a Transfer Embargo to which they are subject. If a Call Option 1 Notice or a Call Option 2 Notice is issued and, if one or more Vodafone Group Shareholders are subject to a Transfer Embargo as a result of which the Call Option 1 Shares or the Call Option 2 Shares, as the case may be, cannot be Transferred to the Call Option 1 Purchaser(s) or the Call Option 2 Purchaser(s) within the time periods set out in Article 12.3, the Promoter Groups shall complete the Transfer of such Equity Shares promptly upon cessation of the Transfer Embargo, provided that in the event that the Transfer Embargo is in force upon the expiration of twelve (12) months from the date of the Call Option 1 Notice or the Call Option 2 Notice, as applicable, the ICL Group Shareholders shall have the right to withdraw such notice. Following such withdrawal, the Vodafone Group Shareholders shall not have any obligation to Transfer the Call Option 1 Shares or the Call Option 2 Shares, as applicable, to the Call Option 1 Purchaser(s) or the Call Option 2 Purchaser(s), as applicable, and the Call Option 1 Shares or the Call Option 2 Shares, as applicable, shall be excluded from the calculation of Excess Equity Shares and, for the avoidance of doubt, shall not be subject to the voting restrictions under Article 12.2.
  - 12.1.2 During the Step Down Option 1 Period or the Step Down Option 2 Period, if one or more Vodafone Group Shareholders are subject to a Transfer Embargo, the Step Down Option 1 Period and the Step Down Option 2 Period, as applicable, shall be deemed to be extended by the duration of the Transfer Embargo.

12.1.3 The provisions of Article 12.2 shall apply to any Excess Equity Shares: (a) in respect of which a Call Option 1 Notice or Call Option 2 Notice has been issued and that are subject to a Transfer Embargo until the earlier of (i) withdrawal of the Call Option 1 Notice or the Call Option 2 Notice, as applicable, by the ICL Group Shareholders and (ii) completion of the Transfer pursuant to the exercise of the Call Option 1 or the Call Option 2, as applicable, upon cessation of the Transfer Embargo as set out in Article 12.1.1; and (b) during any extension of the Step Down Option 1 Period and/or the Step Down Option 2 Period, as applicable, pursuant to Article 12.1.2.

## 12.2 Voting rights in Excess Equity Shares

Subject to Articles 15.1.3, 15.2.4 and 17.3:

### 12.2.1 ICL Opposition Notice

- (a) If the ICL Group Shareholders intend to oppose any resolution(s) at a General Meeting or through postal ballot, they shall, within five (5) Business Days of receipt of the notice for the General Meeting or postal ballot, send a written notice to the Vodafone Group Shareholders and the Company specifying the resolution(s) which they intend to oppose (the “**ICL Opposition Notice**”).
- (b) Within five (5) Business Days of receipt of the ICL Opposition Notice, the Vodafone Group Shareholders shall inform the ICL Group Shareholders and the Company (in writing) of the number of Excess Equity Shares they hold at the time and whether they intend to oppose any resolution(s) specified in the ICL Opposition Notice (“**Vodafone Confirmation Notice**”).
- (c) The Vodafone Group Shareholders shall waive, and shall not exercise, the voting rights attached to the Excess Equity Shares in relation to the resolution(s) specified in the ICL Opposition Notice unless the Vodafone Confirmation Notice specifies the intention of the Vodafone Group Shareholders to vote against any such resolution(s), in which case the Vodafone Group Shareholders shall exercise their voting rights attached to the Excess Equity Shares to vote against such resolution(s).

### 12.2.2 Vodafone Opposition Notice

- (a) If the Vodafone Group Shareholders intend to oppose any resolution(s) at a General Meeting or through postal ballot, they shall, within five (5) Business Days of receipt of the notice for the General Meeting or postal ballot, send a written notice to the ICL Group Shareholders and the Company specifying the resolution(s) they intend to oppose and the number of the Excess Equity Shares they hold at the time (the “**Vodafone Opposition Notice**”).
- (b) Within five (5) Business Days of the receipt of the Vodafone Opposition Notice, the ICL Group Shareholders shall inform the Vodafone Group Shareholders and the Company (in writing) whether they intend to oppose any resolution(s) specified in the Vodafone Opposition Notice (“**ICL Confirmation Notice**”).
- (c) The Vodafone Group Shareholders shall waive, and shall not exercise, the voting rights attached to the Excess Equity Shares in relation to the resolution(s) specified in the Vodafone Opposition Notice unless the ICL Confirmation Notice confirms the intention of the ICL Group Shareholders to vote against any such resolution(s), in which case the Vodafone Group Shareholders shall exercise their voting rights attached to the Excess Equity Shares to vote against such resolution(s).

12.2.3 If no ICL Opposition Notice or Vodafone Opposition Notice is received in respect of a shareholders’ resolution, each Promoter Group shall exercise its vote in favour of such resolution at a General Meeting or through postal ballot in respect of all the Equity Shares held by it.

Any vote by the Vodafone Group Shareholders in respect of the Excess Equity Shares in violation of this Article 12.2 (*Voting rights in Excess Equity Shares*) shall be invalid, null and *void ab initio*, and the Company shall not recognise or give effect to such vote in respect of the resolution(s) to which the ICL Opposition Notice or the Vodafone Opposition Notice, as applicable, relates.

## 12.3 Equalisation Call Options

### 12.3.1 Call Option 1

- (a) During the Call Option 1 Period, the ICL Group Shareholders shall have the right to acquire from the Vodafone Group Shareholders, directly or through their Affiliates, such number of Equity Shares that is equal to or less than the Call Option Cap, in the manner set forth in this Article 12.3.1 (“**Call Option 1**”).
- (b) Call Option 1 may be exercised a maximum of four (4) times during the Call Option 1 Period, each time in compliance with the provisions of this Article 12.3.1. For the avoidance of doubt, the number of Equity Shares that may be purchased by the ICL Group Shareholders pursuant to each exercise of the Call Option 1 shall not exceed the Call Option Cap at the time of such exercise.
- (c) The ICL Group Shareholders may exercise Call Option 1 by issuing a written notice to the Vodafone Group Shareholders (a “**Call Option 1 Notice**”), which shall specify: (i) the identity of the purchaser(s) (the “**Call Option 1 Purchaser(s)**”); (ii) certification that the Call Option 1 Purchaser(s) is an ICL Group Shareholder or an Affiliate of an ICL Group Shareholder (iii) the number of Equity Shares the Call Option 1 Purchaser(s) wishes to acquire (the “**Call Option 1 Shares**”); and (iv) the price payable for such Call Option 1 Shares, which shall be equal to the product of the Call Option 1 Equity Share Value and the number of Call Option 1 Shares (the “**Call Option 1 Price**”).

- (d) The Vodafone Group Shareholders shall, at their sole discretion, determine the identity of the Vodafone Group Shareholder(s) that shall Transfer the Call Option 1 Shares to the Call Option 1 Purchaser(s) and shall, within five (5) Business Days of the receipt of the Call Option 1 Notice, notify the details thereof (in writing) to the Call Option 1 Purchaser(s) together with the number of Equity Shares that each such member will Transfer. Notwithstanding anything contained in the Articles of Association, no Vodafone Group Shareholder shall be required to Transfer any Call Option 1 Shares to the Call Option 1 Purchaser(s) at a price less than the Call Option 1 Price.
- (e) For the purposes of the sale and purchase of the Call Option 1 Shares, the Call Option 1 Purchaser(s) and the relevant Vodafone Group Shareholder(s) shall execute a share purchase agreement in the form set out in the Shareholders' Agreement. Such share purchase agreement, the Shareholders' Agreement and such other terms as may be mutually agreed shall be the sole terms which govern the sale and purchase of the Call Option 1 Shares.
- (f) Subject to Article 12.1, the consummation of the sale and purchase of any Call Option 1 Shares shall be completed within ten (10) Business Days of the date of receipt of a Call Option 1 Notice by the Vodafone Group Shareholders (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from, or make any necessary filing with, any Governmental Authority or seek any Vodafone Plc Shareholder Approval in accordance with Article 12.7, provided that such extended period shall be no longer than 12 (twelve) months from the date of the Call Option 1 Notice).
- (g) The ICL Group Shareholders shall ensure that the exercise of Call Option 1 does not result in any requirement to make a public announcement of an open offer with respect to the Company under the Takeover Code.

### 12.3.2 Call Option 2

- (a) During a period of one (1) year following the expiration of the Call Option 1 Period ("**Call Option 2 Period**"), the ICL Group Shareholders shall have the right to acquire from the Vodafone Group Shareholders, directly or through their Affiliates, such number of Equity Shares that is equal to or less than the Call Option Cap, in the manner set forth in this Article 12.3.2 ("**Call Option 2**").
- (b) Within seven (7) Business Days of the commencement of the Call Option 2 Period, the ICL Group Shareholders shall notify the Vodafone Group Shareholders (in writing) of the precise number of Equity Shares, if any, that the ICL Group Shareholders will acquire from the Vodafone Group Shareholders pursuant to the exercise of Call Option 2 during the Call Option 2 Period (the "**Call Option 2 Shares**"). If such notice is not given within such time period, Call Option 2 shall cease to be capable of exercise and shall lapse. If such notice is given within such time period, the ICL Group Shareholders must acquire the Call Option 2 Shares strictly in accordance with this Article 12.3.2.
- (c) Call Option 2 is required to be exercised only once during the Call Option 2 Period.
- (d) The ICL Group Shareholders may exercise Call Option 2 by issuing a written notice to the Vodafone Group Shareholders ("**Call Option 2 Notice**"), which shall specify: (i) the identity of the purchaser(s) (the "**Call Option 2 Purchaser(s)**"); and (ii) certification that the Call Option 2 Purchaser(s) is an ICL Group Shareholder or an Affiliate of an ICL Group Shareholder.
- (e) The Vodafone Group Shareholders shall, at their sole discretion, determine the identity of the Vodafone Group Shareholder(s) that shall Transfer the Call Option 2 Shares to the Call Option 2 Purchaser(s) and shall, within five (5) Business Days of the receipt of the Call Option 2 Notice, notify the details thereof (in writing) to the Call Option 2 Purchaser(s) together with the number of Equity Shares that each such member will Transfer. The price payable for the Call Option 2 Shares shall be equal to the product of the Vodafone Sale Price (determined on the date of the Transfer) and the number of Call Option 2 Shares (the "**Call Option 2 Price**"). Notwithstanding anything contained in the Articles of Association, no Vodafone Group Shareholder shall be required to Transfer any Call Option 2 Shares to the Call Option 2 Purchaser(s) at a price less than the Vodafone Sale Price.
- (f) For the purposes of the sale and purchase of the Call Option 2 Shares, the Call Option 2 Purchaser(s) and the relevant Vodafone Group Shareholder(s) shall execute a share purchase agreement in the form set out in the Shareholders' Agreement. Such share purchase agreement, the Shareholders' Agreement and such other terms as may be mutually agreed shall be the sole terms which govern the sale and purchase of the Call Option 2 Shares.
- (g) Subject to Article 12.1, the consummation of the sale and purchase of the Call Option 2 Shares shall be completed within 10 (ten) Business Days of the date of receipt of the Call Option 2 Notice by the Vodafone Group Shareholders (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority or seek any Vodafone Plc Shareholder Approval in accordance with Article 12.7, provided that such extended period shall be no longer than 12 (twelve) months from the date of the Call Option 2 Notice).
- (h) The ICL Group Shareholders shall ensure that the exercise of Call Option 2 does not result in any requirement to make a public announcement of an open offer with respect to the Company under the Takeover Code.
- (i) If, following the issue of a notice to the Vodafone Group Shareholders pursuant to Article 12.3.2(b), the ICL Group Shareholders fail to exercise the Call Option 2 for all of the Call Option 2 Shares within the Call Option 2 Period, the Call Option 2 Shares shall not be included in the Shareholding of the Vodafone Group Shareholders for purposes of calculation of the Excess Equity Shares and, for the avoidance of doubt, shall not be subject to the voting restrictions under Article 12.2.

- 12.3.3 In respect of each exercise of Call Option 1 and the exercise of Call Option 2, the Vodafone Group Shareholders and the ICL Group Shareholders shall jointly appoint a Big Four Accounting Firm, or if no Big Four Accounting Firm is able or willing to act, another accounting firm of international standing, to provide:
- (a) a certificate confirming (i) the Call Option 1 Price or the Call Option 2 Price, as applicable; and (ii) whether any Taxes are required to be withheld with respect to the sale and purchase of the Call Option 1 Shares or the Call Option 2 Shares, as applicable, if such certificate is required under applicable Law; and
  - (b) an opinion on computation of capital gains Taxes in connection with (a) above along with the necessary supporting documents in respect of cost of acquisition of the Call Option 1 Shares or the Call Option 2 Shares, as applicable, (together, the “**Withholding Computation**”). The Vodafone Group Shareholders shall promptly provide any information required by the appointed accounting firm for purposes of issue of such certificate and shall confirm to the ICL Group Shareholders that such information is true and correct. All costs, fees and other expenses of the accounting firm appointed for the purposes of provision of the Withholding Computation shall be borne by the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable.
- 12.3.4 The Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, shall pay the Call Option 1 Price or the Call Option 2 Price, as applicable, without withholding or deduction of any Tax unless required by the Withholding Computation. If any such withholding or deduction is required pursuant to the Withholding Computation, the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, shall, at the time of payment of the Call Option 1 Price or the Call Option 2 Price, as applicable, pay to the Vodafone Group Shareholders such additional amount as will ensure that the Vodafone Group Shareholders receives the same total amount that they would have received if no such withholding or deduction had been required. If any sum payable by the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, to the Vodafone Group Shareholders pursuant to Articles 12.3.1 and 12.3.2 is required by applicable Law to be brought into charge to Tax in the hands of the Vodafone Group Shareholders, then the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, shall pay such additional amount as shall be required to ensure that the total amount paid, less the Tax chargeable on such amount (or which would be chargeable but for the use or set-off of any Tax relief of the recipient), is equal to the amount that would be payable if the sum payable by the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, were not required by applicable Law to be brought into charge to Tax in the hands of the Vodafone Group Shareholders.
- 12.3.5 It is clarified that any Tax benefits or refunds accruing to or received by the Vodafone Group Shareholders following completion of a Transfer of the Call Option 1 Shares and/ or the Call Option 2 Shares in respect of such Transfer shall promptly be transferred to the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, up to the maximum amount of the payment received by the Vodafone Group Shareholders from the Call Option 1 Purchaser or the Call Option 2 Purchaser, as applicable, under Article 12.3.4.
- 12.3.6 The Parties shall undertake all reasonable endeavours to ensure that the Transfers of Call Option 1 Shares and the Call Option 2 Shares, as applicable, is completed in a Tax efficient manner. The Vodafone Group Shareholders shall ensure that the Call Option 1 Shares and the Call Option 2 Shares will be Transferred by Vodafone Group Shareholders that are tax residents of Mauritius or India.
- 12.3.7 The ICL Group Shareholders and Vodafone Group Shareholders shall execute all such documents, take all such actions and shall render all such assistance to each other as may be reasonably required to complete the Transfer of the Call Option 1 Shares and the Call Option 2 Shares.
- 12.4 **Step Down Option 1**
- If the Equal Shareholding Date has not occurred by the expiration of the Call Option 2 Period, then the Vodafone Group Shareholders shall, during a period of three (3) years of the expiration of the Call Option 2 Period (the “**Step Down Option 1 Period**”), sell and Transfer to such Persons as the Vodafone Group Shareholders may (subject to Article 13) choose and which Persons do not execute a Deed of Adherence in terms of Article 13, that part of their combined holding of Equity Shares as is in aggregate equal to the lower of:
- (a) the number of Excess Equity Shares as at the expiration of the Call Option 2 Period; and
  - (b) 10% of the Share Capital as at the expiration of the Call Option 2 Period, (as applicable, the “**Step Down 1 Excess Shareholding**”), together with any Equity Shares to the extent attributable to any split, reverse-split, bonus issue or any similar corporate action with respect to the Step Down 1 Excess Shareholding during the period starting at the commencement of the Step Down Option 1 Period and ending at the time of each relevant disposal pursuant to this Article 12.4 (“**Step Down Option 1**”).
- 12.5 **Step Down Option 2**
- If the Equal Shareholding Date has not occurred by the expiration of the Step Down Option 1 Period, then the Vodafone Group Shareholders shall, within a period of two (2) years of the expiration of the Step Down Option 1 Period (the “**Step Down Option 2 Period**”), sell and Transfer to such Persons as the Vodafone Group Shareholders may (subject to Article 13) choose and which Persons do not execute a Deed of Adherence in terms of Article 13, all remaining Excess Equity Shares at the expiration of Step Down Option 1 Period (together with any Equity Shares to the extent attributable to any split, reverse-split, bonus issue or any similar corporate action with respect to such Excess Equity Shares since the commencement of the Step Down Option 2 Period), provided that in the judgment of the Vodafone Group, acting reasonably, that:

- 12.5.1 market conditions are conducive for such sale;
- 12.5.2 the valuation that can be achieved for such sale is not lower than the product of the Step Down Share Value and the number of Equity Shares proposed to be Transferred; and
- 12.5.3 the ratio of (i) the proposed sale consideration per share multiplied by the number of Equity Shares of the Company (on a fully diluted basis) plus the Net Financial Debt of the Company, in each case, on the date of the proposed Transfer to (ii) the LTM EBITDA as of the date of the Transfer, is higher than 6.5:1.

## 12.6 **Standstill**

- 12.6.1 Neither Promoter Group shall be permitted to Transfer any Equity Shares to any Person during the Call Option 1 Period except pursuant to Article 4.7 (*Rights Recapitalisation Call Option prior to the Equal Shareholding Date*), 12.3.1 (*Call Option 1*), 13.2.1 (*Transfer to Affiliates*) or 16 (*Change in Control*).
- 12.6.2 The Vodafone Group Shareholders shall not be permitted to Transfer any Call Option 2 Shares during the Call Option 2 Period except pursuant to (i) Article 12.3.2 (*Call Option 2*); (ii) 13.2.1 (*Transfer to Affiliates*), subject to Articles 9.7 and 12.3.6 and any subsequent Transfer pursuant to Call Option 2 being no less favourable to the Call Option 2 Purchaser than if made by the transferring Vodafone Group Shareholder; or (iii) Article 16.3.2.
- 12.6.3 Following the expiration of the Call Option 2 Period, any Promoter Group which holds lesser Equity Shares ("**Non-Equal Shareholder**") than the other Promoter Group ("**Higher Shareholder**") shall have the right to acquire such number of Equity Shares as would entitle the Non-Equal Shareholder to equalise its Shareholding with the Higher Shareholder in the manner set out in this Article 12.6.3:
  - (a) The Non-Equal Shareholder shall first make a written offer to the Higher Shareholder to purchase Equity Shares from the Higher Shareholder at a specified price ("**Equal Offer Notice**").
  - (b) If the Higher Shareholder declines, partially accepts or fails to respond to the Equal Offer Notice within ten (10) Business Days of receipt of the Equal Offer Notice ("**Equal Offer Period**"), then the Non-Equal Shareholder shall have the right to acquire all of or, if the Higher Shareholder partially accepts the Equal Offer Notice, of the remaining, Equity Shares as specified in the Equal Offer Notice from the market at or below the price specified in the Equal Offer Notice within 30 (thirty) days of the expiry of the Equal Offer Period.
  - (c) If the Higher Shareholder accepts the Equal Offer Notice (in writing), in full or part, within the Equal Offer Period, the Non-Equal Shareholder and the Higher Shareholder shall complete the Transfer of Equity Shares agreed to be Transferred within 10 (ten) days of the expiration of the Equal Offer Period (such 10-day period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the expiration of the Equal Offer Period).
  - (d) For giving effect to the Transfer contemplated in this Article 12.6.3, the Parties shall execute a share purchase agreement in the form set out in the Shareholders' Agreement and all such documents, take all such actions and shall render all such assistance to each other as may be reasonably required to complete the Transfer. Such share purchase agreement, the Shareholders' Agreement and such other terms as may be mutually agreed shall be the sole terms which govern the sale and purchase of the Equity Shares contemplated in this Article 12.6.3.

## 12.7 **Cap**

- 12.7.1 Subject to Article 12.7.3, if a disposal of any Equity Shares by the Vodafone Group Shareholders pursuant to the Capped Options (an "**Option Transfer**") would, immediately following that Option Transfer, result in the total consideration received by the Vodafone Group Shareholders for all Option Transfers exceeding ₹830 billion, the Vodafone Group Shareholders may (but shall not be obliged to) procure that Vodafone Plc shall, within a reasonable time frame, seek Vodafone Plc Shareholder Approval for any such Option Transfer.
- 12.7.2 Subject to Article 12.7.3, if:
  - (a) Vodafone Plc does not seek Vodafone Plc Shareholder Approval for such Option Transfer within 60 (sixty) days of exercise of the Capped Option; or
  - (b) the ordinary resolution to approve any such Option Transfer is not passed by the shareholders of Vodafone Plc within 90 (ninety) days of the exercise of Capped Option, the consideration for that Option Transfer shall be limited such that, immediately following that Option Transfer, the total consideration received by the Vodafone Group Shareholders for all Option Transfers shall not exceed ₹830 billion.
- 12.7.3 The Vodafone Group Shareholders may disapply Article 12.7.1 and 12.7.2 by written notice to the ICL Group Shareholders within seven (7) days of the exercise of a Capped Option, in which case Article 12.7.1 and Article 12.7.2 shall cease to apply in respect of such Capped Option with immediate effect and the consummation of a Transfer of Equity Shares pursuant to the exercise of:
  - (a) Call Option 1 at the Call Option 1 Price, in accordance with Article 12.3; and/or
  - (b) Call Option 2 at the Call Option 2 Price, in accordance with Article 12.3, and/or

- (c) the Rights Recapitalisation Call Option at the RCO Price, in accordance with Article 4.7, (as applicable) or under Step Down Option 1, shall not require Vodafone Plc Shareholder Approval.

12.8 If either Promoter Group Transfers Equity Shares to a New Qualifying Shareholder, such New Qualifying Shareholder shall be liable to comply with this Article 12 instead of such Promoter Group, unless the Promoter Group continues to hold Equity Shares, in which case, both the New Qualifying Shareholder and such Promoter Group shall be liable to comply with this Article 12 as one block.

### 13. TRANSFER OF SHARES

13.1 The Equity Shares held by the Promoter Groups shall only be transferable in the manner provided in the Articles of Association. A member of a Promoter Group may Transfer its Equity Shares in a manner otherwise than in accordance with the Articles of Association with the prior written consent of the other Promoter Group and provided that such Transfer is completed within 30 (thirty) days of receipt of such written consent (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of receipt of the written consent), failing which, fresh written consent will be required. Any Transfer of Equity Shares by a member of a Promoter Group which is not in accordance with the Articles of Association shall be null and void *ab initio* and the Company shall not recognise or give effect to such Transfer or recognise any votes in respect of such Equity Shares until the Transfer is reversed (if already effected).

#### 13.2 Permitted Transfers

##### 13.2.1 Transfers to Affiliates

- (a) A member of a Promoter Group may Transfer all or some of the Equity Shares held by it to an Affiliate, subject to such Affiliate executing a Deed of Adherence and upon giving prior written notice to the other Promoter Group. The Affiliate must be under an obligation, given in favour of the Company and the other Promoter Group, to re-Transfer the Equity Shares to the original transferring Promoter Group member or another Affiliate of the original transferring Promoter Group member immediately, if it ceases to be an Affiliate of that original transferring Promoter Group member.
- (b) Following a Transfer of Equity Shares to an Affiliate: (i) the original transferring Promoter Group member (but not a subsequent transferor in a series of Transfers to Affiliates) shall, at the option of the non-transferring Promoter Group, remain a Party to the Shareholders' Agreement and shall be jointly and severally liable with the transferee and the other members of the relevant Promoter Group under the Shareholders' Agreement as a member of the relevant Promoter Group; and (ii) the transferee shall be included as a member of the relevant Promoter Group for the purposes of the Articles of Association. Without prejudice to Article 9.2.1(d) and other provisions of the Articles of Association, Article 13.2.1(b)(i) shall not apply with respect to an *inter se* Transfer of Equity Shares between members of a Promoter Group who are Parties on the date of the Shareholders' Agreement .

##### 13.2.2 Transfers to Third Parties

Following the expiration of the Call Option 1 Period and subject to Article 12.6.2 in respect of the Vodafone Group Shareholders, any member of a Promoter Group shall be entitled to Transfer its Equity Shares to:

- (a) any Financial Investor, provided that such Transfer will not result in the transferee (together with its Affiliates) owning more than 10% (ten percent) of the Share Capital; and
- (b) subject to Articles 13.3 (Right of First Refusal) and 13.4 (Tag-Along Right):
- (i) any Financial Investor which will result in the transferee (together with its Affiliates) owning more than 10% (ten percent) of the Share Capital; and
- (ii) any Person other than a Financial Investor.

13.2.3 Notwithstanding anything to the contrary contained in the Articles of Association, any transferee of any Equity Shares that is not a member of a Promoter Group shall not execute a Deed of Adherence and shall not be entitled to any rights under Articles 5 (Board of Directors of the Company), 6 (Shareholders Meetings), 7 (Key Employees) and 10 (Reserved Matters) unless such transferee's Shareholding (together with its Affiliates) pursuant to a Transfer under Article 13.2.2(b) will be equal to or more than the Qualifying Threshold (such transferee, a "New Qualifying Shareholder"). A New Qualifying Shareholder shall be required to execute a Deed of Adherence pursuant to which it shall become a party to the Shareholders' Agreement and be entitled to rights of the transferor Promoter Group under Articles 5 (Board of Directors of the Company), 6 (Shareholders Meetings), 7 (Key Employees) and 10 (Reserved Matters), provided that if the New Qualifying Shareholder's Shareholding (together with its Affiliates) will be equal to or more than the Qualifying Threshold and the transferor's Shareholding (together with its Affiliates) is also equal to or more than the Qualifying Threshold, the New Qualifying Shareholder (together with its Affiliates) shall not be entitled to any rights under Article 5 (Board of Directors of the Company), 6 (Shareholders Meetings), 7 (Key Employees) or 10 (Reserved Matters) and the transferor (together with its Affiliates) shall continue to be entitled to rights under Articles 5 (Board of Directors of the Company), 6 (Shareholders Meetings), 7 (Key Employees) and 10 (Reserved Matters). If a subsequent Transfer of Equity Shares results in the transferor's Shareholding (together with its Affiliates) being less than the Qualifying Threshold and the New Qualifying Shareholder's Shareholding (together with its Affiliates) being equal to or more than the Qualifying Threshold, the New Qualifying

Shareholder shall, from the time of such Transfer, be entitled to rights under Articles 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) and 10 (*Reserved Matters*) in substitution for the transferor.

13.2.4 If any transferee that is not a member of a Promoter Group is required to make a public announcement of an open offer with respect to the Company under the Takeover Code following acquisition of Equity Shares from either Promoter Group, such transferee's Shareholding that has been acquired from the Public Shareholders pursuant to such open offer will be subject to voting restrictions specified in Article 12.2 and must be sold in the market to the public or to Financial Investor(s) pursuant to Article 13.2.2(a) within six (6) months of acquisition.

### 13.3 **Right of First Refusal**

13.3.1 Except as provided in Articles 13.2.1 and 13.2.2(a) and subject to Article 12.6.2 in respect of the Vodafone Group Shareholders, in the event any member of a Promoter Group (a "**Transferring Shareholder**") receives a *bona fide* offer from any Person (a "**Proposed Transferee**") to Transfer any Equity Shares, it shall grant to the other Promoter Group a right of first refusal over any such Transfer of Equity Shares ("**First Refusal Right**") in the manner set forth in this Article 13.3.

13.3.2 If the Transferring Shareholder proposes to Transfer to the Proposed Transferee any of the Equity Shares which are subject to the First Refusal Right, the Transferring Shareholder shall first offer the Equity Shares to the other Promoter Group by serving a written notice ("**Transfer Notice**") on such other Promoter Group ("**Non-transferring Shareholder**") stating: (i) the number of Equity Shares proposed to be Transferred to the Proposed Transferee ("**Offered Shares**") and the maximum number of Equity Shares that the Proposed Transferee is willing to acquire; (ii) the consideration for the Transfer; (iii) the other terms and conditions of the Transfer, if any, as may be reasonably necessary for the Non-transferring Shareholder to determine the price and other terms of such offer; and (iv) the identity of the Proposed Transferee and of its Ultimate Parent and beneficial owner(s). The Non-transferring Shareholder may also require the Transferring Shareholder to produce to the Non-transferring Shareholder such further information as may be reasonably required to enable the Non-transferring Shareholder to establish the *bona fides* of the offer of the Proposed Transferee.

13.3.3 Within 30 (thirty) days after the receipt of the Transfer Notice by the Non-transferring Shareholder ("**Offer Period**"), the Non-transferring Shareholder may deliver a written notice to the Transferring Shareholder: (a) requiring the Transferring Shareholder to Transfer all, but not some only, of the Offered Shares at the same price and on other terms no less favourable to the Non-transferring Shareholder than those stated in the Transfer Notice, to the Non-transferring Shareholder or its Affiliate ("**Acceptance Notice**"); or (b) stating that it declines to exercise its First Refusal Right on the Offered Shares or (c) stating that it is electing to exercise its Tag-Along Right under Article 13.4 ("**Tag Exercise Notice**"). An Acceptance Notice shall be irrevocable and shall constitute a binding agreement between the Transferring Shareholder and the Non-transferring Shareholder to purchase the Offered Shares. If the Non-transferring Shareholder fails to serve an Acceptance Notice within the Offer Period, it shall be deemed to have declined to exercise its First Refusal Right on the Offered Shares.

13.3.4 In the event an Acceptance Notice has been served pursuant to Article 13.3.3, the Transferring Shareholder shall be bound to Transfer the Offered Shares to the Non-transferring Shareholder.

13.3.5 If the Transferring Shareholder:

- (a) has not received an Acceptance Notice under Article 13.3.3 in respect of all of the Offered Shares or, having received the same, has not within 15 (fifteen) days thereafter (such 15-day period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority) received the consideration for the Offered Shares (provided the Transferring Shareholder is not in breach of this Article 13.3); or
- (b) has not received either an Acceptance Notice or a Tag Exercise Notice under Article 13.3.3, it shall be entitled to Transfer all, but not some only, of the Offered Shares to the Proposed Transferee at the same price and on other terms no more favourable to the Proposed Transferee than those stated in the Transfer Notice, provided that, if such Transfer is not completed within 90 (ninety) days after the expiration of the Offer Period (such 90-day period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of expiration of the Offer Period), the right to Transfer the Offered Shares to the Proposed Transferee shall lapse.

### 13.4 **Tag-Along Right**

13.4.1 In the event that the Non-transferring Shareholder has not exercised its First Refusal Right upon receipt of the Transfer Notice in accordance with Article 13.3 (*Right of First Refusal*), the Non-transferring Shareholder shall have the *pro rata* right, but not an obligation ("**Tag-Along Right**"), to require the Proposed Transferee to purchase from the Non-transferring Shareholder such number of Equity Shares as may be decided by such Non-transferring Shareholder in its sole discretion but not exceeding its *pro rata* entitlement, such that the number of Equity Shares sold by the Transferring Shareholder and the Non-transferring Shareholder, shall be proportionate to the respective *pro rata inter se* Shareholding of the Transferring Shareholder and the Non-transferring Shareholder, at not less than the price and on other terms no less favourable to the Non-transferring Shareholder than those stated in the Transfer Notice. To the extent the Non-transferring Shareholder exercises its Tag-Along Right, the number of Shares that the Transferring Shareholder may Transfer to the Proposed Transferee shall be correspondingly reduced. Notwithstanding anything contained in this Article 13.4.1, in the event that the proposed Transfer of Equity Shares by the Transferring Shareholder

to the Proposed Transferee will result in a change in Control of the Company, the Tag-Along Right of the Non-transferring Shareholder shall extend to the entire Shareholding of the Non-transferring Shareholder.

- 13.4.2 In the event the Non-transferring Shareholder has served a Tag Exercise Notice within the Offer Period pursuant to Article 13.3.3, the Transfer of any Equity Shares to the Proposed Transferee shall be in the manner set forth in this Article 13.4. If the Non-transferring Shareholder fails to serve a Tag Exercise Notice within the Offer Period, it shall be deemed to have declined to exercise its Tag-Along Right.
- 13.4.3 The Transfer of the Non-transferring Shareholder's Equity Shares pursuant to the exercise of the Tag-Along Right ("**Tagged Shares**") shall be completed within 30 (thirty) days of the receipt of the Tag Exercise Notice (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the Tag Exercise Notice).
- 13.4.4 The Transferring Shareholder shall not Transfer any of the Offered Shares to the Proposed Transferee unless and until, simultaneously with such Transfer, the Proposed Transferee purchases all the Tagged Shares at not less than the price, and on terms no less favourable, than those stated in the Transfer Notice.
- 13.4.5 For the avoidance of doubt, this Article 13.4 shall only apply when Article 13.3 is also applicable.

### 13.5 **Prohibited Transfer**

Notwithstanding anything contained in the Articles of Association, no member of a Promoter Group shall directly or indirectly Transfer any Equity Shares to an Indian Competitor.

### 13.6 **Further Acquisitions**

Except as provided in Articles 4 (*Funding*), 12 (*Terms of Equalisation*), 13 (*Transfer of Shares*) and 16 (*Change in Control*), no member of a Promoter Group or its Affiliates shall acquire any Equity Shares without the prior written consent of the other Promoter Group.

- 13.7 For giving effect to the Transfers contemplated in this Article 13, the Parties shall execute all such documents, take all such actions and shall render all such assistance to each other as may be reasonably required to complete the Transfer.

## 14. **DEADLOCK**

- 14.1 For the purpose of this Article 14, a "**Deadlock**" shall be deemed to have occurred if:
- 14.1.1 a proposal is made in respect of any Reserved Matter but is not approved in accordance with Article 10 at two (2) consecutive duly convened meetings of the Board (or following the circulation of the relevant Circular Resolution in writing on two (2) separate occasions); or
- 14.1.2 a quorum is not present at two (2) consecutive duly convened meetings of the Board by reason of the absence of the Directors nominated and appointed upon request of the same Promoter Group.
- 14.2 In the event of a Deadlock, either Promoter Group may give written notice to the other and to the Company that it regards a Deadlock as having occurred ("**Deadlock Notice**") and immediately refer the Deadlock to the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group (or nominees of such representatives) for resolution through mutual discussion (only one Deadlock Notice may be served in respect of any one proposal or series of related proposals).
- 14.3 If the Deadlock is not resolved within 30 (thirty) days of the Deadlock Notice, then *status quo* shall prevail, provided that if the Deadlock relates to a Draft Revised Business Plan, the provisions of Article 11.4 shall apply.
- 14.4 If the Deadlock is resolved within 30 (thirty) days of the Deadlock Notice, then the Promoter Groups shall procure that the Company gives effect to the relevant resolution(s).

## 15. **DEFAULT**

### 15.1 **Failure to Comply with Voting**

- 15.1.1 If any member of a Promoter Group fails to vote the Equity Shares held by it in accordance with the Articles of Association or votes the Equity Shares held by it contrary to the Articles of Association (such Group, the "**Defaulting Promoter Group**" and the failure to vote or voting contrary to the Articles of Association, a "**Voting Default**"), the Defaulting Promoter Group shall be deemed to be in material breach of the Articles of Association pursuant to which Article 15.1.3 shall apply unless:
- (a) within 30 (thirty) days of the date of the Voting Default, the Promoter Groups or the Board agree to convene another General Meeting or issue a fresh notice for a shareholders' vote pursuant to Article 9.1.4, following which the Defaulting Promoter Group votes the Equity Shares held by it or refrains from voting the Equity Shares held by it in accordance with the Articles of Association and the relevant resolution is approved or rejected in accordance with the Articles of Association; or
- (b) if the Defaulting Promoter Group demonstrates, within 30 (thirty) days of the date of the Voting Default, to the reasonable satisfaction of the non-defaulting Promoter Group, that the Voting Default was on account of an administrative error.
- 15.1.2 In the event the Defaulting Promoter Group is unable to demonstrate to the reasonable satisfaction of the other Promoter Group pursuant to Article 15.1.1(b) that the Voting Default was on account of an administrative error, either Promoter Group shall have the right to refer the matter to the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group for their

consideration and decision within 15 (fifteen) days of the expiration of the 30-day period referred to in Article 15.1.1(b). The chief executive officer of Vodafone Plc and the group chairperson of the ICL Group shall decide the matter within 30 (thirty) days of the date of referral and such decision shall be final and binding on the Promoter Groups. In the event the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group are unable to agree to a decision, either Promoter Group may refer the matter to an expedited arbitration procedure under the provisions of the Shareholders' Agreement to be completed within six (6) months of the date of referral.

15.1.3 If the Voting Default is not cured or resolved pursuant to Article 15.1.1(a) or 15.1.1(b) or 15.1.2:

- (a) the rights of the Defaulting Promoter Group under Articles 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) and 10 (*Reserved Matters*) shall cease;
- (b) the obligations of the Defaulting Promoter Group under the Articles of Association shall cease only if the Defaulting Promoter Group no longer holds any Equity Shares; and
- (c) if the Defaulting Promoter Group comprises ICL Group Shareholders, Article 12.2 shall cease to apply.

## 15.2 Event of Default

15.2.1 An event of default ("**Event of Default**") shall occur or be deemed to have occurred in relation to a Promoter Group ("**Defaulting Shareholder Group**") if:

- (a) a member of the Defaulting Shareholder Group commits a material breach of Article 4 (*Funding*), 5 (*Board of Directors of the Company*), 10 (*Reserved Matters*), 12 (*Terms of Equalisation*), 13 (*Transfer of Shares*) or 16 (*Change in Control*) and such breach is not cured within 30 (thirty) days of written notice by the non-defaulting Promoter Group, provided that any such breach that arises from non-receipt of any approval of a Governmental Authority in respect of Article 4 (*Funding*), 12 (*Terms of Equalisation*), 13 (*Transfer of Shares*) or 16 (*Change in Control*) for reasons beyond the control of the relevant Party shall not be regarded as a material breach; or
- (b) any member of the Defaulting Shareholder Group has:
  - (i) an official manager, receiver, trustee, voluntary administrator, liquidator or provisional liquidator appointed for all or substantially all of its assets or undertaking and such appointment is not dismissed, reversed, vacated or stayed within 90 (ninety) days of such appointment; or
  - (ii) entered into or resolved to enter into winding up proceedings or an arrangement, composition or compromise with or assignment for the benefit of its creditors generally or any class of creditors, or proceedings are commenced by such Shareholder to sanction such an arrangement, composition or compromise, in each case, other than for the purposes of (A) a *bona fide* scheme of restructuring, reconstruction or amalgamation, or (B) a voluntary liquidation of entities that no longer hold Equity Shares and do not have substantial assets.

15.2.2 The Defaulting Shareholder Group shall be entitled to demonstrate, within 30 (thirty) days of the date of notification of the Event of Default by the non-defaulting Promoter Group, to the reasonable satisfaction of the non-defaulting Promoter Group, that such Event of Default occurred on account of an administrative error.

15.2.3 In the event the Defaulting Shareholder Group is unable to demonstrate to the reasonable satisfaction of the non-defaulting Promoter Group pursuant to Article 15.2.2 that the Event of Default was on account of an administrative error, either Promoter Group shall have the right to refer the matter to the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group for their consideration and decision within 30 (thirty) days of the expiration of the 30-day period referred to in Article 15.2.2. The chief executive officer of Vodafone Plc and the group chairperson of the ICL Group shall decide the matter within 30 (thirty) days of the date of referral and such decision shall be final and binding on the Promoter Groups. In the event the chief executive officer of Vodafone Plc and the group chairperson of the ICL Group are unable to agree to a decision, either Promoter Group may refer the matter to an expedited arbitration procedure under the provisions of the Shareholders' Agreement to be completed within six (6) months of the date of referral.

15.2.4 If an Event of Default is not cured or resolved pursuant to Article 15.2.1(a), 15.2.2 or 15.2.3:

- (a) the rights of the Defaulting Shareholder Group under Articles 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) and 10 (*Reserved Matters*) shall cease;
- (b) the obligations of the Defaulting Shareholder Group under the Articles of Association shall cease only if the Defaulting Shareholder Group no longer holds any Equity Shares; and
- (c) if the Defaulting Shareholder Group comprises ICL Group Shareholders, Article 12.2 shall cease to apply.

15.3 Nothing in Article 15.1 or 15.2 shall affect the right of the non-defaulting Promoter Group to claim any losses, damages, costs and expenses, including legal fees and expenses, to the extent arising or resulting from a Voting Default or an Event of Default, regardless of whether such default has been cured.

15.4 Notwithstanding anything contained in the Articles of Association, if any member of either Promoter Group is unable to comply with any obligation under the Articles of Association pursuant to an order of a Governmental Authority issued in respect of such member, the rights of the relevant Promoter Group under the Articles of Association shall not cease provided that such Promoter Group uses all reasonable endeavours to procure that such order is vacated.

## 16. CHANGE IN CONTROL

- 16.1 Each Promoter Group shall notify (in writing) the other Promoter Group of any proposed change in Control of any of its members (a “**CoC Shareholder**”), and the Vodafone Group Shareholders shall immediately notify (in writing) the ICL Group Shareholders of any proposed Vodafone Restricted Group Sale Disposal, in each case, within five (5) Business Days of the public announcement of such proposed transaction or the execution of binding documentation in respect of such proposed transaction, whichever is earlier, and such notice shall specify the manner in which such transaction will occur (the “**CoC Notice**”).
- 16.2 Following issue of a CoC Notice in respect of a listed CoC Shareholder that is an ICL Group Shareholder:
- 16.2.1 the other ICL Group Shareholders (the “**Remaining ICL Shareholders**”) shall be entitled, within 30 (thirty) days of the CoC Notice (the “**ICL CoC Period**”), to require such CoC Shareholder to Transfer all of its Equity Shares (“**CoC Shares**”) to them or their Affiliate(s) at the ICL CoC Price pursuant to a written notice (“**CoC Exercise Notice**”) issued to the CoC Shareholder (with a copy to the Company and the Vodafone Group Shareholders), and the CoC Shares shall then be promptly Transferred to the Remaining ICL Shareholders or their Affiliate(s). The Transfer of the CoC Shares pursuant to this Article 16.2.1 shall be completed within 45 (forty five) days of the CoC Notice (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice); and
- 16.2.2 if the Remaining ICL Shareholders fail to issue a CoC Exercise Notice pursuant to Article 16.2.1 within the ICL CoC Period, the Vodafone Group Shareholders shall be entitled, within 30 (thirty) days of the expiration of the ICL CoC Period to require the CoC Shareholder to Transfer all of the CoC Shares to the Vodafone Group Shareholders or their Affiliate(s) at the Vodafone Purchase Price pursuant to a CoC Exercise Notice issued to the CoC Shareholder (with a copy to the Company and the ICL Group Shareholders), and the CoC Shares shall then be promptly Transferred to the Vodafone Group Shareholders or their Affiliate(s). The Transfer of the CoC Shares pursuant to this Article 16.2.2 shall be completed within 75 (seventy five) days of the CoC Notice (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice).
- 16.3 Following issue of a CoC Notice in respect of an unlisted CoC Shareholder that is an ICL Group Shareholder, the Vodafone Group Shareholders shall be entitled to take either of the following actions within 30 (thirty) days of the CoC Notice:
- 16.3.1 pursuant to a CoC Exercise Notice, require such CoC Shareholder to Transfer all of the CoC Shares to the Vodafone Group Shareholders or their Affiliate(s) at the Vodafone Purchase Price, and the CoC Shares shall then be promptly Transferred to the Vodafone Group Shareholders or their Affiliate(s). The Transfer of the CoC Shares pursuant to this Article 16.3.1 shall be completed within 45 (forty five) days of the CoC Notice (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice); or
- 16.3.2 pursuant to a CoC Exercise Notice, require the ICL Group Shareholders to purchase from the Vodafone Group Shareholders such number of Equity Shares as may be decided by the Vodafone Group Shareholders in their sole discretion but not exceeding their *pro rata* entitlement, such that the number of Equity Shares sold by the Vodafone Group Shareholders represents the same proportion of the Share Capital as the number of Equity Shares held by the CoC Shareholder, at the Vodafone Sale Price. The Transfer of Equity Shares pursuant to this Article 16.3.2 shall be completed within 45 (forty five) days of the CoC Notice issued by the Vodafone Group Shareholders (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice).
- 16.4 Following issue of a CoC Notice in respect of a CoC Shareholder that is a Vodafone Group Shareholder or in case of a Vodafone Restricted Group Sale Disposal, the ICL Group Shareholders shall be entitled to take either of the following actions within 30 (thirty) days of the CoC Notice:
- 16.4.1 pursuant to a CoC Exercise Notice, require such CoC Shareholder to Transfer all of the CoC Shares to the ICL Group Shareholders or their Affiliate(s) at the Vodafone Purchase Price, and the CoC Shares shall then be promptly Transferred to the ICL Group Shareholders or their Affiliate(s). The Transfer of the CoC Shares pursuant to this Article 16.4.1 shall be completed within 45 (forty five) days of the CoC Notice (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice); or
- 16.4.2 pursuant to a CoC Exercise Notice, require the Vodafone Group Shareholders to purchase from the ICL Group Shareholders such number of Equity Shares as may be decided by the ICL Group Shareholders in their sole discretion but not exceeding their *pro rata* entitlement, such that the number of Equity Shares sold by the ICL Group Shareholders represents the same proportion of the Share Capital as the number of Equity Shares held by the CoC Shareholder, at the Vodafone Sale Price. The Transfer of Equity Shares pursuant to this Article 16.4.2 shall be completed within 45 (forty five) days of the CoC Notice issued by the ICL Group Shareholders (such period to be extended *pro tanto* by the period required to obtain any necessary regulatory approval from or make any necessary filing with any Governmental Authority, provided that such extended period shall be no longer than 12 (twelve) months from the date of the CoC Exercise Notice).

- 16.5 Following any change in Control of a CoC Shareholder, the Shareholding of such CoC Shareholder shall not be counted towards the Shareholding of the Promoter Group to which it belonged (unless Article 16.2.1 or 16.6 is applicable).
- 16.6 Nothing in the Articles of Association shall prevent, constitute a breach, require the sale or Transfer of any Equity Shares or otherwise restrict in any manner, with respect to the Vodafone Group:
- 16.6.1 any change in control of Vodafone Plc following (i) a successful public offer for shares (which, for the avoidance of doubt, may be implemented by a scheme of arrangement) or (ii) a transaction which involves the issue of shares in Vodafone Plc to one or more persons which would require a general offer for the shares of Vodafone Plc but for the requirement to make such offer having been waived, in each case in accordance with the UK City Code on Takeovers and Mergers;
- 16.6.2 a Vodafone Direct Spin-off Disposal; or
- 16.6.3 a Vodafone Permitted Group Sale Disposal;
- (collectively, the “**Vodafone Permitted Transactions**”) and, in each case, any Transfers pursuant to or in connection with any Vodafone Permitted Transaction. The Vodafone Group Shareholders shall notify (in writing) the ICL Group Shareholders of any proposed Vodafone Permitted Transaction within five (5) Business Days of the public announcement of such transaction or the execution of binding documentation in respect of such transaction, whichever is earlier, and such notice shall specify the manner in which such transaction will occur. For the avoidance of doubt, none of the Vodafone Permitted Transactions shall be considered a breach of the Articles of Association or an Event of Default.
- 16.7 If any transferee that is not a member of a Promoter Group is required to make a public announcement of an open offer with respect to the Company under the Takeover Code following a change in Control of a member of either Promoter Group that is subject to the provisions of this Article 16, such transferee’s Shareholding that has been acquired from the Public Shareholders pursuant to such open offer will be subject to voting restrictions specified in Article 12.2 and must be sold in the market to the public or to a Financial Investor pursuant to Article 13.2.2(a) within six (6) months of acquisition.

## **17. TERMINATION; FALL AWAY OF RIGHTS**

- 17.1 The Shareholders’ Agreement shall automatically terminate:
- 17.1.1 in respect of the rights and obligations of any Promoter Group, upon that Promoter Group ceasing to hold any Equity Shares, it being understood that the Shareholders’ Agreement shall remain in force between the non-exiting Promoter Group and any New Qualifying Shareholder and, subject to the provisions of the Shareholders’ Agreement, the non-exiting Promoter Group and the exiting Promoter Group shall not have any rights or obligations with respect to each other; and
- 17.1.2 in respect of the rights and obligations of the Vodafone Group Shareholders in the event of a Vodafone Direct Spin-off Disposal.
- 17.2 The Shareholders’ Agreement may be terminated by each Promoter Group with immediate effect upon the earlier of the following, the occurrence of which shall be promptly notified by the Company to each Promoter Group:
- 17.2.1 any execution or other process of any Governmental Authority issued against or levied upon all or substantially all of the Company’s assets, which is not discharged or withdrawn or stayed or vacated within 90 (ninety) days of the date of issue;
- 17.2.2 an official manager, receiver, trustee, voluntary administrator, liquidator or provisional liquidator is appointed for all or substantially all of the Company’s assets or undertaking and such appointment is not dismissed, reversed, vacated or stayed within 90 (ninety) days of such appointment; or
- 17.2.3 the Company has entered into or resolved to enter into winding up proceedings, or an arrangement, composition or compromise with or assignment for the benefit of its creditors generally or any class of creditors, or proceedings are commenced by a Shareholder to sanction such an arrangement, composition or compromise, in each case, other than for the purposes of a bona fide scheme of restructuring, reconstruction or amalgamation.
- 17.3 Notwithstanding anything contained in the Articles of Association:
- 17.3.1 Subject to Article 17.3.2, if the Shareholding of a Promoter Group falls below the Qualifying Threshold, the rights of such Promoter Group under Articles 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) and 10 (*Reserved Matters*) shall cease and the following shall apply:
- (a) the obligations of such Promoter Group under the Articles of Association shall cease only if such Promoter Group no longer holds any Equity Shares; and
- (b) if the Shareholding of the ICL Group Shareholders has fallen below the Qualifying Threshold, Article 12.2 shall cease to apply.
- 17.3.2 If the rights of the ICL Group Shareholders under the Articles of Association fall away pursuant to Article 17.3.1 as a result of non-participation or partial participation in a Rights Recapitalisation under Article 4, such rights shall be restored if the ICL Group Shareholders increase their Shareholding to at least the Qualifying Threshold in accordance with Article 4.7 (*Rights Recapitalisation Call Option prior to the Equal Shareholding Date*) within the time period specified therein (the “**Rights Cure Period**”), in which case:
- (a) the ICL Group Shareholders shall not be entitled to any rights under Article 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) or 10 (*Reserved Matters*) during the Rights Cure Period;

- (b) before, during and after the Rights Cure Period, the obligations of the ICL Group Shareholders under the Articles of Association shall cease only if no ICL Group Shareholder holds any Equity Shares; and
- (c) Article 12.2 shall not be applicable during the Rights Cure Period and, if the Shareholding of the ICL Group Shareholders is not increased to the Qualifying Threshold within the Rights Cure Period, Article 12.2 shall cease to apply thereafter.

17.3.3 If the Effective Date occurred following failure by a Target Group (the Promoter Group to which such Target Group is related being the “**Leverage Breaching Group**”) to satisfy a condition in respect of Leverage Ratio not exceeding a specified level as agreed, *inter alia*, among the Parties as on the date of the Shareholders’ Agreement, and waiver of such condition by the other Promoter Group:

- (a) the Leverage Breaching Group shall not have any rights under Article 5 (*Board of Directors of the Company*), 6 (*Shareholders Meetings*), 7 (*Key Employees*) or 10 (*Reserved Matters*);
- (b) the Leverage Breaching Group shall waive all its rights under Article 4 (*Funding*), including the right to participate in any Rights Recapitalisation, unless the other Promoter Group agrees otherwise;
- (c) the obligations of the Leverage Breaching Group under the Articles of Association shall cease only if the Leverage Breaching Group no longer holds any Equity Shares; and
- (d) if the Leverage Breaching Group comprises the ICL Group Shareholders, Article 12.2 shall cease to apply.

**18. JOINT AND SEVERAL LIABILITY**

18.1 Notwithstanding any provisions to the contrary in the Articles of Association, all ICL Group Shareholders shall be treated as a single shareholder for the purpose of the Articles of Association and their rights, obligations, covenants and undertakings hereunder shall be joint and several, and a breach by any one ICL Group Shareholder of its rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other ICL Group Shareholders of their respective rights, obligations, covenants and undertakings hereunder.

18.2 Notwithstanding any provisions to the contrary in the Articles of Association, all Vodafone Group Shareholders shall be treated as a single shareholder for the purpose of the Articles of Association and their rights, obligations, covenants and undertakings hereunder shall be joint and several, and a breach by any one Vodafone Group Shareholder of its rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other Vodafone Group Shareholders of their respective rights, obligations, covenants and undertakings hereunder.

**19. CONSENTS; NOTICES**

References to consents or notices by the Parties may be satisfied by GIL on behalf of the ICL Group Shareholders or Euro Pacific Securities Ltd. on behalf of the Vodafone Group Shareholders.

**20. ANTI-CORRUPTION LAWS**

The Parties shall not, and shall procure that the members of their respective Groups shall not, directly or indirectly through their Representatives or any Person authorised to act on their behalf (a) offer, promise, pay, authorise or give money or anything of value to any Person for the purposes of (i) influencing any act or decision of any governmental official, (ii) inducing any government official to do or omit to do an act in violation of a lawful duty, (iii) securing any improper advantage or (iv) inducing any government official to influence the act or decision of a Governmental Authority or (b) engage in any other activity, practice or conduct which would give rise to an offence under, or non-compliance with, any applicable anti-bribery and anti-corruption Laws.

**21. FURTHER ASSURANCES**

Each Party shall, upon being required to do so by any other Party, execute such documents and perform such acts and things as such other Party may reasonably consider necessary for giving effect to the provisions of the Articles of Association.

**SCHEDULE 1**  
**INVESTMENT BANKS**

1. Morgan Stanley
2. UBS
3. Goldman Sachs
4. Deutsche Bank
5. Bank of America Merrill Lynch
6. J.P. Morgan
7. HSBC
8. Credit Suisse
9. Citibank

We, the several persons whose names, address and occupation are subscribed hereunder are desirous of being formed into a Company in pursuance of these Articles of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Name, Address, Description and occupation of each Subscriber	Number of Equity Shares taken by each Subscriber	Signature of Subscriber	Signature of Witness and his name, address, description and occupation
Shri Mahesh Chandra Bagrodia S/o Shri K D Bagrodia, B-2 15th Floor, Prithvi Apartments, Altamount Road, Bombay 400 001 Service	10 (Ten)	Sd/- M C Bagrodia	<p style="text-align: center;">Witness to All Sd/- Shri Narayan Rathi S/o Shri Tulsidas Rathi R1/15 Goverdhangiri Society Bangur Nagar, Goregaon (W) Bombay 400 090 Company Secretary</p>
Shri Raghuvir Bhandari S/o Dr Shree Krishna Raj Bhandari 1 Tahiti Co-op Housing Society, 23 Juhu Versova Link Road, Bombay 400 053 Service	10 (Ten)	Sd/- R Bhandari	
Shri Sushil Kumar Saboo S/o Madan Lal Saboo Satnam Apartments, 4th Floor, Colaba, Bombay 400 005 Service	10 (Ten)	Sd/- S K Saboo	
Shri Gopi Krishna Tulsian S/o Laxmi Narayan Tulsian 301 Pradeep, Worli Hill Estate, Bombay 400 018 Service	10 (Ten)	Sd/- G K Tulsian	
Shri Raghuram Raju, S/o Shri K V Rama Raju, E-GE DDA Flats, Mayapuri, New Delhi 110 064 Advocate	10 (Ten)	Sd/- R Raju	
Shri Deepak Adalkha S/o Shri L D Adalkha, E-25, A-East of Kailash, New Delhi 110 065 Advocate	10 (Ten)	Sd/- D Adlakha	
Ms Jyoti Pande D/o Shri R C Pande 104 Friends Colony, New Delhi 110 065 Advocate	10 (Ten)	Sd/- J Pande	
Total	70 (Seventy )		

Place: Bombay

Date: March 01, 1995

## **SCHEDULE 4**

### **LIST OF SUBSIDIARIES OF THE TRANSFEROR COMPANIES**

- i. Vodafone m-pesa Limited
- ii. Vodafone Business Services Limited
- iii. Mobile Commerce Solutions Limited
- iv. Connect (India) Mobile Technologies Private Limited
- v. Vodafone Technology Solutions Limited
- vi. Vodafone Towers Limited
- vii. Vodafone India Ventures Limited
- viii. Vodafone Foundation
- ix. Vodafone India Digital Limited
- x. YOU Broadband India Limited
- xi. YOU System Integration Private Limited

Bansi S. Mehta & Co.  
Chartered Accountants  
Merchant Chambers,  
3d Floor, 41 Marine Lines Road,  
Mumbai 400 020

Walker Chandiook & Co LLP  
Chartered Accountants  
16<sup>th</sup> Floor, Tower II, India Bulls Finance Centre  
S B Marg, Elphinstone (West)  
Mumbai 400 013

**Private and Confidential**

Date 19 March 2017

To,  
The Board of Directors  
Idea Cellular Limited  
794/B, The Birla Centurion,  
Pandurang Budhkar Marg,  
Worli,  
Mumbai – 400 030

To,  
The Board of Directors  
Vodafone India Limited  
Peninsula Corporate Park  
Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai – 400 013

To,  
The Board of Directors  
Vodafone Mobile Services  
Limited  
C-48 Okhla Industrial Area,  
Phase- II,  
New Delhi – 110 020

**Sub: Recommendation of Share Exchange Ratio for the proposed amalgamation of Vodafone India Limited (“VIL”) and Vodafone Mobile Services Limited (“VMSL”) into Idea Cellular Limited (“ICL”)**

Dear Sir / Madam,

We refer to our engagement letters whereby ICL & VIL (together referred to as “the Companies”/ “Clients”/ “you”) have requested Bansi S. Mehta & Co. (hereinafter referred to as 'BSM') and Walker Chandiook & Co LLP (hereinafter referred to as 'WCC'), respectively, for recommendation of the Share Exchange Ratio for the proposed amalgamation of VIL and VMSL into ICL.

BSM and WCC have been hereafter referred to as 'Valuers' or 'we' or 'us' and individually referred to as 'Valuer' in this joint Share Exchange Ratio Report ('Share Exchange Ratio Report' or 'Report').

**SCOPE AND PURPOSE OF THIS REPORT**

ICL is the third largest wireless operator in India with a Revenue Market Share of 18.1% (Q3FY17). ICL provides GSM mobile services in all 22 service areas of India, 3G services in 21 service areas of India (except Orissa), including through Intra-Circle Roaming (ICR) arrangements with other operators and 4G services in 12 service areas on its own spectrum. Company has recently started offering its Digital Services. ICL also provides NLD, ILD, ISP and IP-1 services. In addition, Idea holds 11.15% stake in Indus Towers Limited (“ITL”) and 49% stake in Aditya Birla Idea Payments Bank Limited. Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries.



VIL was incorporated on 21 February 1992 under the Companies Act, 1956 as a company with limited liability with the Corporate Identity Number U32200MH1992PLC119108. Vodafone Group Plc. is the ultimate holding company of the Company ("Ultimate Parent" or "VF Group Plc"), which is listed on London stock exchange and has ADRs listed on Nasdaq. VIL and its subsidiaries are hereinafter referred to as the "Group". VIL and its subsidiary, VMSL, are engaged in the business of providing mobile communications services in India, including voice, messaging, data, fixed-line solutions and devices to assist customers in meeting their communications needs. ITL, a joint venture of VIL, is one of the leading tower infrastructure providers in India.

VMSL was incorporated on 27 March 1992 under the Companies Act, 1956 as a company with limited liability with Corporate Identity Number U64202DL1992PLC088087. VMSL is a wholly-owned subsidiary of VIL, which in turn is held by the Ultimate Parent. VMSL is engaged in the business of providing mobile communications services across India (except the Mumbai service area) supported by its national and international long distance services.

We understand that the managements of ICL, VIL and VMSL (collectively hereinafter referred to as the Companies) ('Management') are contemplating a consolidation of all their businesses into ICL other than the excluded assets of VIL, through a composite Scheme of Amalgamation and Arrangement ('Scheme') to be implemented under the provisions of section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 for the amalgamation of VMSL and VIL into ICL. This is together referred to as 'the Transaction'.

As per the Scheme, excluded assets of VIL primarily includes holding in ITL therefore, the same will not form part of the Transaction.

As a consideration for the proposed amalgamation, equity shareholders of VIL and VMSL would be issued equity shares of ICL.

The following is the proposed modus operandi for the Transaction:

Step 1. Amalgamation of VMSL with ICL, whereby equity shares of ICL are issued to VIL

Step 2: Amalgamation of VIL with ICL, whereby equity shares of ICL are issued to Shareholders of VIL leading to cancellation of equity shares of ICL issued to VIL on completion of Step 1

Share Exchange Ratio for this Report refers to percentage of equity share capital of ICL on a fully diluted basis, which would be held by the shareholders of VIL and VMSL.

For the aforesaid purpose, the Companies have appointed BSM and WCC to submit a joint report recommending the Share Exchange Ratio to be placed before the Audit Committees' and Board of Directors of the Companies.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and recommending a Share Exchange Ratio in accordance with generally accepted professional standards.

We have been appointed severally and not jointly and have worked independently in our analysis. We have received information and clarifications from the Companies. For recommending Share Exchange Ratios, we have independently arrived at different values of the Companies. However, to arrive at the



consensus on the Share Exchange Ratio for the proposed amalgamations, appropriate averaging and rounding off in the values arrived at have been done.

The historical financial information for the Companies up to December 31, 2016 were sourced from either public domain where available or from the management of Companies. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us till the date of our Report. Our analysis does not factor impact of any event which is unusual or not in the normal course of business. We have relied on the above while arriving at the Share Exchange Ratio.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

### SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and/or gathered from public domain:

1. Unaudited financial statements of ICL for the nine months period ended 31st December 2016.
2. Unaudited financial statements of VIL & VMSL for the nine months period ended 31 December 2016
3. Audited financial statements of VIL for the year ended 31<sup>st</sup> March 2012 to 31<sup>st</sup> March 2016 and unaudited financial statement of VIL for trailing twelve months for period ended 31<sup>st</sup> December 2016. Annual Reports of ICL for the year ended 31<sup>st</sup> March 2012 to 31<sup>st</sup> March 2016.
4. Annual reports of the ITL for the period 31<sup>st</sup> March 2014 to 31<sup>st</sup> March 2016.
5. Analyst Reports for ICL & VIL.
6. Details of the Net Debt of ICL and the additional debt to be taken for the purpose of arriving at the Net Debt for the valuation of VIL as per the commercial understanding between the companies.
7. Details about the Providence transaction in ICL.
8. Vesting Details of Employee Stock options as at the date of the Report for ICL, VIL and VMSL.
9. Explanations provided by the Managements of the Companies from time to time.
10. Draft Composite Scheme of Arrangement.

The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.



## SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) the latest available financial statements of the Companies and their subsidiaries and other information provided by the Management or taken from public sources till the date of this Report.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as at the date hereof. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report, unless required by regulatory authorities.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or its executives / representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single share exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange/ entitlement ratio at which the proposed transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Companies. Accordingly, we do not express an opinion or offer any



form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies. Our conclusions are based on the assumptions and information given by and on behalf of the Companies and reliance on public information. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

While carrying out this engagement we have relied extensively on historical information made available to us by the management of the Companies / available in public domain. We did not carry out any due diligence with respect to the information provided / extracted or carry out any verification of the assets save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

Accordingly, we assume no responsibility for any errors in the information furnished by the Companies or obtained from public domain and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.

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

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction or other alternatives or whether or not such alternatives could be achieved or are available.

No investigation of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the Boards of Directors of the Companies that has appointed us under the terms of our engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken. Omissions of or advice given by any other advisor to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. Unless specifically agreed, in no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in



connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Share Exchange Ratio. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Valuation Report is subject to the laws of India. BSM and WCC have not prepared the Report for inclusion in a registration statement under the US Securities Act of 1933 and would not be referred to as an 'expert' in any regulatory filings under the US Securities Act of 1933 or under any of the securities laws/ regulations of any other state or jurisdiction in the United States/ United Kingdom.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the proposed Scheme of Amalgamation, without our prior written consent except for disclosures to be made to relevant regulatory authorities including stock exchanges and SEBI.

This Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

## SHAREHOLDING PATTERN OF COMPANIES

### ICL

The issued and subscribed equity share capital of ICL as on the date of the Report is INR 3,603.49 crores consisting of 360.35 crores equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Sr. No.	Shareholder	Percentage
1.	Promoter Group	42.45%
2.	Non-promoter Group*	57.55%
	<b>Total</b>	<b>100.00%</b>

*\*Non promoter includes Institutions*

Further, 2.70 crores ESOPs are outstanding as on the current date. The diluted number of equity shares, as on the date of this Report, after considering the exercise of all the outstanding employee stock options would be 363.04 crores.



## VIL

The issued and subscribed equity share capital of VIL as on the Date of the Report is INR 2,813.30 crores consisting of 281.33 equity shares of face value of INR 10 each. The share capital of VIL is held ultimately by VF Group Plc and its subsidiaries.

## VMSL

The issued and subscribed equity share capital of VMSL as on the date of this Report is INR 1,376.30 crores consisting of 137.60 crore equity shares of face value of INR 10 each. The entire share capital of VMSL is held by VIL.

## APPROACH & METHODOLOGY

The Composite Scheme contemplates the amalgamation of VMSL into ICL followed by VIL into ICL. Arriving at the Share Exchange Ratio for the proposed amalgamation of VIL and VMSL into ICL would require determining value of VIL and VMSL in terms of their relative value of the equity shares of ICL. These values are to be determined independently but on a relative basis, and without considering the current Transaction.

It is universally recognized that Valuation is not an exact science and that estimating values necessarily involves selecting a method or an approach that is suitable for the purpose. Courts in India have, over a period of time, evolved certain guiding principles, the most leading case being the decision of the Supreme Court in Hindustan Lever Employee's Union vs. Hindustan Lever Limited and Others [(1995) 83 Company Cases 30].

The aforesaid decision endorses that a fair and appropriate approach for valuing the companies would be to use a combination of various methods which in that case were:

- Market Price ("MP") method.
- Comparable Companies Market Multiple ("MM") Method / Earnings Multiple Method and
- Net Asset Value ("NAV") method;

Another classical approach to valuation is to look at future cash flows, so as to arrive at a valuation that would, primarily, be based on the present value of such future cash flows by discounting such future cash flows using an appropriate rate of discounting. This method of valuation is popularly known as the Discounted Cash Flows ("DCF") Method.

As discussed below for the proposed amalgamation of VIL and VMSL into ICL, we have considered these methods, to the extent relevant and applicable by each Valuer independently.

This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.



We have relied on the judgment of the Managements as regards contingent and other liabilities. We are informed that contingent liabilities are covered by indemnities, and, therefore, we have not reduced them for arriving at the valuation.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guideline and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The valuation methodologies used to arrive at the value attributable to the equity shareholders of ICL and VII are discussed hereunder:

#### **Market Price (MP) Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

Since, ICL is a listed company, it is governed by the Securities and Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 ("ICDR Regulations). Under the ICDR Regulations issuance of shares pursuant to order under sections 391 to 394 of the Companies Act, 1961 or sections 230 to 234 of the Companies Act, 2013, requires to follow pricing conditions that apply to preferential issue, if such issue is to be made to shareholders of an unlisted company. We have given due consideration to this requirement

In the present case, equity shares of ICL are listed on BSE and NSE. The share price observed on NSE for ICL over an appropriate period as prescribed under the ICDR Regulation prior to the Relevant Date has been considered for determining the value of ICL under the market price methodology as the traded turnover of shares of ICL on NSE is higher than that on BSE.

Under the Market Value Approach, we have considered the Relevant Date as March 17, 2017, the last working day immediately prior to the date of the Board Meeting to consider the Transaction and the Composite Scheme for approval.

#### **Comparable Companies Market Multiple ("MM") Method / Earnings Multiple Method**

Under this method, value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.



To arrive at the value available to the equity shareholders of the Companies, value arrived above under this method is adjusted for cash and cash equivalents, investments, debt, ESOPs and other matters as considered appropriate.

#### **Net Asset Value (NAV) Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. NAV Methodology has been considered since these entities have significant capital employed on physical assets in their balance sheet.

We have computed the Net Asset Value of equity shares of the Companies as per balance sheet as at 31 December 2016. Adjustments, as appropriate, have been made for the value of investments, ESOPs and other matters to arrive at the value attributable to the equity shareholders.

#### **Discounted Cash Flows (DCF) Method**

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

*Appropriate discount rate to be applied to cash flows i.e. the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

In the present case, we have not been provided with financial projections by the management of the Companies. Further, in view of rapid developments in the industry, the equity analyst estimates on the performance of these companies have been volatile leading to uncertainty in estimating the future cash flows. Given these limitation, DCF has not been used as a methodology to arrive at the Share Exchange Ratio.

#### **Basis of Share Exchange Ratio**

##### **For VIL and ICL**

The basis of the Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a fair exchange ratio of equity shares it is necessary to arrive at a single value for each of the business / subject companies' shares. It is however important to note that in doing so we are not attempting to arrive at the absolute equity values of the Companies and / or their associates, joint ventures and subsidiaries but at their



relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies. The Share Exchange Ratio is based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the companies, having regard to information base, key underlying assumptions and limitations.

As considered appropriate, we have independently applied methodologies discussed above and arrived at their assessment of value of the Companies.

Both companies belong to the same industry and are close in terms of financial parameters and business operations. Given this background, the valuation parameters of both the companies are very similar. For any reason, if valuation of one company is to undergo a change, a similar change would be reflected in the underlying value of the other company, the relative value of the other company would also undergo a similar change in the underlying value. -

The equity value for each of the company is arrived at by averaging the values under the approaches discussed above, to the extent considered relevant. To arrive at the consensus on the Share Exchange Ratio suitable averaging and rounding off in the values have been done.

**For VMSL and ICL:**

Under the Composite Scheme, amalgamation of VMSL into ICL would result in allotment of shares of ICL to VIL, we have arrived at a separate value of VMSL by attributing the business value of VIL arrived at above, in the proportion of EBITDA, based on the nine months period ended December 31, 2016, of VMSL to VIL. It may be noted that these shares would be cancelled upon amalgamation of VIL into ICL.

**Conclusion**

Based on our valuation exercise, we find that the total value of VIL and VMSL as a percentage of value of ICL works out to 50 % and 47 % respectively. We have been informed by the management that since the regulatory approvals required by the companies could result in lapse of time, there could be equity infusion in the companies in the intervening period and the number of shares may undergo a change. However, in such a scenario, we are informed by the Management that the expected capital structure would result in the effective shareholding in the merged entity being maintained.

We have therefore recommended our findings in the form of percentage holding that would be allotted to the shareholders of VIL and VMSL pursuant to the proposed amalgamation and not based the same on the number of shares.

Based on the foregoing data, considerations and steps followed, we consider that the fair percentage of allotment would be as follows:

- **Step 1**

"For the entire shareholding in VMSL, the shareholders of VMSL i.e. VIL would be issued 47% holding in ICL."



- **Step 2**

“For the entire shareholding in VIL, the shareholders of VIL would be issued 50% shareholding in ICL after cancellation of shares issued upon completion of Step 1.”

Respectfully submitted,

*Bansi S. Mehta*

**Bansi S. Mehta & Co**

**Chartered Accountants**

Firm Registration No: 100991W

Date: 19th March, 2017



*Ravinder Chandiok*

**Walker Chandiok & Co LLP**

**Chartered Accountants**

Firm Registration No: - 001076N/ N500013

Date: 19 March 2017





**CONFIDENTIAL**

March 19, 2017

The Board of Directors  
 Idea Cellular Limited  
 10<sup>th</sup> Floor, The Birla Centurion  
 Pandurang Budhkar Marg, Worli  
 Mumbai 400 030

Dear Members of the Board:

**I. Engagement Background**

We understand that the Board of Directors of Idea Cellular Limited (“Idea” or “Company”), Vodafone Mobile Services Limited (“VMSL”) and Vodafone India Limited (“VIL”) are considering a merger of VMSL and VIL (excluding VIL’s stake in Indus Towers Limited and certain other identified assets, together known as “Other VIL Assets”) into Idea. The proposed mergers are to be carried out pursuant to a Composite Scheme of Amalgamation and Arrangement (“Scheme”) under the relevant sections of the Companies Act, 2013 and the Companies Act 1956, as may be applicable.

We understand from the management of Idea that pursuant to the proposed mergers, the shareholders of VMSL and VIL will be issued the Company’s equity shares as a consideration for their respective shareholding in the two merging companies. The terms and conditions of the proposed mergers are more fully set out in draft scheme document shared with us on March 16, 2017 (“Draft Scheme Document”), the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We further understand that the respective shareholding on the proposed mergers have been arrived at based on the valuation report dated 19 March 2017 jointly prepared by Walker Chandiook & Co. LLP and Bansil S. Mehta & Co (jointly the “Valuers”), who had been jointly appointed for this exercise by Idea, VIL and VMSL.

Based on our perusal of the valuation report dated 19 March 2017 and the Draft Scheme Document, including any assumptions and caveats mentioned therein, we understand that as Part II of the Scheme, VMSL will merge into Idea, and consequent to the same, VIL (which is the holding company of VMSL) will be issued such number of new shares in the Company so that it holds 47% shareholding (“Interim Shareholding”) in Idea. As Part III of the Scheme, it is proposed that VIL (including its stake in Idea acquired pursuant to the merger envisaged in Part II of the Scheme, but excluding Other VIL Assets) will

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merge with Idea. On completion of both the abovementioned proposed mergers under the Scheme, the shareholders of VIL will hold 50% shareholding ("Proposed Shareholding") in Idea ("Merged Entity").

In connection with the aforesaid, you requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the Interim Shareholding and the Proposed Shareholding, as proposed by the Valuers, from a financial point of view, to the shareholders of Idea.

## **II. Basis of Opinion**

The Rationale for the Scheme as shared with us by the Company's management is based on inter-alia the following benefits:

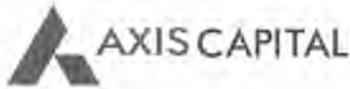
- consolidation of the telecommunications business of the relevant companies resulting in expansion of such companies' business and creation of greater value for their respective shareholders;
- availability of combined resources and assets to be utilised for strengthening the customer base of the companies and servicing customers more efficiently;
- synergies in operational processes and logistics alignment leading to economies of scale, creation of efficiencies and optimisation of operational and capital expenditure; etc

A brief history of each of the aforesaid companies is as under –

Idea is the third largest wireless operator in India with a Revenue Market Share of 18.1% (Q3FY17). Idea provides GSM mobile services in all 22 service areas of India, 3G services in 21 service areas of India (except Orissa), including through Intra-Circle Roaming (ICR) arrangements with other operators and 4G services in 12 service areas on its own spectrum. The Company has recently started offering its Digital Services. Idea also provides NLD, ILD, ISP and IP-1 services. In addition, Idea holds 11.15% stake in Indus tower and 49% stake in Aditya Birla Idea Payments Bank Limited. Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries.

VIL was incorporated on 21 February 1992 under the Companies Act, 1956 as a company with limited liability with the Corporate Identity Number U32200MH1992PLC119108. Vodafone Group Plc. is the ultimate holding company of the Company, which is listed on London stock exchange and has ADRs listed on Nasdaq. VIL and its subsidiary, VMSL, are engaged in the business of providing mobile communications services in India, including voice, messaging, data, fixed-line solutions and devices to





assist customers in meeting their communications needs. Indus Towers Limited, a joint venture of VIL, is one of the leading tower infrastructure providers in India.

VMSL was incorporated on 27<sup>th</sup> March 1992 under the Companies Act, 1956 as a company with limited liability with Corporate Identity Number U64202DL1992PLC088087. VMSL is a wholly-owned subsidiary of VIL, which in turn is held by the Ultimate Parent. VMSL is engaged in the business of providing mobile communications services across India (except the Mumbai service area) supported by its national and international long distance services.

The key features of the Scheme provided to us through Draft Scheme Document are as under:

1. As consideration of the merger of VMSL into Idea, only shares in Idea shall be issued to the shareholders of VMSL (i.e. VIL). On the merger of VMSL into Idea, Idea shall issue and allot to VIL equity shares of Idea, credited as fully paid, such that VIL will hold 47% of the equity share capital of Idea post-merger on a fully diluted basis.
2. As consideration of the merger of VIL into Idea, only shares in Idea shall be issued to all the shareholders of VIL and shares of Idea issued to VIL pursuant to merger of VMSL into Idea shall be cancelled on merger of VIL into Idea. On merger of VIL into Idea subsequent to merger of VMSL into Idea, Idea shall issue and allot to shareholders of VIL equity shares of Idea, such that the shareholders of VIL will hold 50% of the equity share capital of the Merged Entity on a fully diluted basis.
3. Upon the Scheme becoming effective, all equity shareholders of VIL shall become shareholders of Idea.
4. The equity shares of Idea to be allotted pursuant to the Scheme shall rank for dividend, voting rights and in all other respects *pari passu* with the existing shares of Idea.

We have relied upon the Draft Scheme Document and taken the abovementioned key features of the Scheme (together with the other facts and assumptions set forth in section III of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

### **III. Limitation of Scope and Review**

Our Opinion and analysis is limited to the extent of review of documents as provided to us by Idea, VMSL and VIL including the draft valuation report prepared by the Valuers and the Draft Scheme Document.

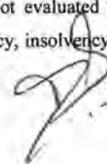
In connection with this Opinion, we have:

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- (i) Reviewed the Draft Scheme Document and the valuation report dated 19 March 2017.
- (ii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations ;
- (iii) reviewed certain historical business and financial information relating to each of the entities, as provided by the Company;
- (iv) considered publicly available research on the Company and VIL (as covered in the analyst reports of VIL's parent, Vodafone Group plc) as available with us as at the date hereof;
- (v) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the joint valuation report and recommendations;
- (vi) sought various clarifications with the respective senior management teams of the relevant companies;
- (vii) reviewed historical stock prices and trading volumes of the Company's shares on NSE
- (viii) reviewed certain publicly available information with respect to certain other companies in same line of business and which we believe to be generally relevant in the context of the businesses of the Company and VIL; and
- (ix) performed such other financial analysis and considered such other information and factors as we deemed appropriate.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon the Company's assurances that it is not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Company, VIL, VMSL and / or their respective subsidiaries/affiliates. In particular, we do not express any opinion as to the value of any asset of the Company, VIL, VMSL and / or their respective subsidiaries/affiliates, whether at current prices or in the future. No investigation of the respective company's claim to title of assets has been made for the purpose of the exercise and the companies' claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of the Company, VIL or VMSL under any law relating to bankruptcy, insolvency or similar matter.



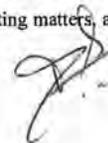
One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Company are being issued as consideration to the shareholders of VIL and VMSL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the Company vis-à-vis shares of VIL and VMSL, respectively.

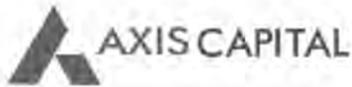
We have assumed, with the Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme Document, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, VMSL, VIL and / or its relevant subsidiaries/affiliates and their respective shareholders. We have assumed, at the directions of the Company, that the final Scheme will not differ in any material respect from the Draft Scheme Document. We understand from the Company's management that the Scheme will be given effect to in totality and not in parts. Accordingly, our Opinion should be seen from a perspective of the resultant Proposed Shareholding, with the Interim Shareholding being an interim step to achieving the final commercial outcome.

We express no view or opinion as to any terms or other aspects of the Scheme (other than the Proposed Shareholding and the Interim Shareholding to the extent expressly specified herein) including, without limitation, the form or structure of the proposed mergers. We were not requested to, and we did not, participate in the negotiations of the proposed mergers. Our Opinion is limited to the fairness, from a financial point of view, to the Company of the Interim Shareholding and the Proposed Shareholding. Our analysis relates to the relative values of the Company and VIL and VMSL. We express no opinion or view with respect to the financial implications of the merger for any stakeholders, including creditors of the Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the mergers, the relative merits of the proposed mergers as compared to any other alternative business strategy, the effect of the mergers on the Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of the Company's shares post completion of the proposed mergers. The Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the mergers. Our Opinion is necessarily based only upon information as referred to in this letter.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Company, VIL, VMSL and / or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or accounting matters, as to





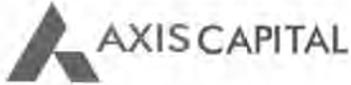
which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation or other contingent liabilities to which the Company, VIL, VMSL and / or their subsidiaries/affiliates, are or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the merger of VMSL and VIL into Idea as contemplated in the Draft Scheme Document provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from a financial point of view, of the Interim Shareholding and the Proposed Shareholding.

We have in the past provided, and may currently or in the future provide, investment banking services to the Company, VIL, VMSL and/or their subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Company, VIL, VMSL and/or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may invest in securities of the Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Company (in its capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Ltd. (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed, and for no other purpose. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

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The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

#### **IV. Conclusion**

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the Interim Shareholding and the Proposed Shareholding are fair to the shareholders of Idea from a financial point of view.

Very truly yours,

**For Axis Capital Ltd.**



**Deepak Sharma**  
**Managing Director**  
**Investment Banking**



DCS/AMAL/MR/R37/887/2017-18

August 04, 2017

The Company Secretary  
**IDEA CELLULAR LTD.**  
 Suman Tower, Plot No 18,  
 Sector 11, Gandhi Nagar,  
 Gujarat, 382011.

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement involving amalgamation of Vodafone Mobile Service Limited and Vodafone India Limited with Idea Cellular Limited.**

We are in receipt of Draft Scheme of Arrangement involving amalgamation of Vodafone Mobile Service Limited (VMSL) and Vodafone India Limited (VIL) with Idea Cellular Limited (ICL) and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 04, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "SEBI had received a complaint alleging that one of the promoters of ICL ('Purchasers') had purchased .23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchaser shall be borne by them. ICL has also submitted a voluntary undertaking stating, inter-alia, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaken that any liability eventually held to be valid against it shall be borne by ICL."
- "Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 ('SAST') as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement. Inter-alia, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme."
- "Abridged prospectus as mandated under Clause 8 of SEBI Circular shall contain a risk factor no.1 detailing the risk associated with the outcome of the examination by SEBI of the allegations in the aforesaid complaint."
- "NSE to ensure that the scheme shall clearly provide for voting by public shareholder and that the scheme of arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in terms of Clause 9 of Annexure I to SEBI Circular dated March 10, 2017."
- "The explanatory statement to the notice to shareholders shall disclose prominently that SEBI is examining the allegations w.r.t transactions done by the purchasers in the shares of ICL before the announcement of the instant scheme."
- "All the above facts shall be brought to the notice of NCLT."



BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
 Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
 T: +91 22 2272 1234/33 E: corp.comm@bseindia.com www.bseindia.com  
 Corporate Identity Number : L67120MH2005PLC155186

- "Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

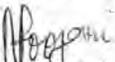
Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT. Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble NCLT, the listed company shall submit to the stock exchange the following:

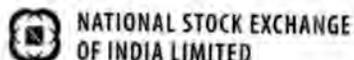
- Copy of the NCLT approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed;
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

  
**Nitin Fujari**  
 Sr. Manager



Ref: NSE/LIST/11262

August 04, 2017

The Company Secretary,  
Idea Cellular Limited  
Suman Tower, Plot No.-18,  
Sector-11, Gandhinagar – 382011

Kind Attn: Mr. Pankaj Kapdeo

Dear Sir,

**Sub: Observation letter for draft Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors.**

This has reference to draft Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors submitted to NSE on April 15, 2017.

Based on our letter reference no Ref: NSE/LIST/5971 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI has vide letter dated August 04, 2017, has given following comments on the draft Scheme of Amalgamation:

1. *SEBI had received a complaint alleging that one of the promoters of ICL ('Purchasers') had purchased 0.23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities Laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchasers shall be borne by them. ICL has also submitted a voluntary undertaking stating, inter-alia, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaken that any liability eventually held to be valid against it shall be borne by ICL.*
2. *Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 ('SAST') as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement, inter-alia, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme.*
3. *Abridged prospectus as mandated under Clause 8 of SEBI Circular shall contain a risk factor no.1 detailing the risks associated with the outcome of the examination by SEBI of the allegations in the aforesaid complaint.*
4. *Company to ensure that the scheme shall clearly provide for voting by public shareholders and that the scheme of arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in terms of Clause 9 of Annexure 1 to SEBI Circular dated March 10, 2017.*
5. *The explanatory statement to the notice to shareholders shall disclose prominently that SEBI is examining the allegations w.r.t. transactions done by the purchasers in the shares of ICL before the announcement of the instant scheme.*



6. All the above facts shall be brought to the notice of NCLT.
7. Company to ensure that additional information, if any, submitted after filing the scheme with the Stock Exchanges, shall be displayed from the date of receipt of this letter on the website of the listed company.
8. Company shall duly comply with various provisions of the circulars.
9. Company is advised that the observations of SEBI Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the National Company Law Tribunal.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from August 04, 2017, within which the Scheme shall be submitted to the NCLT. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by NCLT, you shall submit to NSE the following:

- a) Copy of Scheme as approved by the NCLT;
- b) Result of voting by shareholders for approving the Scheme;
- c) Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme,
- d) Status of compliance with the Observation Letter/s of the stock exchanges.
- e) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f) Complaints Report as per SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Yours faithfully,  
For National Stock Exchange of India Limited

Divya Poojari  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL  
[http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)

This Document is Digitally Signed



13<sup>th</sup> May, 2017

**The General Manager**  
**BSE Limited**  
 Department of Corporate Services  
 Rotunda Building,  
 P.J. Towers, Dalal Street,  
 Mumbai – 400 001

**National Stock Exchange of India Limited**  
 "Exchange Plaza",  
 Bandra – Kurla Complex,  
 Bandra (East),  
 Mumbai-400 051

Dear Sirs,

**Sub: Submission of Complaint Report as per Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed composite scheme of amalgamation and arrangement among Vodafone Mobile Services Limited, Vodafone India Limited and Idea Cellular Limited ("Scheme")**

Please refer to our application under aforementioned regulation for the proposed scheme of amalgamation and arrangement among Vodafone Mobile Services Limited, Vodafone India Limited and Idea Cellular Limited ("Scheme") submitted on 15<sup>th</sup> April, 2017.

In this regard, we are enclosing herewith the Complaint Report.

This is for your kind perusal.

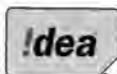
Thanking you,

Yours truly,  
 For Idea Cellular Limited

**Pankaj Kapdeo**  
**Company Secretary**



Encl: As above



Idea Cellular Limited, 9th to 12th Floors, Birla Centurion, Century Mills Compound,  
 Pandurang Budhkar Marg, Worli, Mumbai 400030, India. Telephone: +91 95940 04000, Fax: +91 95940 03182.  
 Email: info@idea.adityabirla.com, Website: www.idealcellular.com Corporate Identity Number: L32100GJ1996PLC030976.



## Complaints Report

### Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	N.A.
5.	Number of complaints pending	N.A.

### Part B

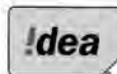
Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For Idea Cellular Limited

**Pankaj Kapdeo**  
Company Secretary



Date: 13<sup>th</sup> May, 2017



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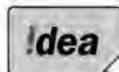


## Summary of the Joint Valuation Report along with the basis of such valuation

1. Idea Cellular Limited ("ICL"), Vodafone India Limited ("VIL") and Vodafone Mobile Services Limited ("VMSL", and collectively with ICL and VIL, the "Companies") engaged Walker Chandok & Co LLP ("WCC") and Bansil S. Mehta & Co. ("BSM", and together with WCC, the "Joint Valuers") as independent valuers to recommend the Share Exchange Ratio in connection with the proposed amalgamation of VIL and VMSL into ICL. Accordingly, the Joint Valuers have issued a valuation report dated 19 March 2017 (the "Joint Valuation Report") which is enclosed as Annexure 1.
2. ICL appointed Axis Capital Ltd. ("Axis Capital") as the merchant banker to provide an independent opinion to the board of directors of ICL as to the fairness of the Share Exchange Ratio recommended by the Joint Valuers to the shareholders of ICL.
3. Axis Capital reviewed the Joint Valuation Report and the draft scheme and carried out such independent analysis as is customary for issuance of fairness opinions. In its report dated 19 March 2017 enclosed as Annexure 2 (the "Fairness Opinion"), Axis Capital has concluded that the Share Exchange Ratio recommended by the Joint Valuers is fair to the shareholders of ICL.
4. Based on the Joint Valuation Report, the Fairness Opinion (in the case of ICL) and presentations made to the board of directors of the Companies, the Share Exchange Ratio was approved by the respective boards of the Companies.
5. The Joint Valuers carried out independent analysis using standard, generally accepted valuation methodologies. In particular, the Joint Valuers have considered the Net Asset Value Method, the Comparable Companies Market Multiple Method and the Market Price Method, to the extent relevant and applicable. The assets of VIL and VMSL outside the transaction perimeter as identified in the draft scheme provided to the Joint Valuers were excluded for purposes of valuation. The Share Exchange Ratio was determined on the basis of relative equity valuation of the Companies and the relative equity value for each Company was determined by applying appropriate weights to the values under the above methods, to the extent considered relevant. The equity value for ICL considered for the Share Exchange Ratio was based on the Market Price Method in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 since the equity value based on the Net Asset Value Method and the Comparable Companies Market Multiple Method was lower than that determined pursuant to the Market Price Method.

For Idea Cellular Limited

**Pankaj Kapdeo**  
Company Secretary



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E-mail: info@idea.adityabirla.com, Website: www.ideacellular.com Corporate Identity Number: L32100G11996PLC030976.

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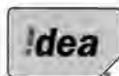


**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF IDEA CELLULAR LIMITED ("THE COMPANY") AT ITS MEETING HELD ON MONDAY THE 20<sup>TH</sup> DAY OF MARCH 2017, EXPLAINING THE EFFECT OF COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT AMONG VODAFONE MOBILE SERVICES LIMITED, VODAFONE INDIA LIMITED AND IDEA CELLULAR LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS**

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**Background:**

1. The Board of Directors ("**the Board**") of Idea Cellular Limited ("**IDEA**" or "**the Company**") at its meeting held on 20<sup>th</sup> March, 2017, approved the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited ("**VMSL**"), Vodafone India Limited ("**VIL**") and the Company and their respective shareholders and creditors (hereinafter referred to as "**Scheme**"), for the amalgamation of VMSL and VIL with the Company, to be implemented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. In terms of the Section 232(2)(c) of the Companies Act, 2013, a report from the Board of the Company explaining the effect of the Amalgamation and Arrangement on Equity Shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders of the Company has to be appended with the notice of the meeting of shareholders and creditors. Further the said report has to specify special valuation difficulties, if any, in the valuation.
3. This report of the Board is accordingly made in order to comply with the requirements of Section 232(2)(c) of the Companies Act, 2013.
4. While deliberating on the Scheme, the Board had, inter-alia, considered and took on record the following documents:
  - (a) Draft Scheme;
  - (b) Joint Valuation Report dated 19<sup>th</sup> March, 2017, issued by the Independent Valuers namely, M/s Bansi S. Mehta & Co., Chartered Accountants and M/s Walker Chandio & Co. LLP, Chartered Accountants, ("**Valuation Report**");
  - (c) Fairness Opinion dated 19<sup>th</sup> March, 2017, issued by M/s Axis Capital Limited, a category I Merchant Banker ("**Fairness Opinion**"); and



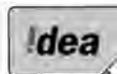
Idea Cellular Limited, 9th to 12th Floors, Birla Centurion, Century Mills Compound,  
 Pandurang Budhkar Marg, Worli, Mumbai 400030, India. Telephone: + 91 95940 04000, Fax: + 91 95940 03182.  
 E mail: info@idea.adityabirla.com, Website: www.idealcellular.com Corporate Identity Number: L32100CJ1996PLC030976.



- (d) Report of the Audit Committee of the Board of Directors dated 19<sup>th</sup> March, 2017.

**Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), employees and KMPs of IDEA:**

5. The Scheme, amongst others, contemplates the following arrangement:
- (a) On the Effective Date and as enumerated under Part II of the Scheme, IDEA shall allot equity shares to VIL in the manner as stipulated in Clause 2.4 of Part II of the Scheme;
  - (b) On the Effective Date and as enumerated under Part III of the Scheme, the shares issued by IDEA to VIL pursuant to Part II of the Scheme shall stand cancelled and IDEA shall allot equity shares to the shareholders of VIL in the manner as stipulated in Clause 3.4 of Part III of the Scheme;
  - (c) The authorised share capital of VIL and VMSL, respectively, shall stand transferred to and be amalgamated with the authorised share capital of IDEA in the manner as stipulated in Clause 2.2.1 of Part II and Clause 3.2.1 of Part III of the Scheme;
  - (d) The equity shares issued by IDEA to VIL pursuant to Part II of the Scheme shall stand cancelled in their entirety, which shall be effected as a part of the Scheme itself and not in accordance with section 66 of the Act in the manner as stipulated in Clause 3.4.4(ii) of Part III of the Scheme;
  - (e) Clause V of the memorandum of association of IDEA shall be amended in accordance with Clause 4.3(a) of Part IV of the Scheme;
  - (f) The articles of association of IDEA shall be amended and restated in the manner as set out in Schedule 3 of the Scheme;
  - (g) IDEA shall enter into Recharges Agreements and Brand Licence Agreement as set out in Clauses 4.4.1 and 4.4.2 of the Scheme;
  - (h) All existing contracts and other arrangements of IDEA and its subsidiaries with related parties (except the Recharges Agreements and Brand Licence Agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the Recharges Agreements or in Schedule 2 of the Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Scheme;



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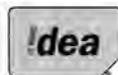
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(i) Certain arrangements as stipulated in Clause 5 of Part V of the Scheme.

Thus, under the Scheme, an arrangement is sought to be entered into between IDEA and its equity shareholders.

6. Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of IDEA. No compromise is offered under the Scheme to any of the creditors of IDEA. The liability of the creditors of IDEA, under the Scheme, is neither being reduced nor being extinguished.
7. Under the Scheme, no arrangement is sought to be entered into between IDEA and its debentureholders (either secured or unsecured). No rights of the debentureholders of IDEA are being affected pursuant to the Scheme. The debenture trustee(s) appointed for the different series of Non-Convertible Debentures shall continue to remain the debenture trustee(s).
8. As on date, IDEA has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.
9. Under the Scheme, no rights of the staff and employees of IDEA are being affected. The services of the staff and employees of IDEA, shall continue on the same terms and conditions on which they were engaged by IDEA.
10. As stipulated in Clause 3.7 of Part III read with Clause 4.2.2 of Part IV of the Scheme, upon allotment of equity shares of IDEA to the promoters of VIL pursuant to Part III of the Scheme, the existing promoters of IDEA together with the promoters of VIL shall be the promoters of IDEA. Upon completion of the steps as set out in Clause 5 of Part V of the Scheme read with Clause 4.2.1 of Part IV of the Scheme, the promoters of IDEA shall hold 26.0% of the paid-up equity share capital of IDEA and the promoters of VIL shall hold 45.1% of the paid-up equity share capital of IDEA on the Effective Date. Further, as per article 12 of Part III of the articles of association as set out in Schedule 3 of the Scheme and with effect from the Effective Date, the promoters of IDEA have the right to acquire additional equity share capital of IDEA from the promoters of VIL under an agreed mechanism, with a view to equalising the shareholdings of the promoters of IDEA and the promoters of VIL in IDEA.
11. With effect from the Effective Date, the composition of the Board of Directors of IDEA shall be in the manner as stipulated in articles 5.2 and 5.7 of Part III of the articles of association set out in Schedule 3 to the Scheme.



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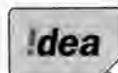
12. With effect from the Effective Date, the appointment of certain of the key managerial personnel of IDEA shall be in the manner as stipulated in article 7 of Part III of the articles of association set out in Schedule 3 to the Scheme.
13. The directors, key managerial personnel of IDEA and their respective relatives may have an interest in the Scheme to the extent of the equity shares held by them in IDEA and/or to the extent that one of the directors, namely, Mr. Kumar Mangalam Birla, is a promoter of IDEA and/or to the extent that the said promoter along with other promoters of IDEA may hold shares in IDEA as stated earlier and/or to the extent that two of the directors namely, Mr. Kumar Mangalam Birla and Mr. Himanshu Kapania of IDEA are the directors of Aditya Birla Management Corporation Private Limited with whom IDEA shall enter into a recharges agreement as contemplated under Clause 4.4.1 of the Scheme and/or to the extent that the said director(s), key managerial personnel and their respective relatives are the director(s), members of the companies that holds shares in IDEA. Save as aforesaid, none of the said directors or key managerial personnel has any material interest in the Scheme. Further, the directors, the key managerial personnel of IDEA and their respective relatives do not hold any shares either in VMSL or in VIL.
14. No special valuation difficulties were reported.

By order of the Board

  
**Himanshu Kapania**  
Managing Director  
DIN: 03387441



20<sup>th</sup> March, 2017



Idea Cellular Limited, 9th to 12th Floors, Birla Centurion, Century Mills Compound,  
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E mail: [info@idea.adityabirla.com](mailto:info@idea.adityabirla.com), Website: [www.ideacellular.com](http://www.ideacellular.com) Corporate Identity Number: L32100GJ1996PLC030976.

Registered Office : Suman Tower, Plot No. 18, Sector 11, Gandhinagar 382 011. Telephone: +91 79 6671 4000 Fax: +91 79 2323 2251



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF VODAFONE MOBILE SERVICES LIMITED AT ITS MEETING HELD ON 14 JULY 2017 ON THE COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT AMONG VODAFONE MOBILE SERVICES LIMITED, VODAFONE INDIA LIMITED, IDEA CELLULAR LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. Background**

- 1.1. Vodafone Mobile Services Limited ("VMSL"), Vodafone India Limited ("VIL") and Idea Cellular Limited (the "Transferee Company") propose to enter into a composite scheme of amalgamation and arrangement (the "Proposed Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Companies Act"). The board of directors of VMSL approved the Proposed Scheme pursuant to resolutions adopted at a meeting held on 19 March 2017.
- 1.2. Pursuant to Section 232(2)(c) of the Companies Act, the board of directors of the companies involved in a scheme of arrangement are required to adopt a report explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders setting out in particular, the share exchange ratio specifying any special valuation difficulties. Such report is required to be circulated to the shareholders and creditors of the relevant companies, together with the notice for the meeting of the shareholders and creditors.
- 1.3. Accordingly, this report has been prepared in accordance with the requirements of Section 232(2)(c) of the Companies Act and the following documents were placed before the board of directors of VMSL for preparation of this report:
  - (a) Draft of the Proposed Scheme; and
  - (b) Report dated 19 March 2017 issued jointly by Bansil S. Mehta & Co. and Walker Chandiook & Co LLP setting out the recommendation of the share exchange ratio in the form of percentage holding to be allotted to the shareholders of VMSL and VIL pursuant to the Proposed Scheme (the "Valuer Report").

**2. Effect of the Proposed Scheme**

**2.1. Shareholders / Promoters**

VMSL has only one class of shares, i.e., equity shares, and all such equity shares are held by or for the benefit of its promoter, VIL. Accordingly, VMSL does not have any non-promoter shareholders.

As stated in Clause 2.4 of the Proposed Scheme, and based on the Valuer Report and the independent judgment of the board of directors of VMSL and the Transferee Company, upon the amalgamation of VMSL into and with the Transferee Company, VIL as a shareholder of VMSL will be issued and allotted, an aggregate number of equity shares of Rs.10 each of the Transferee Company, equal in number to 89% of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis (as defined in the Proposed Scheme) on the date prior to such issuance (subject to completion of pre-closing adjustments pursuant to Clause 4.2.3 of the Proposed Scheme). Such shares issued to VIL stand cancelled as set out in Part III of the Proposed Scheme.

**Vodafone Mobile Services Limited (CIN - U64202MH1992PLC296375)**

Registered Office: Peninsula Corporate Park, Ganpatrao Kadam Marg,

Lower Parel, Mumbai – 400 013, India

T +91 22 7171 5000, F +91 22 2496 3645, www.vodafone.in



Further, as set out in Clauses 4.4.1 and 4.4.2 of the Proposed Scheme, the Transferee Company shall enter into a recharges agreement with Vodafone Group Services Limited as well as become a party to a brand licence agreement with Vodafone Sales and Services Limited, each of which is a group company of the promoters of VIL. Further, pursuant to Clause 4.4.3 of the Proposed Scheme, all existing contracts and other arrangements with Vodafone group companies (except the recharges agreement and brand licence agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the recharges agreement or in Schedule 2 of the Proposed Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Proposed Scheme.

2.2. *Employees (including Key Managerial Personnel)*

As stated in Clauses 2.1.2 (xiv) and (xv) of the Proposed Scheme, all the staff and employees of VMSL who are in such employment on the Effective Date, will become staff and employees of the Transferee Company, and subject to the provisions of the Proposed Scheme, on terms and conditions not less favourable than those on which they are engaged by VMSL and without any interruption of or break in service as a result of the Proposed Scheme. The promoters of VIL will ensure that the affiliates of such promoters will comply with the terms of any employee benefit plan as of the Effective Date, to the extent such plan grants benefits to the employees of VMSL and its subsidiaries. Further, the Transferee Company will comply with any agreement/settlement entered into with any labour unions or employees of VMSL.

As stated in Article 7 of Part III of the restated articles of association of the Transferee Company proposed to be adopted with effect from the Effective Date (the "**Restated Articles**"): (i) the appointment of the Chief Executive Officer and the Chief Operating Officer will require the approval of the ICL Group Shareholders (as defined in the Restated Articles) and the Vodafone Group Shareholders (as defined in the Restated Articles); and (ii) the Vodafone Group Shareholders will have the right to appoint the Chief Financial Officer.

None of the key managerial personnel of VMSL is concerned or interested, financially or otherwise, in the Proposed Scheme.

2.3. *Directors*

As stated in Article 5.2 of Part III of the Restated Articles proposed to be adopted with effect from the Effective Date, the board of directors of the Transferee Company shall consist of twelve (12) directors as follows appointed in accordance therewith:

- (a) three (3) nominee directors of the ICL Group Shareholders;
- (b) three (3) nominee directors of the Vodafone Group Shareholders; and
- (c) six (6) independent directors.

None of the directors of VMSL is concerned or interested, financially or otherwise, in the Proposed Scheme, except to the extent such director(s) are holding shares in VMSL as a nominee of VIL or are director(s) of any Vodafone group company referenced in paragraph 2.1 above.



2.4. *Depositors*

VMSL does not have any public deposits and accordingly, it does not have any depositors.

2.5. *Creditors*

Under the Proposed Scheme, there is no arrangement with the creditors (including debenture holders) of VMSL. With effect from the Effective Date and as provided in Part II of the Proposed Scheme, the creditors of VMSL shall become creditors of the Transferee Company. No compromise is offered under the Proposed Scheme to any of the creditors of VMSL. The liability of the creditors of VMSL is neither being reduced nor being extinguished and consequently, the creditors of VMSL will not be affected by the Proposed Scheme in any manner.

2.6. *Deposit Trustee and Debenture Trustee*

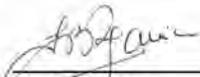
VMSL does not have any public deposits and accordingly, it has not appointed any deposit trustee.

The debenture trustee, Catalyst Trusteeship Limited, appointed in respect of the unsecured debentures issued by VMSL shall continue to remain the debenture trustee and accordingly, will not be affected by the Proposed Scheme in any manner.

**3. Valuation**

No special valuation difficulties have been reported by the valuers

For and on behalf of the **Board of Directors of  
Vodafone Mobile Services Limited**

  
\_\_\_\_\_  
Prashant Bhagania  
Director  
(DIN – 07871589)





**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF VODAFONE INDIA LIMITED AT ITS MEETING HELD ON 17 JULY 2017 ON THE COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT AMONG VODAFONE MOBILE SERVICES LIMITED, VODAFONE INDIA LIMITED, IDEA CELLULAR LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**1. Background**

- 1.1. Vodafone Mobile Services Limited ("VMSL"), Vodafone India Limited ("VIL") and Idea Cellular Limited (the "Transferee Company") propose to enter into a composite scheme of amalgamation and arrangement (the "Proposed Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Companies Act"). The board of directors of VIL approved the Proposed Scheme pursuant to resolutions adopted at a meeting held on 19 March 2017.
- 1.2. Pursuant to Section 232(2)(c) of the Companies Act, the board of directors of the companies involved in a scheme of arrangement are required to adopt a report explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders setting out in particular, the share exchange ratio specifying any special valuation difficulties. Such report is required to be circulated to the shareholders and creditors of the relevant companies, together with the notice for the meeting of the shareholders and creditors.
- 1.3. Accordingly, this report has been prepared in accordance with the requirements of Section 232(2)(c) of the Companies Act and the following documents were placed before the board of directors of VIL at the meeting held on 19 March 2017:
- (a) Draft of the Proposed Scheme; and
  - (b) Report dated 19 March 2017 issued jointly by Bansi S. Mehta & Co. and Walker Chandiook & Co LLP setting out the recommendation of the share exchange ratio in the form of percentage holding to be allotted to the shareholders of VMSL and VIL pursuant to the Proposed Scheme (the "Valuer Report").

**2. Effect of the Proposed Scheme**

**2.1. Shareholders / Promoters**

VIL has only one class of shares, i.e., equity shares, and all such equity shares are held by its promoters. Accordingly, VIL does not have any non-promoter shareholders.

As stated in Clause 3.4 of the Proposed Scheme, and based on the Valuer Report and the independent judgment of the board of directors of VIL and the Transferee Company, upon the amalgamation of VIL into and with the Transferee Company, the shareholders of VIL will be issued and allotted, an aggregate number of equity shares of Rs.10 each of the Transferee Company, equal in number to 100% of the issued, subscribed and paid-up equity share capital of the Transferee Company on a Fully-Diluted Basis (as defined in the Proposed Scheme) immediately prior to such issuance (subject to, and after completion of: (i) pre-closing adjustments pursuant to Clause 4.2.3 of the Proposed Scheme; and (ii) cancellation of shares pursuant to Clause 3.4.4(ii) of the Proposed Scheme), in proportion to their shareholding in VIL. Following completion of such issuance and the transactions





contemplated in Clause 5 of the Proposed Scheme, the shareholders of VIL will hold 45.1% of the equity share capital of the Transferee Company on a Fully-Diluted Basis.

Further, as set out in Clauses 4.4.1 and 4.4.2 of the Proposed Scheme, the Transferee Company shall enter into a recharges agreement with Vodafone Group Services Limited as well as become a party to a brand licence agreement with Vodafone Sales and Services Limited, each of which is a group company of the promoters of VIL. Further, pursuant to Clause 4.4.3 of the Proposed Scheme, all existing contracts and other arrangements with Vodafone group companies (except the recharges agreement and brand licence agreement) shall terminate on the Effective Date unless specifically listed as surviving the Effective Date in the recharges agreement or in Schedule 2 of the Proposed Scheme or as may be otherwise agreed between the parties in accordance with Clause 4.4.3 of the Proposed Scheme.

2.2. *Employees (including Key Managerial Personnel)*

As stated in Clauses 3.1.2 (xiv) and (xv) of the Proposed Scheme, all the staff and employees of VIL who are in such employment on the Effective Date, will become staff and employees of the Transferee Company, and subject to the provisions of the Proposed Scheme, on terms and conditions not less favourable than those on which they are engaged by VIL and without any interruption of or break in service as a result of the Proposed Scheme. The promoters of VIL will ensure that the affiliates of such promoters will comply with the terms of any employee benefit plan as of the Effective Date, to the extent such plan grants benefits to the employees of VIL and its subsidiaries. Further, the Transferee Company will comply with any agreement/settlement entered into with any labour unions or employees of VIL.

As stated in Article 7 of Part III of the restated articles of association of the Transferee Company proposed to be adopted with effect from the Effective Date (the "**Restated Articles**"): (i) the appointment of the Chief Executive Officer and the Chief Operating Officer will require the approval of the ICL Group Shareholders (as defined in the Restated Articles) and the Vodafone Group Shareholders (as defined in the Restated Articles); and (ii) the Vodafone Group Shareholders will have the right to appoint the Chief Financial Officer.

None of the key managerial personnel of VIL is concerned or interested, financially or otherwise, in the Proposed Scheme.

2.3. *Directors*

As stated in Article 5.2 of Part III of the Restated Articles proposed to be adopted with effect from the Effective Date, the board of directors of the Transferee Company shall consist of twelve (12) directors as follows appointed in accordance therewith:

- (a) three (3) nominee directors of the ICL Group Shareholders;
- (b) three (3) nominee directors of the Vodafone Group Shareholders; and
- (c) six (6) independent directors.

None of the directors of VIL is concerned or interested, financially or otherwise, in the Proposed Scheme, except to the extent such director(s) are director(s) of any Vodafone group company referenced in paragraph 2.1 above.



Vodafone India Limited (CIN – U32200MH1992PLC119108)  
 Regd. Off.: Peninsula Corporate Park, Ganpatrao Kadam Marg,  
 Lower Parel, Mumbai – 400 013; India  
 T+91 22 71715000, F+91 22 2496 3645, www.vodafone.in



2.4. *Depositors*

VIL does not have any public deposits and accordingly, it does not have any depositors.

2.5. *Creditors*

Under the Proposed Scheme, there is no arrangement with the creditors of VIL. With effect from the Effective Date and as provided in Part III of the Proposed Scheme, the creditors of VIL shall become creditors of the Transferee Company. No compromise is offered under the Proposed Scheme to any of the creditors of VIL. The liability of the creditors of VIL is neither being reduced nor being extinguished and consequently, the creditors of VIL will not be affected by the Proposed Scheme in any manner.

2.6. *Debenture Holders*

VIL has not issued any debentures and accordingly, it does not have any debenture holders.

2.7. *Deposit Trustee and Debenture Trustee*

VIL does not have any public deposits and has not issued any debentures. Accordingly, it has not appointed any deposit trustee or debenture trustee.

**3. Valuation**

No special valuation difficulties have been reported by the valuers.

For and on behalf of the **Board of Directors of Vodafone India Limited**

Name: **Sunil Sood**

Title: **Managing Director & CEO**

**Show Cause Notices issued to Vodafone India Limited (VIL) and/or directors/ key managerial personnel (KMP)**

Sr. No.	DATE OF SHOW CAUSE NOTICE	ALLEGED VIOLATIONS CITED IN SHOW CAUSE NOTICE(S) ISSUED IN RELATION TO VODAFONE INDIA LIMITED BY REGISTRAR OF COMPANIES, MUMBAI	EXPLANATION OF VIL/ DIRECTORS/ KMP'S
1.	07.08.2015	Section 217 read with Section 215, Companies Act, 1956: financial years 2011-12, 2012-13 & 2013-14: Annexure to Directors' Report not signed	No signature required for annexures on matters concerning energy conservation, technology absorption, foreign exchange earnings/outgo, particulars of employees; hence, there is no violation.
2.	07.08.2015	Section 217, Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975: financial year 2013-14: Details about employees not included in Directors' Report	Details are appearing in the XBRL format of the Directors Report as filed (in .xml file) in Form 23AC by VIL; hence, there is no violation.
3.	07.08.2015	Section 217 read with Section 222, Companies Act, 1956, financial year 2013-14: Explanation to Auditor's remark not provided in the Director's Report	Auditors in their report have clarified that the reference to the matter is not a qualification - no Explanation required; hence, there is no violation.
4.	07.08.2015	Section 193(1A), Companies Act, 1956 (cited duration: 20 May 2004 to 23 May 2005) : Date not mentioned on the last page of minutes of meetings	Compounded
5.	12.08.2015	Section 212, Companies Act, 1956, financial years 2011-12, 2012-13 & 2013-14: Statement regarding subsidiary company not attached in XBRL balance sheets filed vide e-Form 23 AC	Compounded
6.	05.04.2016	Section 211, Companies Act, 1956 read with Accounting Standard 18, financial years 2011-12, 2012-13 & 2013-14: Names of all related parties with whom transactions took place, not disclosed.	Where transaction value with an individual related party is in excess of 10 % of the value of total related party transactions, disclosures are duly made in compliance with para 27 read along with explanation (a) of Accounting Standard-18; hence, there is no violation.
7.	05.04.2016	Section 211, Companies Act, 1956 read with Accounting Standard 18, financial years 2011-12, 2012-13 & 2013-14: Names of all the concern / body corporates in which control exists, not provided.	There are no transactions between VIL and the entities specified, who neither have nor exercise any control over VIL, and VIL does not have nor exercises any control over these entities; accordingly, no disclosures are warranted under Accounting Standard-18; hence, there is no violation.
8.	05.04.2016	Section 187 read with Section 187C, Companies Act, 1956: Annual General Meeting dated 24 April 2006: E-Form 22B (beneficial ownership form) not filed in respect of 1,59,28,061 shares held by Unit Trust of India Investment Advisory Services Limited (UTIASL), although reflected in annexure to the annual return.	There is no declaration received by VIL as to beneficial ownership, and VIL is entitled to rely on the beneficial ownership statement issued by the Registrar & Transfer Agent; hence, there is no violation.
9.	05.04.2016	Section 211 read with Accounting Standard 13, Companies Act, 1956: financial year 2013-14: Details of diminution of investments not provided in the Balance Sheet.	There is no decline which is "other than temporary" in the value of such investments made by VIL as on 31 March 2014; hence, there is no violation.

**Show Cause Notices issued to Vodafone India Limited (VIL) and/or directors/ key managerial personnel (KMP)**

Sr. No.	DATE OF SHOW CAUSE NOTICE	ALLEGED VIOLATIONS CITED IN SHOW CAUSE NOTICE(S) ISSUED IN RELATION TO VODAFONE INDIA LIMITED BY REGISTRAR OF COMPANIES, MUMBAI	EXPLANATION OF VIL/ DIRECTORS/ KMP'S
10.	05.04.2016	Section 211 read with Schedule VI, Companies Act, 1956: financial year 2013-14: Entries of net amounts made in financial statements and notes to accounts.	Line items disclosed by VIL in financial statements for Financial Year ended 31 March 2014 are consistent with requirements in Schedule VI to make disclosures on net basis, as opposed to gross basis; hence, there is no violation.
11.	05.04.2016	Section 211, Companies Act, 1956 read with Accounting Standard 16: financial years 2012-13 and 2013-14: Borrowing cost capitalized not disclosed in the Balance Sheet and Profit & Loss account.	In Financial Year 2012-13, VIL does not have any qualifying assets as per para 3.2 of Accounting Standard 16 and no capitalization of borrowing costs. In Financial Year 2013-14, VIL has disclosed the borrowing cost capitalized in Note 28 - "Finance Cost" and the related disclosure is in Note 29.21. VIL has disclosed accounting policy of Borrowing cost capitalization; hence, there is no violation.
12.	05.04.2016	Section 211, Companies Act, 1956 read with Accounting Standards 1 & 9: financial years 2011-12 and 2012-13: Policy for recognition of interest and dividend income not disclosed in the Balance Sheet.	Accounting Standard 1 only requires disclosure of significant accounting policies; separate accounting is not required or expected to be disclosed for each and every item in the financial statement; interest and dividend income are accounted on accrual basis as per the fundamental accounting assumption for preparation and presentation of financial statements; disclosure is required only if fundamental accounting assumptions are not followed; hence, there is no violation.
13.	05.04.2016	Section 211, Companies Act, 1956 read with Accounting Standards 1, 9, 13, 16, 18: financial years 2011-12, 2012-13 & 2013-14: Deviation from Accounting Standards, reasons for deviation and financial effect, if any, arising due to such deviation not disclosed in the Balance Sheet and Profit & Loss Statement.	The Auditors' Reports for each Financial Year states "In our opinion, the Balance Sheet the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956"; hence, there is no violation.
14.	05.04.2016	Section 211, 217, Companies Act, 1956 read with Accounting Standards 1, 9, 13, 16, 18: financial years 2011-12, 2012-13 & 2013-14: Clarifications to violations of Accounting Standards not provided in the Board's Report.	VIL has fully complied with Accounting Standard 18, Accounting Standard 13, Accounting Standard 16, Accounting Standard 9 and Accounting Standard 1; hence, there is no violation.
15.	25.01.2017	Section 217, Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988: Director's Report does not specify the investments/ proposals for reduction of consumption of energy.	Compounding Application pending.
16.	25.01.2017	S.217, Companies Act, 1956: financial years 2011-12, 2012-13 & 2013-14: Detailed state of affairs of VIL and its subsidiaries not provided in the Directors' Reports.	Compounding Application pending.

**S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants

10th Floor, The Ruby  
4th Sector/1st Block/1st  
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Mumbai-400 028, India  
Tel : +91 22 6192 0000  
Fax : +91 22 6192 1000

**Independent Auditor's Review Report on Review of Interim Standalone Financial Results**

**To the Board of Directors  
Idea Cellular Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Idea Cellular Limited (the 'Company') for the quarter ended June 30, 2017 and year to date from April 1, 2017 to June 30, 2017 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 2 of the Statement which, describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



**S.R. BATLIBOI & ASSOCIATES LLP**

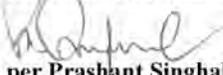
Chartered Accountants

6. The comparative Ind AS financial information of the Company for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor and the Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by predecessor auditor who expressed an unmodified opinion on those Ind AS financial information and financial statements on August 8, 2016 and May 13, 2017 respectively.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



**per Prashant Singhal**  
Partner

Membership No.: 93283

Mumbai

July 27, 2017





**IDEA CELLULAR LIMITED**  
 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Financial Results for the quarter ended 30-June-2017

₹ Mn, except per share data

Particulars	Quarter ended		Year ended	
	30-Jun-17 Unaudited	31-Mar-17 Audited (Refer Note 4)	30-Jun-16 Unaudited	31-Mar-17 Audited
<b>INCOME</b>				
Service Revenue	80,451	80,153	94,470	352,565
Other Operating Income	90	163	23	221
<b>REVENUE FROM OPERATIONS</b>	<b>80,541</b>	<b>80,316</b>	<b>94,493</b>	<b>352,786</b>
Other Income	105	488	514	1,971
<b>TOTAL INCOME</b>	<b>80,646</b>	<b>80,804</b>	<b>95,007</b>	<b>354,757</b>
<b>EXPENSES</b>				
Employee Benefit Expenses	3,797	3,926	3,918	16,266
Network Expenses and IT Outsourcing Costs	26,847	25,479	24,648	101,813
License Fees and Spectrum Usage Charges	8,666	8,935	10,874	40,515
Roaming & Access Charges	10,690	9,424	11,826	42,754
Marketing, Content, Customer Acquisition & Service Costs	10,325	9,590	9,933	40,832
Finance Costs	11,812	10,049	9,796	39,780
Depreciation & Amortisation Expenses	20,240	19,450	19,112	77,000
Other Expenses	2,343	2,477	2,312	9,997
<b>TOTAL EXPENSES</b>	<b>94,720</b>	<b>89,330</b>	<b>92,517</b>	<b>368,947</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(14,074)</b>	<b>(8,526)</b>	<b>2,490</b>	<b>(14,190)</b>
<b>Tax expense:</b>				
- Current tax	-	-	632	-
- Deferred tax	(4,846)	(3,962)	254	(5,879)
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(9,228)</b>	<b>(4,564)</b>	<b>1,604</b>	<b>(8,311)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(12)	23	(51)	(49)
- Income tax effect	4	(8)	18	17
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>(9,236)</b>	<b>(4,549)</b>	<b>1,571</b>	<b>(8,343)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,064	36,053	36,008	36,053
Reserves excluding Revaluation Reserve				201,185
<b>Earnings Per Share for the period (₹)</b>				
- Basic	(2.56)	(1.27)	0.45	(2.31)
- Diluted	(2.56)	(1.27)	0.44	(2.31)



**Notes**

1. The above unaudited financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 27<sup>th</sup> July 2017.
2. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices towards one time spectrum charges:
  - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 3,691 Mn, and
  - for spectrum beyond 4.4 Mhz in respective service areas effective 1<sup>st</sup> January 2013 till expiry of the period as per respective licenses, amounting to ₹ 17,444 Mn.

In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the financial results for the above.
3. During the quarter, the Company has launched its 4G LTE services in the Mumbai service area.
4. The financial results for the quarter ended 31<sup>st</sup> March 2017 is the balancing figure between audited results for the full financial year and the published year to date figures upto the third quarter of the financial year.
5. Previous periods' figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of  
**IDEA CELLULAR LIMITED**

  
**Himanshu Kapania**  
Managing Director

Date : 27<sup>th</sup> July 2017  
Place : Mumbai



**Independent Auditor's Review Report on Review of Interim Consolidated Financial Results**

**To the Board of Directors  
Idea Cellular Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Idea Cellular Limited (the 'Holding Company') comprising its subsidiaries (together referred to as 'the Group'), its joint ventures and associates, for the quarter ended June 30, 2017 and year to date from April 1, 2017 to June 30, 2017 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 2 of the Statement which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one time spectrum charges. Our report is not qualified in respect of this matter.



## **S.R. BATLIBOI & ASSOCIATES LLP**

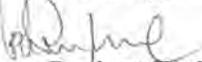
Chartered Accountants

6. The Statement includes the Group's share of net loss of Rs 33.76 million for the quarter ended June 30, 2017, in respect of an associate, whose financial information have been reviewed by other auditors and whose reports have been furnished to us by the Management. Our conclusion, in so far as it relates to the affairs of such associate is based solely on the report of other auditors. Our conclusion is not qualified in respect of this matter.
7. The comparative Ind AS financial information of the Company for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor and the Ind AS consolidated financial statements of the Company for the year ended March 31, 2017, were audited by predecessor auditor who expressed an unmodified opinion on those consolidated Ind AS financial information and financial statements on August 8, 2016 and May 13, 2017 respectively.

**For S.R. BATLIBOI & ASSOCIATES LLP**

**Chartered Accountants**

**ICAI Firm registration number: 101049W/E300004**



**per Prashant Singhal  
Partner**

**Membership No.: 93283**



Mumbai  
July 27, 2017

<b>IDEA CELLULAR LIMITED</b>				
Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976				
Unaudited Consolidated Financial Results for the quarter ended 30-June-2017				
(₹ Mn, except per share data)				
Particulars	Quarter Ended			Year Ended
	30-Jun-17 Unaudited	31-Mar-17 Audited (Refer Note 5)	30-Jun-16 Unaudited	31-Mar-17 Audited
<b>INCOME</b>				
Service Revenue	81,550	81,075	94,753	355,299
Sale of Trading Goods	24	16	86	228
Other Operating Income	91	170	27	231
<b>REVENUE FROM OPERATIONS</b>	<b>81,665</b>	<b>81,261</b>	<b>94,866</b>	<b>355,758</b>
Other Income	152	684	658	3,069
<b>TOTAL INCOME</b>	<b>81,817</b>	<b>81,945</b>	<b>95,524</b>	<b>358,827</b>
<b>EXPENSES</b>				
Cost of Trading Goods	35	21	108	279
Employee Benefit Expenses	4,195	4,367	4,334	17,976
Network Expenses and IT Outsourcing Costs	26,883	25,380	24,716	101,817
License Fees and Spectrum Usage Charges	8,666	8,935	10,974	40,515
Roaming & Access Charges	10,690	9,424	11,826	42,754
Marketing, Content, Customer Acquisition & Service Costs	10,017	9,386	9,593	39,695
Finance Costs	11,691	10,050	10,087	40,085
Depreciation & Amortisation Expenses	20,679	19,885	19,192	78,272
Other Expenses	2,425	2,549	2,367	10,285
<b>TOTAL EXPENSES</b>	<b>95,281</b>	<b>89,997</b>	<b>93,197</b>	<b>371,678</b>
<b>PROFIT / (LOSS) BEFORE TAX AND SHARE IN PROFIT / (LOSS) OF JOINT VENTURE AND ASSOCIATE</b>	<b>(13,464)</b>	<b>(8,052)</b>	<b>2,327</b>	<b>(12,851)</b>
Add: Share in Profit / (Loss) of Joint Venture and Associate (net)	818	983	1,035	4,218
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(12,646)</b>	<b>(7,069)</b>	<b>3,362</b>	<b>(8,633)</b>
<b>Tax expense:</b>				
- Current tax	288	271	715	990
- Deferred tax	(4,785)	(4,063)	443	(5,626)
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(8,149)</b>	<b>(3,277)</b>	<b>2,204</b>	<b>(3,997)</b>
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
- Re-measurement gains/ (losses) of defined benefit plans	(15)	30	(49)	(56)
- Income tax effect	5	(10)	17	19
- Group's share in other comprehensive income of joint venture and associate	-	1	(1)	(6)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>(8,159)</b>	<b>(3,256)</b>	<b>2,171</b>	<b>(4,040)</b>
Paid up Equity Share Capital (Face value ₹ 10 per share)	36,064	36,053	36,008	36,053
Reserves excluding Revaluation Reserve				211,269
<b>Earnings Per Share for the period (₹)</b>				
- Basic	(2.28)	(0.93)	0.58	(1.23)
- Diluted	(2.28)	(0.93)	0.58	(1.23)





**IDEA CELLULAR LIMITED**  
 Regd Office :- Suman Towers, Plot No 18, Sector 11, Gandhi Nagar-382011, CIN-L32100GJ1996PLC030976  
 Unaudited Consolidated Financial Results for the quarter ended 30-June-2017

₹ Mn

Particulars	Quarter Ended			Year Ended
	30-Jun-17 Unaudited	31-Mar-17 Audited (Refer Note 5)	30-Jun-16 Unaudited	31-Mar-17 Audited
<b>Segment Revenue</b>				
Revenue from Operations from each segment				
Mobility	79,728	79,558	93,367	348,788
International Long Distance	1,599	1,589	2,109	7,510
Passive Infrastructure	2,828	2,602	516	7,586
<b>Total</b>	<b>84,155</b>	<b>83,747</b>	<b>96,092</b>	<b>363,884</b>
Less: Inter Segment Eliminations	(2,490)	(2,486)	(1,228)	(8,126)
<b>Revenue from Operations</b>	<b>81,665</b>	<b>81,261</b>	<b>94,866</b>	<b>355,758</b>
<b>Segment Results</b>				
Profit from Operations before Other Income, Finance Charges and Tax from each segment				
Mobility	(2,463)	782	11,468	22,414
International Long Distance	105	80	144	542
Passive Infrastructure	453	452	144	1,209
<b>Profit / (Loss) from Operations before Other Income, Finance Charges and Tax</b>	<b>(1,925)</b>	<b>1,314</b>	<b>11,756</b>	<b>24,165</b>
Unallocable Income	152	684	658	3,089
Finance Costs	(11,691)	(10,050)	(10,087)	(40,085)
<b>Profit / (Loss) before Tax and share in profit / (loss) of Joint Venture and Associate</b>	<b>(13,464)</b>	<b>(8,052)</b>	<b>2,327</b>	<b>(12,851)</b>
<b>Segment Assets</b>				
Mobility	865,755	877,084	732,635	877,084
International Long Distance	803	975	942	975
Passive Infrastructure	20,443	23,165	20,275	23,165
Unallocated	21,314	67,078	52,415	67,078
<b>Gross Assets</b>	<b>908,315</b>	<b>968,302</b>	<b>806,267</b>	<b>968,302</b>
Less: Inter Segment Eliminations	(1,562)	(1,255)	(998)	(1,255)
<b>Total Assets</b>	<b>906,753</b>	<b>967,047</b>	<b>805,269</b>	<b>967,047</b>
<b>Segment Liabilities</b>				
Mobility	657,143	703,837	547,018	703,837
International Long Distance	726	480	826	480
Passive Infrastructure	2,877	3,050	1,473	3,050
Unallocated	8,439	13,613	19,254	13,613
<b>Gross Liabilities</b>	<b>669,185</b>	<b>720,980</b>	<b>568,571</b>	<b>720,980</b>
Less: Inter Segment Eliminations	(1,562)	(1,255)	(998)	(1,255)
<b>Total Liabilities</b>	<b>667,623</b>	<b>719,725</b>	<b>567,573</b>	<b>719,725</b>



## Notes

1. The above unaudited consolidated financial results, as reviewed by the Audit Committee of the Board, were approved and taken on record by the Board of Directors at their meeting held on 27<sup>th</sup> July 2017.
2. On 8<sup>th</sup> January 2013, Department of Telecommunications (DoT) issued demand notices towards one time spectrum charges:
  - for spectrum beyond 6.2 Mhz in respective service areas for retrospective period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2012, amounting to ₹ 3,691 Mn, and
  - for spectrum beyond 4.4 Mhz in respective service areas effective 1<sup>st</sup> January 2013 till expiry of the period as per respective licenses, amounting to ₹ 17,444 Mn.

In the opinion of Company, *inter-alia*, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the consolidated financial results for the above.

3. During the quarter, the Company has launched its 4G LTE services in the Mumbai service area.
4. Unaudited financial results of Idea Cellular Limited (Standalone) :-

₹ Mn

Particulars	Quarter ended			Year ended
	30-June-17 Unaudited	31-Mar-17 Audited (Refer Note 5)	30-June-16 Unaudited	31-Mar-17 Audited
Revenue from Operations	80,541	80,316	94,493	352,786
Profit / (Loss) before Tax	(14,074)	(8,526)	2,490	(14,190)
Net Profit / (Loss) after Tax	(9,228)	(4,564)	1,604	(8,311)

5. The financial results for the quarter ended 31<sup>st</sup> March 2017 is the balancing figure between audited results for the full financial year and the published year to date figures upto the third quarter of the financial year.
6. Previous periods' figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors of  
**IDEA CELLULAR LIMITED**

*Himanshu Kapania*  
**Himanshu Kapania**  
Managing Director

Date : 27<sup>th</sup> July 2017  
Place : Mumbai

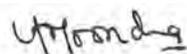


## Idea Cellular Limited

### Additional information in conjunction with Supplementary Unaudited Accounting Statements Balance Sheet as at June 30, 2017

Particulars	₹ Mn	
	As at June 30, 2017	As at March 31, 2017
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	224,768.74	221,885.23
Capital work-in-progress	8,887.06	13,243.96
Intangible assets	558,755.37	539,364.60
Intangible assets under development	36,406.96	62,048.00
Financial assets		
Non-current investments	22,307.80	22,265.98
Long term loans to employees	25.51	25.82
Other non-current financial assets	5,029.05	5,079.07
Other non-current assets	25,164.82	27,497.41
<b>Total non-current assets (A)</b>	<b>881,345.31</b>	<b>891,410.07</b>
<b>Current assets</b>		
Inventories	446.51	542.10
Financial assets		
Current investments	-	40,247.09
Trade receivables	11,388.00	12,580.95
Cash and cash equivalents	234.20	268.60
Bank balance other than cash and cash equivalents	45.09	44.05
Current portion of loans to employees	19.90	20.60
Other current financial assets	660.81	402.88
Other current assets	13,135.87	12,091.71
	<b>25,930.38</b>	<b>66,197.98</b>
Non-current assets classified as held for sale (AHFS)	7.56	16.11
<b>Total current assets (B)</b>	<b>25,937.94</b>	<b>66,214.09</b>
<b>Total Assets (A+B)</b>	<b>907,283.25</b>	<b>957,624.16</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Equity share capital	36,064.11	36,053.28
Other equity	191,979.59	201,184.31
<b>Total equity (A)</b>	<b>228,043.70</b>	<b>237,237.59</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Long term borrowings	515,994.69	516,378.28
Other non-current financial liabilities	12,305.47	10,034.35
Long term provisions	3,473.92	3,311.00
Deferred tax liabilities (net)	11,940.65	16,791.07
Other non-current liabilities	5,176.53	4,907.44
<b>Total non-current liabilities (B)</b>	<b>548,891.26</b>	<b>551,422.14</b>
<b>Current liabilities</b>		
Financial liabilities		
Short term borrowings	22,747.40	336.50
Trade payables	36,462.28	39,921.33
Other current financial liabilities	39,862.04	102,294.52
Other current liabilities	31,122.17	26,250.36
Short term provisions	154.40	161.72
<b>Total current liabilities (C)</b>	<b>130,348.29</b>	<b>168,964.43</b>
<b>Total Equity and Liabilities (A+B+C)</b>	<b>907,283.25</b>	<b>957,624.16</b>

For Idea Cellular Limited



**Akshaya Moondra**  
Whole time Director & Chief Financial Officer



**Pankaj Kapdeo**  
Company Secretary



# Idea Cellular Limited

## Additional information in conjunction with Supplementary Unaudited Accounting Statements Statement of Cash Flow for three months ended June 30, 2017

Particulars	₹ Mn For the period ended June 30, 2017	
<b>A) Cash Flow from Operating Activities</b>		
Profit/(Loss) before Tax		<b>(14,074.38)</b>
<b>Adjustments For</b>		
Depreciation	12,183.11	
Amortisation	8,057.13	
Loss / (Gain) on disposal of PPE, intangible assets and non-current assets held for sale	(64.33)	
Finance costs (including fair value change in financial instruments)	11,811.59	
Interest income	(2.74)	
Loss / (Gain) on Mutual Funds (including fair value gain/loss)	(102.46)	
Bad debts / advances written off	26.09	
Allowance for doubtful debts / advances	406.41	
Share based payment expense (ESOS)	22.46	
Provision for gratuity and compensated absences	141.55	
Liabilities / provisions no longer required written back	(71.81)	
	<hr/>	<hr/>
<b>Operating Profit before Working Capital Changes</b>		<b>32,407.00</b>
<b>Adjustments for changes in Working Capital</b>		<b>18,332.62</b>
(Increase)/Decrease in Trade receivables	764.55	
(Increase)/Decrease in Inventories	95.59	
(Increase)/Decrease in Other financial and non financial assets	1,837.36	
Increase / (Decrease) in Trade Payables	(3,387.24)	
Increase / (Decrease) in Other financial & non financial liabilities	5,112.80	
	<hr/>	<hr/>
<b>Cash generated from Operations</b>		<b>4,423.06</b>
Tax paid (including TDS) (net)		<b>22,755.68</b>
		<b>(1,421.93)</b>
		<hr/>
<b>Net Cash from / (used in) Operating Activities</b>		<b>21,333.75</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed assets & Intangible assets (including CWIP)	(35,704.79)	
Proceeds from sale of PPE, Intangible assets and AHFS	127.38	
Net proceeds from sale / (purchase) of Current Investment	40,349.55	
Interest received	2.72	
	<hr/>	<hr/>
<b>Net Cash from / (used in) Investing Activities</b>		<b>4,774.86</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital under ESOS	18.74	
Repayment of Long Term Borrowings	(5,963.04)	
Proceeds from Short Term Borrowings	10,360.00	
Payment of Dividend, including Dividend Distribution Tax	(0.01)	
Payment of Interest and Finance Charges	(42,609.60)	
	<hr/>	<hr/>
<b>Net Cash from / (used in) Financing Activities</b>		<b>(38,193.91)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(12,085.30)</b>
Cash and Cash Equivalents at the beginning		(67.90)
<b>Cash and Cash Equivalents at the end</b>		<b>(12,153.20)</b>

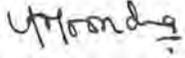
**Notes to Statement of Cash Flows**

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Particulars	₹ Mn	
	As at June 30, 2017	As at March 31, 2017
Cash on hand	8.41	8.93
Cheques on hand	87.73	63.59
Balances with banks In Current Accounts	138.06	196.08
Bank overdrafts which forms an integral part of cash management system	(12,387.40)	(336.50)
	<hr/>	<hr/>
	<b>(12,153.20)</b>	<b>(67.90)</b>

2. The above Statement of Cash Flows has been prepared under the indirect method as set out in IND AS 7 on Statement of Cash Flows

**For Idea Cellular Limited**

  
Akshaya Moondra  
Whole time Director & Chief Financial Officer

  
Pankaj Kapdeo  
Company Secretary



## Idea Cellular Limited

### Additional information in conjunction with Supplementary Unaudited Accounting Statements Statement of Changes in Total Equity for three months ended June 30, 2017

a. Equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

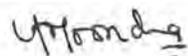
	Numbers	₹ Mn
As at 31 March 2017	3,605,328,231	36,053.28
Issue of shares under ESOS	1,083,171	10.83
As at 30 June 2017	<b>3,606,411,402</b>	<b>36,064.11</b>

b. Other equity

Particulars	Reserves and surplus					Total
	Debenture redemption reserve	Securities premium	Employee stock options reserve	General reserve	Retained earnings	
As at March 31, 2017	1,316.93	104,329.67	1,341.32	20,863.21	73,333.18	201,184.31
Profit/(Loss) for the period	—	—	—	—	(9,228.29)	(9,228.29)
Other comprehensive income /(Loss)	—	—	—	—	(8.17)	(8.17)
<b>Total comprehensive income</b>					64,096.72	
Issue of share under ESOS	—	7.91	—	—	—	7.91
Transfer from retained earnings	871.90	—	—	—	(871.90)	—
Share-based payment expenses *	—	—	23.83	—	—	23.83
Transfer to Securities premium account on exercise of options	—	108.47	(108.47)	—	—	—
As at June 30, 2017	<b>2,188.83</b>	<b>104,446.05</b>	<b>1,256.68</b>	<b>20,863.21</b>	<b>63,224.82</b>	<b>191,979.59</b>

\*Includes amount settled/to be settled by Subsidiaries for options granted to their employees.

For Idea Cellular Limited



**Akshaya Moondra**  
Whole time Director & Chief Financial Officer



**Pankaj Kapdeo**  
Company Secretary

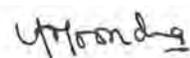


## Idea Cellular Limited

### Additional information in conjunction with Supplementary Unaudited Accounting Statements Consolidated Balance Sheet as at June 30, 2017

Particulars	As at June 30, 2017	₹ Mn As at March 31, 2017
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	230,980.07	228,442.96
Capital work-in-progress	8,932.85	13,302.99
Goodwill on consolidation	61.20	61.20
Intangible assets	558,522.40	539,128.25
Intangible assets under development	36,406.96	62,048.00
<b>Financial assets</b>		
Investments accounted for using the equity method	12,370.76	14,784.75
Long term loans to employees	25.84	25.93
Other non-current financial assets	4,815.59	4,864.75
Deferred tax assets	436.14	368.97
Other non-current assets	25,318.23	27,693.89
<b>Total non-current assets (A)</b>	<b>877,870.04</b>	<b>890,721.69</b>
<b>Current assets</b>		
Inventories	478.29	587.97
<b>Financial assets</b>		
Current investments	1,760.27	48,997.52
Trade receivables	11,916.67	13,139.21
Cash and cash equivalents	612.63	782.46
Bank balance other than cash and cash equivalents	46.01	44.97
Current portion of loans to employees	20.08	20.75
Other current financial assets	657.96	399.09
Current tax assets (Net)	29.16	25.10
Other current assets	13,353.96	12,312.07
	<b>28,875.03</b>	<b>76,309.14</b>
Non-current assets classified as held for sale (AHFS)	7.78	16.11
<b>Total current assets (B)</b>	<b>28,882.81</b>	<b>76,325.25</b>
<b>Total Assets (A+B)</b>	<b>906,752.85</b>	<b>967,046.94</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Equity share capital	36,064.11	36,053.28
Other equity	203,066.20	211,269.16
<b>Total equity (A)</b>	<b>239,130.31</b>	<b>247,322.44</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Long term borrowings	515,994.69	516,378.28
Other non-current financial liabilities	12,676.17	10,381.81
Long term provisions	4,025.46	3,842.29
Deferred tax liabilities (net)	8,323.39	13,587.10
Other non-current liabilities	5,188.37	4,920.46
<b>Total non-current liabilities (B)</b>	<b>546,208.08</b>	<b>549,109.94</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Short term borrowings	12,399.22	347.09
Trade payables	37,328.86	40,776.67
Other current financial liabilities	39,837.10	102,560.08
Other current liabilities	31,568.13	26,732.08
Short term provisions	281.15	198.64
<b>Total current liabilities (C)</b>	<b>121,414.46</b>	<b>170,614.56</b>
<b>Total Equity and Liabilities (A+B+C)</b>	<b>906,752.85</b>	<b>967,046.94</b>

For Idea Cellular Limited



**Akshaya Moondra**

Whole time Director & Chief Financial Officer



**Pankaj Kapdeo**

Company Secretary



# Idea Cellular Limited

## Additional information in conjunction with Supplementary Unaudited Accounting Statements Consolidated Statement of Cash Flow for three months ended June 30, 2017

Particulars	₹ Mn	
	For the period ended June 30, 2017	
<b>A) Cash Flow from Operating Activities</b>		
<b>Profit/(Loss) before Tax</b>		<b>(12,646.52)</b>
<b>Adjustments For</b>		
Share in profits / (loss) of joint venture and associate	(817.96)	
Depreciation	12,625.74	
Amortisation	8,053.75	
Loss / (Gain) on disposal of PPE, intangible assets and non-current assets held for sale	(63.96)	
Finance costs (including fair value change in financial instruments)	11,690.51	
Interest income	(3.35)	
Loss / (Gain) on Mutual Funds (including fair value gain/loss)	(148.84)	
Bad debts / advances written off	26.09	
Allowance for doubtful debts / advances	417.19	
Share based payment expenses (ESOS)	23.83	
Provision for gratuity and compensated absences	150.11	
Liabilities / provisions no longer required written back	(71.81)	
		<b>31,881.30</b>
<b>Operating Profit before Working Capital Changes</b>		<b>19,234.78</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade receivables	783.36	
(Increase)/Decrease in Inventories	109.68	
(Increase)/Decrease in Other financial and non financial assets	1,886.66	
Increase /(Decrease) in Trade Payables	(3,376.01)	
Increase /(Decrease) in Other financial & non financial liabilities	5,099.65	
		<b>4,503.34</b>
<b>Cash generated from Operations</b>		<b>23,738.12</b>
Tax paid (including TDS) (net)		(1,631.43)
		<b>22,106.69</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of PPE & Intangible assets (including CWIP)	(35,947.86)	
Proceeds from sale of PPE, Intangible assets and AHFS	127.16	
Net proceeds from sale / (purchase) of Current Investment	47,386.09	
Interest received	3.33	
Dividend received from Joint Venture	2,657.36	
		<b>14,226.08</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital under ESOS	18.74	
Repayment of Long Term Borrowings	(5,963.04)	
Payment of Dividend, including Dividend Distribution Tax	(0.01)	
Payment of Interest and Finance Charges	(42,610.42)	
		<b>(48,554.73)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(12,221.96)</b>
Cash and Cash Equivalents at the beginning		435.37
<b>Cash and Cash Equivalents at the end</b>		<b>(11,786.59)</b>

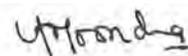
### Notes to Statement of Cash Flows

#### 1. Cash and Cash Equivalents include the following Balance Sheet amounts

Particulars	₹ Mn	
	As at June 30, 2017	As at March 31, 2017
Cash on hand	10.67	8.93
Cheques on hand	87.73	63.62
Balances with banks		
– In Current Accounts	514.23	709.91
– In Deposit Accounts	–	–
Bank overdrafts which forms an integral part of cash management	(12,399.22)	(347.09)
	<b>(11,786.59)</b>	<b>435.37</b>

#### 2. The above Statement of Cash Flows has been prepared under the Indirect method as set out in IND AS 7 on Statement of Cash Flows.

#### For Idea Cellular Limited



**Akshaya Moondra**  
Whole time Director & Chief Financial Officer



**Pankaj Kapdeo**  
Company Secretary



## Idea Cellular Limited

### Additional information in conjunction with Supplementary Unaudited Accounting Statements Consolidated Statement of Changes in Total Equity for three months ended June 30, 2017

a. Equity share capital:

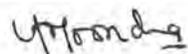
Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	₹ Mn
As at 31 March 2017	3,605,328,231	36,053.28
Issue of shares under ESOS	1,083,171	10.83
As at 30 June 2017	3,606,411,402	36,064.11

b. Other equity

Particulars	Reserves and surplus					₹ Mn
	Debenture redemption reserve	Securities premium	Employee stock options reserve	General reserve	Retained earnings	Total
As at March 31, 2017	1,316.93	133,369.27	1,341.32	168.66	75,072.98	211,269.16
Profit / (Loss) for the period	—	—	—	—	(8,149.72)	(8,149.72)
Other comprehensive income	—	—	—	—	(9.88)	(9.88)
<b>Total comprehensive income</b>					<b>66,913.38</b>	
Issue of shares under ESOS	—	7.91	—	—	—	7.91
Transfer from retained earnings	871.90	—	—	—	(871.90)	—
Share-based payment expenses	—	—	23.83	—	—	23.83
Transfer to Securities premium account on exercise of options	—	108.47	(108.47)	—	—	—
Group's share of additional depreciation on fair valued assets / physical verification adjustments pursuant to scheme	—	—	—	—	(75.10)	(75.10)
As at June 30, 2017	2,188.83	133,485.65	1,256.68	168.66	65,966.38	203,066.20

For Idea Cellular Limited



**Akshaya Moondra**  
Whole time Director & Chief Financial Officer



**Pankaj Kapdeo**  
Company Secretary



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Balance Sheet**

	Notes	As at June 30, 2017	As at March 31, 2017
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	5	227,351	229,727
Capital work-in-progress	5	18,414	18,753
Intangible assets	6	480,502	486,141
Intangible assets under development	6	139,675	138,747
Investment in Subsidiary, Associate and Joint Venture	7	2,888	2,888
Financial Assets			
Other financial assets	8	5,324	5,273
Deferred tax assets (net)	9	41,276	36,391
Income tax recoverable (net)		80,780	79,731
Other non current assets	10	34,161	38,535
<b>Total non current assets</b>		<b>1,030,371</b>	<b>1,036,186</b>
<b>Current assets</b>			
Financial Assets			
i. Trade receivables	11	14,455	15,191
ii. Cash and cash equivalents	12.1	5,395	4,523
iii. Bank balances other than (ii) above	12.2	10	9
iv. Loans	13	5	5
v. Other financial assets	14	13,966	13,867
Other current assets	15	29,553	22,651
Assets classified as held for sale	37	1,162	1,162
<b>Total current assets</b>		<b>64,546</b>	<b>57,408</b>
<b>Total Assets</b>		<b>1,094,917</b>	<b>1,093,594</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
(All amounts are in INR millions, except per share data and unless stated otherwise)

## Balance Sheet

	Notes	As at June 30, 2017	As at March 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	13,763	13,763
Other Equity			
Reserves and Surplus		358,618	368,442
<b>Total Equity</b>		<b>372,381</b>	<b>382,205</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial liabilities			
i. Borrowings	17	435,675	435,905
ii. Other financial liabilities	18	13,670	43,333
Provisions	19	40,799	39,229
Employee benefit obligations	20	749	728
Other non current liabilities	21	1,037	967
<b>Total non current liabilities</b>		<b>491,930</b>	<b>520,162</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	22	47,220	46,256
ii. Trade payables	23		
Total outstanding dues of micro and small enterprises		94	130
Total outstanding dues of creditors other than micro and small enterprises		51,276	50,420
iii. Other financial liabilities	24	105,667	72,558
Provisions	19	1,656	1,545
Employee benefit obligations	20	188	185
Current tax liabilities (net)		2,525	2,525
Other current liabilities	25	21,980	17,608
<b>Total current liabilities</b>		<b>230,606</b>	<b>191,227</b>
<b>Total Liabilities</b>		<b>722,536</b>	<b>711,389</b>
<b>Total Equity and Liabilities</b>		<b>1,094,917</b>	<b>1,093,594</b>

Significant Accounting Policies

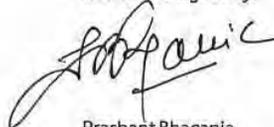
3

The above balance sheet should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:



Prashant Bhagania



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
(All amounts are in INR millions, except per share data and unless stated otherwise)

**Statement of Profit and Loss**

	Notes	For the period ended June 30, 2017	For the period ended June 30, 2016	
<b>I</b>	Revenue from operations	26	92,746	105,770
<b>II</b>	Other non operating income	27	544	642
<b>III</b>	<b>Total Income (I + II)</b>		<b>93,290</b>	<b>106,412</b>
<b>IV</b>	<b>Expenses</b>			
	SIM cards consumed		694	423
	Access charges	28	14,356	14,071
	License and regulatory fees	29	9,693	12,127
	Employee benefits expense	30	3,644	3,721
	Rental	31	13,290	13,221
	Power and fuel	32	9,184	8,521
	Other expenses	33	24,128	24,618
	<b>Total Expenses (IV)</b>		<b>74,989</b>	<b>76,702</b>
<b>V</b>	<b>Profit before other (gains)/losses (net), depreciation and amortisation, finance costs and tax (EBITDA) (III-IV)</b>		<b>18,301</b>	<b>29,710</b>
	Other (gains)/losses (net)	34	446	1,932
	Depreciation and amortisation expense	35	20,233	19,299
	Finance costs	36	12,303	16,653
<b>VI</b>	<b>(Loss) before tax</b>		<b>(14,681)</b>	<b>(8,174)</b>
<b>VII</b>	<b>Income tax expense</b>	9		
	Current tax		-	-
	Deferred tax		(4,891)	(2,577)
	<b>Total tax income</b>		<b>(4,891)</b>	<b>(2,577)</b>
<b>VIII</b>	<b>(Loss) after tax (VI-VII)</b>		<b>(9,790)</b>	<b>(5,597)</b>
<b>IX</b>	<b>Other Comprehensive Income</b>			
<b>A</b>	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>B</b>	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit obligations		18	4
	(ii) Income tax relating to above items that will not be reclassified to profit or loss		(6)	(1)
	<b>Other Comprehensive Income (Net of tax)</b>		<b>12</b>	<b>3</b>
<b>X</b>	<b>Total Comprehensive (loss) (VIII+IX) (Comprising (loss) and Other Comprehensive Income for the period)</b>		<b>(9,778)</b>	<b>(5,594)</b>
	Earnings per equity share of INR 10 each			
	Basic and Diluted earnings per share (INR)	38	(7.11)	(8.38)
	Significant Accounting Policies	3		

The above statement of profit and loss should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:

  
Prashant Bhagania

**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
(All amounts are in INR millions, except per share data and unless stated otherwise)

**Statement of Changes in Equity**

Particulars	Equity Share Capital	Attributable to the owners of Vodafone Mobile Services Limited					Total Reserves and Surplus
		Reserves and Surplus					
		Securities Premium <sup>(1)</sup>	General Reserve <sup>(2)</sup>	(Accumulated deficit) <sup>(3)</sup>	Capital contribution/ (distribution to parent) <sup>(5)</sup>	Share based payment reserve <sup>(4)</sup>	
<b>Balance as at March 31, 2016</b>	6,268	80,324	1,393	(27,647)	(46)	174	54,198
Loss for the period	-	-	-	(5,597)	-	-	(5,597)
Other comprehensive income	-	-	-	3	-	-	3
<b>Total Comprehensive Loss for the period</b>	-	-	-	(5,594)	-	-	(5,594)
Capital contribution by Ultimate Holding Company for Employee share based payments	-	-	-	-	3	-	3
Share based payments	-	-	-	-	-	(71)	(71)
Issue of equity shares during the period	1,763	78,237	-	-	-	-	78,237
Share issue expenses	-	(80)	-	-	-	-	(80)
<b>Balance as at June 30, 2016</b>	<b>8,031</b>	<b>158,401</b>	<b>1,393</b>	<b>(33,241)</b>	<b>(43)</b>	<b>103</b>	<b>126,693</b>
<b>Balance as at March 31, 2017</b>	<b>13,763</b>	<b>422,479</b>	<b>1,393</b>	<b>(55,573)</b>	<b>(43)</b>	<b>186</b>	<b>368,442</b>
Loss for the period	-	-	-	(9,790)	-	-	(9,790)
Other comprehensive income	-	-	-	12	-	-	12
<b>Total Comprehensive loss for the period</b>	-	-	-	(9,778)	-	-	(9,778)
Capital contribution by Ultimate Holding Company for Employee share based payments	-	-	-	-	28	-	28
Share based payments	-	-	-	-	-	(74)	(74)
<b>Balance as at June 30, 2017</b>	<b>13,763</b>	<b>422,479</b>	<b>1,393</b>	<b>(65,351)</b>	<b>(15)</b>	<b>112</b>	<b>358,618</b>

<sup>(1)</sup> The amounts received in excess of the par value of equity shares issued have been classified as securities premium. In accordance with the provisions of Section 52 of the Companies Act, 2013, the securities premium account can only be utilised for the purposes of issuing bonus shares, repurchasing the Company's shares and offsetting direct issue costs and discount allowed for the issue of shares.

<sup>(2)</sup> General Reserve pertains to the reserve created on Amalgamation not available for distribution as dividend as resolved by Board of Directors.

<sup>(3)</sup> (Accumulated deficit) represents the Company's cumulative losses.

<sup>(4)</sup> Share based payment reserve represents Vodafone Group Plc's equity settled plan for the employees of the Company.

<sup>(5)</sup> Capital contribution/(distribution to parent) represents the excess/shortage of provision on settlement of reserve for the equity settled plan of employees of the Company.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

DATE : 24/08/2017

PLACE : MUMBAI

Authorised Signatory:



Prashant Bhagania



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Statement of Cash Flows**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow from operating activities</b>			
(Loss) before tax		(14,681)	(8,174)
<b>Adjustments for:</b>			
Depreciation and amortisation expense	35	20,233	19,299
Provision for doubtful debts and advances	33	398	564
Net gain on disposal of property, plant and equipment	34	(11)	(130)
Finance costs	36	12,303	16,653
Net unrealised foreign exchange loss		342	3,694
Interest income from fixed deposits	34	(35)	(80)
Employee share based payments	30	27	141
<b>Operating profit before working capital changes</b>		<b>18,576</b>	<b>31,967</b>
<b>Adjustments for changes in working capital</b>			
(Increase) in others non current financial assets		(59)	(139)
Decrease in other non current assets		4,285	218
Decrease/(Increase) in trade receivables		367	(550)
(Increase)/Decrease in other bank balances		(1)	1
(Increase) in others current financial assets		(142)	(541)
(Increase) in other current assets		(6,901)	(3,740)
Decrease in others non current financial liabilities		34	14
Decrease in long term provisions		406	612
Decrease in non current liabilities- employee benefit obligations		39	44
Decrease in other non current liabilities		70	221
Decrease in trade payables		574	1,325
Decrease in others current financial liabilities		5,666	6,659
Decrease in other current liabilities		4,372	2,873
Decrease/(Increase) in short term provisions		111	(207)
Decrease in current liabilities- employee benefit obligations		3	9
Decrease/(Increase) in derivatives financial assets and liabilities		105	(1,955)
<b>Cash generated from operations</b>		<b>27,505</b>	<b>36,811</b>
Income tax paid (net)		(1,049)	(1,978)
<b>Net cash inflow from operating activities</b>		<b>26,456</b>	<b>34,833</b>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment and intangible assets		(18,669)	(22,216)
Proceeds from sale of property, plant and equipment		208	189
Loans given to related parties		-	(5)
Interest received		35	49
<b>Net cash outflow from investing activities</b>		<b>(18,426)</b>	<b>(21,983)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares	16(d)	-	80,000
Share issue expenses		-	(80)
Proceeds from borrowings		8,233	22,834
Repayment of borrowings		(7,498)	(87,462)
Interest and other borrowing cost paid		(7,882)	(15,818)
<b>Net cash outflow from financing activities</b>		<b>(7,147)</b>	<b>(526)</b>
<b>Net increase in cash and cash equivalents</b>		<b>883</b>	<b>12,324</b>
Cash and cash equivalents as at the beginning of the period		4,523	10,221
Effects of exchange rate changes on cash and cash equivalents		(11)	16
<b>Cash and cash equivalents as at the end of the period</b>	<b>12.1</b>	<b>5,395</b>	<b>22,561</b>



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Reconciliation of cash and cash equivalents as per the Statement of Cash Flows**

		As at June 30, 2017	As at June 30, 2016
<b>Cash and cash equivalents as per above comprise of the following</b>			
Cash and cash equivalents	12.1	5,395	24,061
Bank overdraft		-	(1,500)
<b>Balance as per the Statement of cash flows</b>		<b>5,395</b>	<b>22,561</b>

1. The above statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 'Statement of Cash Flows' notified under section 133 of the Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

2. Figures in bracket indicate cash outflow.

The above statement of cash flows should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:

  
Prashant Bhagania



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

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## **Note 1**

### **General Information**

Vodafone Mobile Services Limited (herein referred to as "VMSL" or "the Company") is a Company incorporated in India and its principal business is providing mobile communications services and telecom passive infrastructure services across India (except Mumbai circle) supported by its national and international long distance services. The Company is domiciled in India with its registered office address being Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, India.

## **Note 2**

### **Basis of preparation**

#### **Purpose and Structure**

These separate supplementary unaudited financial statements have been prepared by the management for the purpose of compliance as per Section 232(2)(e) of the Companies Act, 2013.

The separate supplementary unaudited financial statements are not the statutory / interim financial statements of the Company and accordingly all disclosures as per applicable Indian Accounting Standards are not provided.

The separate supplementary unaudited financial statements have balance sheet as at March 31, 2017 being end of the immediately preceding financial year. Statement of profit and loss, statement of changes in equity ('SOCIE') and statement of cash flows are given for the period ended June 30, 2016 being the comparable immediately preceding period.

## **Note 3**

### **Significant Accounting Policies**

The accounting policies used in the preparation of these separate supplementary unaudited financial statements are the same that the Company had followed for the preparation of its annual audited financial statements for the year ended March 31, 2017.

## **Note 4**

### **Critical judgements and sources of estimation uncertainty**

The Critical judgements used in the preparation of these separate supplementary unaudited financial statements are the same that the Company had followed for the preparation of its annual audited financial statements for the year ended March 31, 2017.



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
 (All amounts are in INR millions, except per share data and unless stated otherwise)  
 Notes to Separate Supplementary Unaudited Financial Statements

**Note 5**  
**Property, Plant and Equipment**

Particulars	As at	
	June 30, 2017	March 31, 2017
Freehold Land	66	66
Leasehold Land	167	167
Buildings	291	293
Leasehold improvements	566	627
Plant and machinery	220,689	222,300
Computer hardware	1,804	1,823
Office Equipments	516	543
Furniture and fixtures	321	342
<b>Sub-Total (A)</b>	<b>224,420</b>	<b>226,161</b>
<b>Leased Assets</b>		
Computer Hardware	2,931	3,566
<b>Sub-Total (B)</b>	<b>2,931</b>	<b>3,566</b>
<b>Total (A+B)</b>	<b>227,351</b>	<b>229,727</b>
<b>Capital work-in-progress</b>	<b>18,414</b>	<b>18,753</b>

**Note 6**  
**Intangible assets**

Particulars	As at	
	June 30, 2017	March 31, 2017
Goodwill	167	167
License fees	1,796	1,888
Right to use Spectrum	466,402	472,230
Computer software	2,064	1,893
<b>Sub-Total (A)</b>	<b>470,429</b>	<b>476,178</b>
<b>Leased Assets</b>		
Computer software	372	492
Bandwidth	9,701	9,471
<b>Sub-Total (B)</b>	<b>10,073</b>	<b>9,963</b>
<b>Total (A+B)</b>	<b>480,502</b>	<b>486,141</b>
<b>Intangible assets under development</b>	<b>139,675</b>	<b>138,747</b>



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 7**

**Investment in Subsidiary, Associate and Joint Venture**

Particulars	As at	
	June 30, 2017	March 31, 2017
Non Current Trade Investments (Unquoted at cost)		
Equity shares		
In Subsidiary Company	5	5
In Associate Company	2,873	2,873
In Joint Venture Company	10	10
<b>Total</b>	<b>2,888</b>	<b>2,888</b>

**Details of Non Current Investments - Equity Shares as at June 30, 2017 and March 31, 2017**

Name of the entity	Number of Shares	Face Value (INR)	Total	Proportion of ownership interest held	Principal activities
<b>Subsidiary</b>					
Vodafone Technology Solutions Limited (VTSL)	500,000	10	5	100%	Providing technology, hardware, software, Value Added Services (VAS), Application Software, Contents and related products and services that facilitate and develop access to IT enabled VAS product and services whether on single or multiple platform(s) or operating system(s).
<b>Associate</b>					
Mobile Commerce Solutions Limited (MCSL)	105,263,158	10	2,873	26%	Trading of handsets, data cards and related accessories.
<b>Joint Venture</b>					
Firefly Networks Limited (FNL)	1,000,000	10	10	50%	Conduct the business of site acquisition, installation, commissioning, operations and maintenance of infrastructures at the Hotspot.
			<b>2,888</b>		

All the subsidiary, associate and joint venture mentioned above are incorporated in India. The country of incorporation is also the principal place of business.



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
 (All amounts are in INR millions, except per share data and unless stated otherwise)  
 Notes to Separate Supplementary Unaudited Financial Statements

**Note 8**

**Non Current Financial Assets-Others**

(Unsecured, considered good unless otherwise stated)

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposits		
To related parties	954	954
To others	4,102	4,043
Derivative financial assets	344	359
Margin money	5	5
<b>Total</b>	<b>5,405</b>	<b>5,361</b>
Less: Provisions for amounts considered doubtful		
Security deposits	81	88
<b>Total</b>	<b>5,324</b>	<b>5,273</b>

**Note 9**

**Taxation**

**i. Income Tax expense**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Income tax expenses in respect of:</b>		
Current period	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
Origination and reversal of temporary differences	(4,891)	(2,577)
<b>Total deferred tax benefit</b>	<b>(4,891)</b>	<b>(2,577)</b>
<b>Total Income tax income</b>	<b>(4,891)</b>	<b>(2,577)</b>

**ii. Tax charge recognised directly to Other Comprehensive Income**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Deferred tax (benefit)/expenses	6	1
<b>Total tax charge / (credit) recognised directly to Other Comprehensive Income</b>	<b>6</b>	<b>1</b>

**Deferred tax assets and liabilities as at June 30, 2017**

Particulars	Amount (charged)/ credited in the statement of profit and loss	Gross deferred tax asset	Gross deferred tax liability	Less: amounts not recognised	Net recognised
					deferred tax (liability) /asset
Tax losses	6,990	63,689	-	-	63,689
Depreciation and amortisation	(3,017)	-	(54,610)	-	(54,610)
Trade receivable and other financial assets	137	1,704	-	-	1,704
Retirement benefits	(316)	-	-	-	-
Trade payables and Provisions	1,014	30,105	-	-	30,105
Derivative financial assets/(liabilities) & borrowings	77	388	-	-	388
Amount charged through OCI	6	-	-	-	-
<b>As at June 30, 2017</b>	<b>4,891</b>	<b>95,886</b>	<b>(54,610)</b>	<b>-</b>	<b>41,276</b>



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Deferred tax assets and liabilities as at March 31, 2017**

Particulars	Gross deferred tax asset	Gross deferred tax liability	Less: amounts not recognised	Net recognised deferred tax (liability) /asset
Tax losses	56,699	-	-	56,699
Depreciation and amortisation	-	(51,593)	-	(51,593)
Trade receivable and other financial assets	1,567	-	-	1,567
Retirement benefits	316	-	-	316
Trade payables and Provisions	29,091	-	-	29,091
Derivative financial assets/(liabilities) & borrowings	311	-	-	311
<b>As at March 31, 2017</b>	<b>87,984</b>	<b>(51,593)</b>	<b>-</b>	<b>36,391</b>

**Deferred tax credit / (charge) for the period ended June 30, 2016**

Particulars	Amount (charged)/ credited in the statement of profit and loss
Tax Losses	6,919
Depreciation and amortisation	(4,228)
Trade Receivable and other financial assets	172
Retirement benefits	(292)
Trade payables and Provisions	412
Derivative financial assets/(liabilities) & borrowings	(407)
Amount charged through OCI	1
<b>For the period ended June 30, 2016</b>	<b>2,577</b>

**Note 10**

**Other non current assets**

*(Unsecured, considered good unless otherwise stated)*

Particulars	As at June 30, 2017	As at March 31, 2017
Capital advances	110	219
CENVAT and service tax credit receivable	365	4,726
Prepaid expenses	1,572	1,750
Amount deposited under protest with Government authorities	32,298	32,044
	<b>34,345</b>	<b>38,739</b>
Less: Provisions for amounts considered doubtful		
Capital advances	21	21
Amount deposited under protest with Government authorities	163	183
<b>Total</b>	<b>34,161</b>	<b>38,535</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
 (All amounts are in INR millions, except per share data and unless stated otherwise)  
 Notes to Separate Supplementary Unaudited Financial Statements

**Note 11**

**Current Financial Assets-Trade receivables**

Particulars	As at June 30, 2017	As at March 31, 2017
Secured considered good	722	710
Unsecured considered good	13,733	14,481
Unsecured considered doubtful	4,642	4,217
<b>Total</b>	<b>19,097</b>	<b>19,408</b>
Less : Provisions for Doubtful Debts	(4,642)	(4,217)
<b>Total</b>	<b>14,455</b>	<b>15,191</b>

**Note 12**

**Note 12.1**

**Current Financial Assets - Cash and cash equivalents**

Particulars	As at June 30, 2017	As at March 31, 2017
Bank balances		
In current accounts	3,570	3,786
Demand deposits (less than 3 months maturity)	1,201	1
Cheques on hand	541	650
Cash on hand	83	86
<b>Total</b>	<b>5,395</b>	<b>4,523</b>

**Note 12.2**

**Current Financial Assets-Other bank balances**

Particulars	As at June 30, 2017	As at March 31, 2017
Margin money	10	9
<b>Total</b>	<b>10</b>	<b>9</b>

**Note 13**

**Current Financial Assets-Loans**

(Unsecured, considered good unless otherwise stated)

Particulars	As at June 30, 2017	As at March 31, 2017
Loans to related parties		
Loans to Joint Venture - FNL	5	5
<b>Total</b>	<b>5</b>	<b>5</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
 (All amounts are in INR millions, except per share data and unless stated otherwise)  
 Notes to Separate Supplementary Unaudited Financial Statements

**Note 14**

**Current Financial Assets-Others**

(Unsecured, considered good unless otherwise stated)

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposits		
To others	81	76
Receivable from related parties	378	285
Interest accrued on deposit with banks and others	1	1
Accrued billing revenue	11,587	11,500
Derivative financial assets	1,767	1,810
Others	152	195
<b>Total</b>	<b>13,966</b>	<b>13,867</b>

**Note 15**

**Other current assets**

(Unsecured, considered good unless otherwise stated)

Particulars	As at	As at
	June 30, 2017	March 31, 2017
CENVAT and service tax credit	24,374	17,894
Advance to suppliers	757	871
Advance to related parties	1,808	1,399
Prepaid expenses	2,631	2,505
	<b>29,570</b>	<b>22,669</b>
Less: Provisions for amounts considered doubtful		
Advance to suppliers	17	18
<b>Total</b>	<b>29,553</b>	<b>22,651</b>

**Note 16**

**Equity Share Capital**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>[a] Authorised share capital</b>		
10,516,000,000 (March 31,2017: 10,516,000,000) equity shares of par value of INR 10 each	105,160	105,160
649,412,000 (March 31,2017: 649,412,000) equity shares of par value of INR 85 each	55,200	55,200
48,000,000 (March 31, 2017: 48,000,000) preference shares of Par value of Rs. 100 each	4,800	4,800
200,000 (March 31,2017: 200,000) 0.1% non cumulative non-convertible redeemable preference shares of par value of INR 100 each	20	20
5,000 (March 31,2017: 5,000) 0.001% non cumulative non-convertible redeemable preference shares of par value of INR 1,000,000 each	5,000	5,000
	<b>170,180</b>	<b>170,180</b>
<b>[b] Issued</b>		
1,376,302,720 (March 31,2017: 1,376,302,720) equity shares of INR 10 each	13,763	13,763
	<b>13,763</b>	<b>13,763</b>
<b>[c] Subscribed and paid up</b>		
1,376,302,720 (March 31, 2017: 1,376,302,720) equity shares of INR 10 each fully paid up	13,763	13,763
<b>Total</b>	<b>13,763</b>	<b>13,763</b>



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
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**Notes to Separate Supplementary Unaudited Financial Statements**

**[d] Reconciliation of number of shares outstanding at the beginning and end of the period:**

	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity:</b>				
Outstanding at the beginning of the period	1,376,302,720	13,763	626,842,863	6,268
Issued during the period*	-	-	749,459,857	7,495
<b>Outstanding as at end of the period</b>	<b>1,376,302,720</b>	<b>13,763</b>	<b>1,376,302,720</b>	<b>13,763</b>

\* During the year ended March 31, 2017:

- (a) The Company offered 176,211,448 equity shares of INR 10 fully paid up for cash at a premium of INR 444 each, on a Rights basis aggregating to INR 80,000 as per Rights Letter of Offer to its shareholders which were fully subscribed on June 10, 2016.
- (b) The Company offered 573,248,409 equity shares of INR 10 fully paid up for cash at a premium of INR 461 each, on a Rights basis aggregating to INR 270,000 as per Rights Letter of Offer to its shareholders which were fully subscribed on September 29, 2016.

**[e] Rights, preferences and restrictions attached to equity shares:**

The Company has issued a single class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

**[f] Shares held by the Holding Company or the Ultimate Holding Company including shares held by their subsidiaries or associates and nominees, in aggregate:**

Name of the shareholder	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Vodafone India Limited, the Immediate Holding Company and its nominees	1,376,302,720	13,763	1,376,302,720	13,763

**[g] Details of shareholders holding more than 5% of the aggregate shares in the Company:**

Name of the shareholder	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Percentage	Number of Shares	Percentage
Vodafone India Limited, the Immediate Holding Company and its nominees	1,376,302,720	100%	1,376,302,720	100%



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**[h] Equity shares issued for consideration other than cash:**

During the financial year ended 2015-16, the Company had issued 427,126,394 fully paid up equity shares for consideration other than cash with respect to the Schemes of Amalgamation.

**Note 17**

**Non-Current Financial Liability-Borrowings**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Unsecured</b>		
Unlisted, Unsecured, and Redeemable Non-Convertible Debenture	74,981	74,979
<b>Term loans</b>		
From Banks	2,554	2,557
From Others	57	113
Deferred payment liability	355,844	355,844
Finance Lease Obligation	2,239	2,412
<b>Total</b>	<b>435,675</b>	<b>435,905</b>

**Note 18**

**Non-Current Financial Liability-Others**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposit from customers and others	344	310
Interest accrued on borrowings	13,326	43,023
<b>Total</b>	<b>13,670</b>	<b>43,333</b>

**Note 19**

**Provisions**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Asset retirement obligation	782	819
Regulatory and Other Provisions	40,017	38,410
	<b>40,799</b>	<b>39,229</b>
<b>Current Liability - Provisions</b>		
Regulatory and Other Provisions	1,656	1,545
	<b>1,656</b>	<b>1,545</b>
<b>Total</b>	<b>42,455</b>	<b>40,774</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
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**Note 20**

**Employee Benefits Obligation**

Particulars	As at	
	June 30, 2017	March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Employee benefits		
Gratuity	570	568
Compensated Absences	179	160
<b>(A)</b>	<b>749</b>	<b>728</b>
<b>Current Liability - Provisions</b>		
Employee benefits		
Gratuity	139	141
Compensated Absences	49	44
<b>(B)</b>	<b>188</b>	<b>185</b>
<b>Total (A)+(B)</b>	<b>937</b>	<b>913</b>

**Note 21**

**Other non-current liabilities**

Particulars	As at	
	June 30, 2017	March 31, 2017
Unearned billing revenue	1,037	967
<b>Total</b>	<b>1,037</b>	<b>967</b>

**Note 22**

**Current Financial Liability – Borrowings**

Particulars	As at	
	June 30, 2017	March 31, 2017
<b>Unsecured Loans</b>		
From banks	8,284	10,744
From others		
Commercial paper	14,879	14,635
Loans and advances from related parties	24,057	20,877
<b>Total</b>	<b>47,220</b>	<b>46,256</b>

**Note 23**

**Current Financial Liability-Trade payables**

Particulars	As at	
	June 30, 2017	March 31, 2017
Trade payables		
Total outstanding dues of micro and small enterprises	94	130
Total outstanding dues of creditors other than micro and small enterprises	51,276	50,420
<b>Total</b>	<b>51,370</b>	<b>50,550</b>

The carrying amount of trade payables as at reporting date approximates fair value.



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
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 Notes to Separate Supplementary Unaudited Financial Statements

**Note 24**  
**Current Financial Liability-Others**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Current maturities of long term debt	9,351	9,359
Current maturities of finance lease obligation	1,023	1,122
Interest accrued on borrowings	51,652	17,204
Security deposits from customers and others	2,821	2,978
Employee benefits payable	871	1,321
Capital creditors	31,865	38,811
Derivative financial liabilities	1,664	1,617
Regulatory liabilities	6,340	67
Others	80	79
<b>Total</b>	<b>105,667</b>	<b>72,558</b>

**Note 25**  
**Other current liabilities**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Advance from customers	13,064	12,974
Unearned billing revenue	2,086	1,973
Statutory dues including provident fund and tax deducted at source	6,830	2,661
<b>Total</b>	<b>21,980</b>	<b>17,608</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
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 Notes to Separate Supplementary Unaudited Financial Statements

**Note 26**

**Revenue from operations**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Telecommunication Services		
Mobile	89,733	102,871
Fixed line data	2,506	2,446
Cellsite Sharing Revenue	507	453
<b>Total</b>	<b>92,746</b>	<b>105,770</b>

**Note 27**

**Other non-operating income**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Others	544	642
<b>Total</b>	<b>544</b>	<b>642</b>

**Note 28**

**Access charges**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Access charges	11,318	10,008
Roaming cost	3,038	4,063
<b>Total</b>	<b>14,356</b>	<b>14,071</b>

**Note 29**

**Licence and regulatory fees**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Licence fees	6,337	7,419
Other regulatory fees	3,356	4,708
<b>Total</b>	<b>9,693</b>	<b>12,127</b>



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
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**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 30**

**Employee benefits expense**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Salaries and allowances	3,275	3,189
Contribution to provident and other funds	98	138
Leave compensation expenses	47	54
Gratuity expenses	41	41
Employee share based payments	27	141
Staff welfare expenses	203	221
	3,691	3,784
Less: Payroll cost capitalised	47	63
<b>Total</b>	<b>3,644</b>	<b>3,721</b>

**Note 31**

**Rental**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Network site rentals/leases	12,776	12,688
Others	514	533
<b>Total</b>	<b>13,290</b>	<b>13,221</b>

**Note 32**

**Power and Fuel**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Network	8,915	8,231
Others	269	290
<b>Total</b>	<b>9,184</b>	<b>8,521</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
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 Notes to Separate Supplementary Unaudited Financial Statements

**Note 33**

**Other expenses**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Network related:</b>		
Transmission cost	907	742
Network operation and maintenance	4,203	4,318
Insurance	126	169
	<b>(A)</b>	<b>5,236</b>
		<b>5,229</b>
<b>Marketing related:</b>		
Advertisement and publicity	2,811	2,816
Business and sales promotion	190	201
Sales commission and incentives	4,895	4,671
Other selling and distribution expenses	1,468	1,692
	<b>(B)</b>	<b>9,364</b>
		<b>9,380</b>
<b>Administration and Other Expenses</b>		
Content cost	1,325	1,594
Repairs to buildings	12	10
Repairs and Maintenance - others	620	403
Insurance	5	8
Rates and taxes	185	123
Traveling and conveyance	340	442
Legal and professional fees	171	225
Commission expenses - others	428	462
Payment to Auditors		
Audit Fees	11	13
Tax audit Fees	1	2
Other Fees	7	4
Reimbursement of expenses	2	2
Provision for doubtful debts and advances	398	564
Bad debt written off	1	57
Provision for bad and doubtful Debts written back	(1)	(57)
IT and other business process outsourcing cost	3,164	3,571
CSR Expenses	-	3
Inter Company Service Charges	1,979	1,623
Miscellaneous expenses	880	960
	<b>(C)</b>	<b>9,528</b>
		<b>10,009</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>24,128</b>
		<b>24,618</b>



Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements  
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 Notes to Separate Supplementary Unaudited Financial Statements

**Note 34**

**Other (gains)/losses (net)**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Interest income from fixed deposits	(35)	(80)
Net gain on disposal of property, plant and equipment	(11)	(130)
Derivatives - Foreign exchange forward contracts and cross currency Interest rate swaps - Net losses	141	(1,853)
Net foreign exchange loss	351	3,995
<b>Total</b>	<b>446</b>	<b>1,932</b>

**Note 35**

**Depreciation and Amortisation**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Depreciation	12,774	12,445
Amortisation	7,459	6,854
<b>Total</b>	<b>20,233</b>	<b>19,299</b>

**Note 36**

**Finance costs**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Finance cost on Financial liabilities held at amortised cost:</b>		
Interest on borrowings	12,481	14,291
Interest Expenses-Others	1,199	1,191
Other borrowing costs	107	90
Finance charges on finance lease	84	1
<b>Fair value through profit or loss:</b>		
Exchange differences regarded as an adjustment to borrowing costs	-	1,117
	<b>13,871</b>	<b>16,690</b>
Less: Finance costs capitalised	1,568	37
<b>Total</b>	<b>12,303</b>	<b>16,653</b>

**Note 37**

**Assets classified as held for sale**

The management of the Company approved on March 19, 2017 that certain assets carrying value would be recovered principally through a sale transaction rather than through the continuing use. Therefore, these assets were classified as assets held for sale.

The carrying amounts of assets are as follows:

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Assets classified as held for sale</b>		
Property, Plant and Equipment	1,018	1,018
Intangible assets	134	134
Capital work-in-progress	10	10
<b>Total Assets classified as held for sale</b>	<b>1,162</b>	<b>1,162</b>

Fair value of above assets was higher than its carrying value as on June 30, 2017 and March 31, 2017.



**Vodafone Mobile Services Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 38**

**Earnings per share**

Basic and diluted (loss) per share is calculated by dividing the (loss) attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Particulars	For the period ended	For the period ended
	June30, 2017	June30, 2016
(Loss) for basic and diluted earnings per share	(9,790)	(5,597)
Weighted average number of equity shares	1,376,302,720	667,507,043
Basic and diluted earnings per share (INR)	(7.11)	(8.38)

Reconciliation of weighted average number of equity shares:

Particulars	For the period ended	For the period ended
	June30, 2017	June30, 2016
Shares in issue for the period	1,376,302,720	626,842,863
Weighted average shares of right issue	-	40,664,180
<b>Total weighted average number of shares</b>	<b>1,376,302,720</b>	<b>667,507,043</b>

Note: There is no dilution to the basic EPS as there are no outstanding potentially dilutive equity shares.

**Note 39**

**Contingent Liabilities**

Aggregate amount of Contingent Liability INR 253,640 (March 31, 2017: INR 238,872).

(Includes disputed liabilities relating to Direct Tax matters INR 48,335 (March 31, 2017: INR 48,262), Indirect Taxes matters INR 12,687 (March 31, 2017: INR 12,296), Regulatory matters INR 188,683 (March 31, 2017: INR 174,662), Other matters INR 3,935 (March 31, 2017 : INR 3,652)).

**Note 40**

On March 19, 2017, the Board of Directors of the Company approved the draft composite Scheme of Amalgamation and Arrangement between Vodafone India Limited ('VIL'), Vodafone Mobile Services Limited ('VMSL') ('transferor companies') and Idea Cellular Limited ('ICL') ('transferee Company'), subject to such approvals, consents and permissions as may be necessary and required.

The Scheme provides for merger of the telecommunications businesses of VIL and VMSL (excluding VIL's 42% equity interest in Indus Towers Limited and certain international network assets and information technology platforms identified in the Scheme) with ICL on going concern basis. Upon the scheme becoming effective, the transferor companies shall stand dissolved without being wound up. The shareholders of VIL would hold 45.1% equity shares in the merged company. All subsidiaries, associate and Joint ventures of VIL and VMSL shall become subsidiaries, associate and Joint ventures of ICL.

Till date, the Company has received approval from CCI and no-objection from the BSE Limited and the National Stock Exchange Limited.

VIL and VMSL filed joint application with NCLT, Mumbai bench on August 9, 2017 seeking directions for convening of meetings of shareholders and creditors of VIL and VMSL in respect of the Scheme. Vide order dated August 22, 2017, NCLT has ordered for meetings of equity shareholders and unsecured creditors of VIL and VMSL and meeting of unsecured debenture holders in case of VMSL to be convened on October 11, 2017 and has further directed for publication of notices for such meetings as per the provisions of the Companies Act 2013.

**Note 41**

**Subsequent events**

Subsequent to the period end, the management has entered into discussions with few parties for hiving off its passive infrastructure assets. The management has received bids and is currently analysing the same. Since the hive off process has started post June 30, 2017, no adjustments / disclosures are made in these separate supplementary unaudited financial statements.



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

### Balance sheet

	Note	As at June 30, 2017	As at March 31, 2017
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	5	27,512	28,230
Capital work-in-progress	5	2,016	1,813
Intangible assets	6	103,319	104,780
Intangible assets under development	6	30,341	30,058
Investment in Subsidiaries and Joint Venture	7	487,500	484,743
<b>Financial Assets</b>			
i. Loans	8	1,224	1,224
ii. Other financial assets	9	1,559	1,594
Income tax recoverable (net)		17,870	17,426
Deferred tax assets (net)	10	-	-
Other non current assets	11	875	1,617
<b>Total non current assets</b>		<b>672,216</b>	<b>671,485</b>
<b>Current assets</b>			
<b>Financial Assets</b>			
i. Trade receivables	12	2,503	2,647
ii. Cash and cash equivalents	13	18,592	25,834
iii. Loans	14	35,310	32,363
iv. Other financial assets	15	3,408	4,484
Other current assets	16	3,176	2,074
Assets classified as held for distribution to owners	40	1	1
<b>Total current assets</b>		<b>62,990</b>	<b>67,403</b>
<b>Total Assets</b>		<b>735,206</b>	<b>738,888</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Balance sheet**

	Note	As at June 30, 2017	As at March 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	17	28,133	28,133
Other Equity			
Reserves and Surplus		579,422	574,187
<b>Total Equity</b>		<b>607,555</b>	<b>602,320</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial liabilities			
i. Borrowings	18	77,106	77,240
ii. Other financial liabilities	19	945	606
Provisions	20	17,020	15,146
Employee benefit obligations	21	593	575
<b>Total non current liabilities</b>		<b>95,664</b>	<b>93,567</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	22	675	12,552
ii. Trade payables	23		
Total outstanding dues of micro and small enterprises		9	8
Total outstanding dues of creditors other than micro and small enterprises		10,173	10,616
iii. Other financial liabilities	24	18,591	18,382
Provisions	20	168	168
Employee benefit obligations	21	129	127
Current tax liabilities (net)		100	100
Other current liabilities	25	2,142	1,048
<b>Total current liabilities</b>		<b>31,987</b>	<b>43,001</b>
<b>Total liabilities</b>		<b>127,651</b>	<b>136,568</b>
<b>Total Equity and Liabilities</b>		<b>735,206</b>	<b>738,888</b>

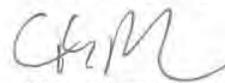
Significant Accounting Policies 3

The above balance sheet should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory

  
Thomas Reisten



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Statement of Profit and Loss**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016	
<b>Continuing operations</b>				
I	Revenue from operations	26	10,508	11,384
II	Other non operating income	27	149	120
III	<b>Total Income (I + II)</b>		<b>10,657</b>	<b>11,504</b>
<b>IV Expenses</b>				
	SIM cards consumed		6	28
	Access charges	28	4,731	3,549
	License and regulatory fees	29	830	1,156
	Employee benefits expense	30	377	273
	Rental	31	753	769
	Power and fuel	32	562	514
	Other expenses	33	2,048	2,067
	<b>Total Expenses (IV)</b>		<b>9,307</b>	<b>8,356</b>
V	<b>Profit before other (gains)/losses (net), depreciation and amortisation, finance costs and tax (EBITDA) (III- IV)</b>		<b>1,350</b>	<b>3,148</b>
	Other (gains)/losses (net)	34	(987)	(803)
	Depreciation and amortisation expense	35	3,209	3,174
	Finance costs	36	2,360	4,636
VI	<b>Loss before tax from continuing operations</b>		<b>(3,232)</b>	<b>(3,859)</b>
<b>VII Income tax expense</b>				
	Current tax		-	-
	Deferred tax		2	-
	<b>Total tax expense</b>		<b>2</b>	<b>-</b>
VIII	<b>(Loss) after tax from continuing operations (VI-VII)</b>		<b>(3,234)</b>	<b>(3,859)</b>
<b>Discontinued Operations</b>				
	Profit from discontinued operation before tax	40	8,610	8,136
	Tax expense of discontinued operations		-	-
IX	<b>Profit from discontinued operations</b>		<b>8,610</b>	<b>8,136</b>
X	<b>Profit after tax for the period (VIII+IX)</b>		<b>5,376</b>	<b>4,277</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Statement of Profit and Loss**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Other Comprehensive (Loss)/Income from continuing operations</b>			
A	Items that will be reclassified to profit or loss	-	-
B	(i) Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit obligations	(5)	1
	(ii) Income tax relating to above items that will not be reclassified to profit or loss	2	-
XI	<b>Other Comprehensive (Loss)/Income from continuing operations (Net of tax)</b>	<b>(3)</b>	<b>1</b>
<b>Other Comprehensive Income from discontinued operations</b>			
A	Items that will be reclassified to profit or loss	-	-
B	(i) Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit obligations	-	-
	(ii) Income tax relating to above items that will not be reclassified to profit or loss	-	-
XII	<b>Other Comprehensive Income from discontinued operations (Net of tax)</b>	<b>-</b>	<b>-</b>
XIII	<b>Other Comprehensive (Loss)/Income for the period (Net of tax) (XI+XII)</b>	<b>(3)</b>	<b>1</b>
XIV	<b>Total Comprehensive (Loss) from continuing operations (VIII+XI) (Comprising (Loss) and Other Comprehensive Income for the period)</b>	<b>(3,237)</b>	<b>(3,858)</b>
XV	<b>Total Comprehensive Income from discontinued operations (IX+XII) (Comprising profit and Other Comprehensive Income for the period)</b>	<b>8,610</b>	<b>8,136</b>
XVI	<b>Total Comprehensive Income for the period (XVI+XVII) (Comprising profit and Other Comprehensive Income for the period)</b>	<b>5,373</b>	<b>4,278</b>
<b>Earning per equity share of INR 10 each</b>			
	Basic and Diluted (loss) per share (INR) - Continuing operations	37	(1.15)
	Basic and Diluted Profit per share (INR) - Discontinued operations	37	3.06
	Basic and Diluted Profit per share (INR) - Continuing and discontinued operations	37	1.91
	2.93		
	operations		
	Significant Accounting Policies	3	

The above statement of profit and loss should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory



Thomas Reisten



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Statement of Changes in Equity**

Particulars	Equity Share Capital	Attributable to owners of Vodafone India Limited					Total Reserves and Surplus
		Reserves and Surplus					
		Capital Reserve <sup>(1)</sup>	Securities Premium <sup>(2)</sup>	Retained earnings/ (accumulated deficit) <sup>(3)</sup>	Capital contribution <sup>(5)</sup>	Share based payment reserve <sup>(4)</sup>	
Balance at March 31, 2016	4,534	165	134,264	(10,251)	12	721	124,911
Profit for the period	-	-	-	4,277	-	-	4,277
Other comprehensive income	-	-	-	1	-	-	1
<b>Total comprehensive income for the period</b>	-	-	-	<b>4,278</b>	-	-	<b>4,278</b>
Capital contribution by Ultimate holding company for Employee share based payments	-	-	-	-	37	-	37
Share based payments	-	-	-	-	-	(257)	(257)
Issue of equity shares during the period	1,059	-	98,941	-	-	-	98,941
Share issue expenses	-	-	(100)	-	-	-	(100)
<b>Balance at June 30, 2016</b>	<b>5,593</b>	<b>165</b>	<b>233,105</b>	<b>(5,973)</b>	<b>49</b>	<b>464</b>	<b>227,810</b>
Balance at March 31, 2017	28,133	165	587,177	(14,030)	53	822	574,187
Profit for the period	-	-	-	5,376	-	-	5,376
Other comprehensive loss	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	<b>5,376</b>	-	-	<b>5,376</b>
Capital contribution by Ultimate holding company for Employee share based payments	-	-	-	-	131	-	131
Share based payments	-	-	-	-	-	(272)	(272)
<b>Balance at June 30, 2017</b>	<b>28,133</b>	<b>165</b>	<b>587,177</b>	<b>(8,654)</b>	<b>184</b>	<b>550</b>	<b>579,422</b>

<sup>(1)</sup> Capital reserve comprises of capital receipt, received as compensation from an erstwhile Joint Venture partner for failure to subscribe in the equity shares of Vodafone India Limited in earlier years. The said capital reserve is not available for distribution as dividend.

<sup>(2)</sup> The amounts received in excess of the par value of equity shares issued have been classified as securities premium. In accordance with the provisions of Section 52 of the Companies Act, 2013, the securities premium account can only be utilised for the purposes of issuing bonus shares, repurchasing the Company's shares and offsetting direct issue costs and discount allowed for the issue of shares.

<sup>(3)</sup> Retained earnings / (accumulated deficit) represents the Company's cumulative earnings and losses respectively.

<sup>(4)</sup> Share based payment reserve represents Vodafone Group Plc's equity settled plan for the employees of the Company.

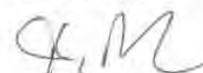
<sup>(5)</sup> Capital Contribution represents the shortage of provision on settlement of reserve for the equity settled plan of employees of the Company.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

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Thomas Reisten



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

### Statement of Cash Flows

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow from operating activities</b>			
(Loss) before tax from continuing operations		(3,232)	(3,859)
Profit before tax from discontinued operations		8,610	8,136
<b>Profit before tax including discontinued operations</b>		<b>5,378</b>	<b>4,277</b>
<b>Adjustments for:</b>			
Depreciation and amortisation expense	35	3,209	3,174
Provision for doubtful debts and advances	33	130	140
Net Loss/(Gain) on disposal of property, plant and equipment	34	18	(31)
Dividend Income from Discontinued Operations	40	(10,009)	(9,509)
Finance costs	36	2,360	4,636
Net unrealised foreign exchange loss		60	601
Interest income from fixed deposits	34	(290)	(92)
Interest income from Inter corporate loan	34	(785)	(981)
Employee share based payments	30	123	92
<b>Operating profit before working capital changes</b>		<b>194</b>	<b>2,307</b>
<b>Adjustments for changes in working capital</b>			
Decrease in others non current financial assets		29	5
Decrease in other non current assets		724	8
Decrease/(Increase) in trade receivables		21	(117)
Decrease in others current financial assets		1,018	1,066
(Increase) in other current assets		(1,102)	(240)
Increase in long term provisions		1,490	1,488
Increase in non current liabilities - employee benefit obligations		13	29
(Decrease) in trade payables		(743)	(716)
Increase in others current financial liabilities		275	315
Increase in other current liabilities		1,094	586
Increase in current liabilities - employee benefit obligations		2	4
(Decrease) in derivatives financial assets and liabilities		-	(289)
<b>Cash generated from operations</b>		<b>3,015</b>	<b>4,446</b>
Income tax paid (net)		(447)	(429)
<b>Net cash inflow from operating activities</b>		<b>2,568</b>	<b>4,017</b>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment and intangible assets		(2,915)	(2,976)
Proceeds from sale of property, plant and equipment		16	78
Loans given to related parties		(7,699)	(9,250)
Repayment of loans by related parties		4,752	16,880
Interest received		1,100	1,095
Payment for Investment in Subsidiaries		(2,758)	(80,000)
Dividend Income from Discontinued Operations - Indus Towers Limited		10,009	9,509
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2,505</b>	<b>(64,664)</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Statement of Cash Flows**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares		-	100,000
Share issue expenses		-	(100)
Proceeds from borrowings		380	7,135
Repayment of borrowings		(12,487)	(35,173)
Interest and other borrowing cost paid		(206)	(4,287)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(12,313)</b>	<b>67,575</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<b>(7,240)</b>	<b>6,928</b>
Cash and cash equivalents as at the beginning of the period		25,834	2,164
Effects of exchange rate changes on cash and cash equivalents		(2)	-
<b>Cash and cash equivalents as at the end of the period</b>	13	<b>18,592</b>	<b>9,092</b>

**Reconciliation of cash and cash equivalents as per the statement of cash flows**

		As at June 30, 2017	As at June 30, 2016
<b>Cash and cash equivalents as per above comprise of the following</b>			
Cash and cash equivalents	13	18,592	9,092
<b>Balance as per statement of cash flows</b>		<b>18,592</b>	<b>9,092</b>

1. The above statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard ('Ind AS') 7 statement of cash flows notified under section 133 of the Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

2. Figures in bracket indicate cash outflow.

The above statement of cash flows should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory



Thomas Reisten



## **Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**

*(All amounts are in INR millions, except per share data and unless stated otherwise)*

*Notes to Separate Supplementary Unaudited Financial Statements*

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### **Note 1**

#### **General Information**

Vodafone India Limited (herein referred to as "VIL" or "the Company") is a company incorporated in India and its principal business is providing mobile communications services in Mumbai circle. VIL and its subsidiaries together are referred to as 'The Group' is engaged in providing mobile communication and telecom passive infrastructure services across India. The Company is domiciled in India with its registered office address being Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, India.

### **Note 2**

#### **Basis of preparation**

##### **Purpose and Structure**

These separate supplementary unaudited financial statements have been prepared by the management for the purpose of compliance as per Section 232(2)(e) of the Companies Act, 2013.

The separate supplementary unaudited financial statements are not the statutory / interim financial statements of the Company and accordingly all disclosures as per applicable Indian Accounting Standards are not provided.

The separate supplementary unaudited financial statements have balance sheet as at March 31, 2017 being end of the immediately preceding financial year. Statement of profit and loss, statement of changes in equity ('SOCIE') and statement of cash flows are given for the period ended June 30, 2016 being the comparable immediately preceding period.

### **Note 3**

#### **Significant Accounting Policies**

The accounting policies used in the preparation of these separate supplementary unaudited financial statements are the same that the Company had followed for the preparation of its annual audited financial statements for the year ended March 31, 2017.

### **Note 4**

#### **Critical judgements and sources of estimation uncertainty**

The Critical judgements used in the preparation of these separate supplementary unaudited financial statements are the same that the Company had followed for the preparation of its annual audited financial statements for the year ended March 31, 2017.



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
*Notes to Separate Supplementary Unaudited Financial Statements*

**Note 5**  
**Property, Plant and Equipment**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Leasehold improvements	65	71
Plant and machinery	26,185	26,929
Computer hardware	744	643
Office Equipments	119	109
Furniture and fixtures	100	117
<b>Sub-Total (A)</b>	<b>27,213</b>	<b>27,869</b>
<b>Leased Assets</b>		
Computer Hardware	299	361
<b>Sub-Total (B)</b>	<b>299</b>	<b>361</b>
<b>Total (A) + (B)</b>	<b>27,512</b>	<b>28,230</b>
<b>Capital work-in-progress</b>	<b>2,016</b>	<b>1,813</b>

**Note 6**  
**Intangible Assets**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
License fees	8	8
Right to use Spectrum	102,206	103,785
Computer software	1,055	925
<b>Sub-Total (A)</b>	<b>103,269</b>	<b>104,718</b>
<b>Leased Assets</b>		
Computer software	38	50
Bandwidth	12	12
<b>Sub-Total (B)</b>	<b>50</b>	<b>62</b>
<b>Total (A) + (B)</b>	<b>103,319</b>	<b>104,780</b>
<b>Intangible assets under development</b>	<b>30,341</b>	<b>30,058</b>

**Note 7**  
**Investment in Subsidiaries and Joint Venture**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Non Current Trade Investments (Unquoted at cost) (Refer Note 7.1)		
Equity shares		
In Subsidiary Companies (Net of Provision)	487,500	484,743
In Joint Venture Company	1	1
Less: Discontinued operations		
Carrying value of investments	1	1
<b>Total</b>	<b>487,500</b>	<b>484,743</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 7.1**

Details of Non Current Investments - Equity Shares as at June 30, 2017

Name of the entity	Number of Shares	Face Value (INR)	Total (INR in million)	Proportion of ownership interest held	Principal activities
<b>Subsidiaries</b>					
Vodafone Mobile Services Limited (VMSL)	1,376,302,720	10	477,723	100%	Mobile Telecommunication Services
Vodafone Towers Limited (VTL) **	50,000	10	1	100%	Passive Infrastructure Services
Vodafone Foundation **	200	10	-	100%	Promote and implement the Corporate Social Responsibility
Mobile Commerce Solutions Limited (MCSL)	299,999,995	10	2,999	74%	Trading of handsets, data cards and related accessories. An outsourcing hub for finance and accounts and catering to the Information Technology (IT) needs for data consolidation, back end IT supports, data center operations and hosting services for Group companies.
Vodafone Business Services Limited (VBSL) (formerly known as Vodafone Shared Services Limited)	50,000	10	1	100%	Information Technology (IT) related software and other related services.
Vodafone m-pesa Limited	156,616,475	10	4,000	100%	Mobile wallet business
Vodafone India Ventures Limited	2,000,000	10	20	100%	Passive Infrastructure Services
Vodafone India Digital Limited	500,000	10	5	100%	Information Technology (IT) related software and other related services.
You Broadband India Limited*	47,345,392	10	2,752	100%	Providing infrastructure support to licensed telecommunication service providers, internet service providers by providing dark fibre, fixed links and duct space.
<b>Total</b>			<b>487,501</b>		

\* On June 14, 2017, the company has acquired 100% of the issued share capital of You Broadband India Limited.

\*\* Provision made for diminishing in value of investment.

**Note 7.1**

Details of Non Current Investments - Equity Shares as at March 31, 2017

Name of the entity	Number of Shares	Face Value (INR)	Total (INR in million)	Proportion of ownership interest held	Principal activities
<b>Subsidiaries</b>					
Vodafone Mobile Services Limited (VMSL)	1,376,302,720	10	477,723	100%	Mobile Telecommunication Services
Vodafone Towers Limited (VTL) **	50,000	10	1	100%	Passive Infrastructure Services
Vodafone Foundation **	200	10	-	100%	Promote and implement the Corporate Social Responsibility
Mobile Commerce Solutions Limited (MCSL)	299,999,995	10	2,999	74%	Trading of handsets, data cards and related accessories. An outsourcing hub for finance and accounts and catering to the Information Technology (IT) needs for data consolidation, back end
Vodafone Business Services Limited (VBSL) (formerly known as Vodafone Shared Services Limited)	50,000	10	1	100%	Information Technology (IT) related software and other related services.
Vodafone m-pesa Limited	156,616,475	10	4,000	100%	Mobile wallet business
Vodafone India Ventures Limited	2,000,000	10	20	100%	Passive Infrastructure Services
Vodafone India Digital Limited*	500,000	10	-	-	Information Technology (IT) related software and other related services.
<b>Total</b>			<b>484,744</b>		

\* Equity shares have been subscribed but not paid as on balance sheet date

\*\* Provision made for diminishing in value of investment.



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
*Notes to Separate Supplementary Unaudited Financial Statements*

**Note 8**

**Non Current Financial Assets-Loans**  
**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Loans to related parties		
Loans to Joint venture - Indus Towers Limited	1,224	1,224
<b>Total</b>	<b>1,224</b>	<b>1,224</b>

**Note 9**

**Non Current Financial Assets-Others**  
**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Derivative financial assets	112	118
Security deposits		
To related parties	46	46
To others	1,401	1,430
<b>Total</b>	<b>1,559</b>	<b>1,594</b>

**Note 10**

**Taxation**

**i. Income Tax expense**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Income tax expenses in respect of:</b>		
Current period	-	-
<b>Total current tax</b>	-	-
Origination and reversal of temporary differences	2	-
<b>Total deferred tax expense</b>	<b>2</b>	-
<b>Total Income tax expense</b>	<b>2</b>	-
<b>Loss from continuing operations</b>	<b>2</b>	-
<b>Loss from discontinued operations</b>	-	-

**ii. Tax charge recognised directly to Other Comprehensive Loss**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Deferred tax (benefit)	(2)	-
<b>Total tax (income) recognised directly to Other Comprehensive Income</b>	<b>(2)</b>	-

**Deferred tax assets and liabilities as at June 30, 2017**

Particulars	Amount (charged)/ credited in statement of profit and loss	Gross deferred tax asset	Gross deferred tax liability	Less : amounts not recognised	Net recognised
					deferred tax (liability) /asset
Tax Losses	313	35,640	-	23,271	12,369
Depreciation and Amortisation	(537)	-	(19,247)	-	(19,247)
Trade Receivable and other financial assets	45	298	-	-	298
Retirement Benefits	7	250	-	-	250
Trade payables and Provisions	165	6,339	-	-	6,339
Derivative financial Assets/(Liabilities) & Borrowings	7	-	(9)	-	(9)
Amount charged through OCI	(2)	-	-	-	-
<b>As at June 30, 2017</b>	<b>(2)</b>	<b>42,527</b>	<b>(19,256)</b>	<b>23,271</b>	-



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Deferred tax assets and liabilities as at March 31, 2017**

Particulars	Gross deferred tax asset	Gross deferred tax liability	Less : amounts not recognised	Net recognised deferred tax (liability) /asset
Tax Losses	33,781	-	21,724	12,057
Depreciation and Amortisation	-	(18,709)	-	(18,709)
Trade Receivable and financial assets	253	-	-	253
Retirement Benefits	243	-	-	243
Trade payables and Provisions	6,173	-	-	6,173
Derivative financial Assets/(liabilities) & Borrowings	(17)	-	-	(17)
<b>As at March 31, 2017</b>	<b>40,433</b>	<b>(18,709)</b>	<b>21,724</b>	<b>-</b>

**Deferred tax credit/(charge) for the period ended June 30, 2016**

Particulars	Amount (charged)/ credited in Statement of Profit or loss
Tax Losses	655
Depreciation and Amortisation	(777)
Trade Receivable and financial assets	50
Retirement Benefits	11
Trade payables and Provisions	370
Derivative financial Assets/(liabilities) & Borrowings	(309)
<b>As at June 30, 2016</b>	<b>-</b>

**Note 11**

**Other non current assets**

**(Unsecured, considered good unless otherwise stated)**

Particulars	As at June 30, 2017	As at March 31, 2017
Capital advances	133	151
CENVAT and service tax credit receivable	-	706
Prepaid expenses	204	222
Amount deposited under protest with Government authorities	538	538
<b>Total</b>	<b>875</b>	<b>1,617</b>

**Note 12**

**Current Financial Assets-Trade receivables**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Trade receivables</b>		
Secured considered good	107	109
Unsecured considered good	2,396	2,538
Unsecured considered doubtful	848	718
<b>Total</b>	<b>3,351</b>	<b>3,365</b>
Less : Provision for Doubtful Debts	(848)	(718)
<b>Total</b>	<b>2,503</b>	<b>2,647</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
*Notes to Separate Supplementary Unaudited Financial Statements*

**Note 13**

**Current Financial Assets-Cash and cash equivalents**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Bank balances		
In current accounts	940	1,343
Demand deposits ( less than 3 months maturity )	17,507	24,338
Cheques on hand	133	145
Cash on hand	12	8
<b>Total</b>	<b>18,592</b>	<b>25,834</b>

**Note 14**

**Current Financial Assets-Loans**

*(Unsecured, considered good unless otherwise stated)*

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Loans to related parties		
Loans to Subsidiaries	35,323	32,376
Less: Provisions for amounts considered doubtful		
Loans to Subsidiaries	13	13
<b>Total</b>	<b>35,310</b>	<b>32,363</b>

**Note 15**

**Current Financial Assets-Others**

*(Unsecured, considered good unless otherwise stated)*

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposits	32	32
Interest accrued on deposit with banks and others	43	93
Accrued billing revenue	1,896	1,903
Interest accrued but not due from related parties	257	232
Derivative financial assets	840	873
Receivable from related parties	305	1,299
Others	35	52
<b>Total</b>	<b>3,408</b>	<b>4,484</b>

**Note 16**

**Other current assets**

*(Unsecured, considered good unless otherwise stated)*

Particulars	As at	As at
	June 30, 2017	March 31, 2017
CENVAT and service tax credit	2,511	1,152
Advance to suppliers	117	420
Advance to related parties	126	29
Prepaid expenses	422	473
<b>Total</b>	<b>3,176</b>	<b>2,074</b>



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

Notes to Separate Supplementary Unaudited Financial Statements

### Note 17

#### Equity Share Capital

Particulars	As at June 30, 2017	As at March 31, 2017
<b>[a] Authorised share capital</b>		
5,000,000,000 (March 31, 2017: 5,000,000,000) equity shares of the par value of INR10 each	50,000	50,000
	<b>50,000</b>	<b>50,000</b>
<b>[b] Issued</b>		
2,813,295,823 (March 31, 2017: 2,813,295,823) equity shares of INR10 each	28,133	28,133
	<b>28,133</b>	<b>28,133</b>
<b>[c] Subscribed and paid up</b>		
2,813,295,823 (March 31, 2017: 2,813,295,823) equity shares of INR10 each fully paid up	28,133	28,133
	<b>28,133</b>	<b>28,133</b>

**[d] Reconciliation of number of shares outstanding at the beginning and end of the period :**

	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity:</b>				
Outstanding at the beginning of the period	2,813,295,823	28,133	453,431,113	4,534
Issued during the period	-	-	2,359,864,710	23,599
<b>Outstanding at the end of the period</b>	<b>2,813,295,823</b>	<b>28,133</b>	<b>2,813,295,823</b>	<b>28,133</b>

**[e] Rights, preferences and restrictions attached to equity shares:**

The Company has issued a single class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

**[f] Shares held by the Holding Company or the Ultimate Holding Company including shares held by their subsidiaries or associates and nominees, in aggregate:**

Name of the shareholder	As at June 30, 2017	As at March 31, 2017
<b>Equity :</b>		
Vodafone Group Plc., the Ultimate Holding company and its Subsidiaries	2,813,295,823	2,813,295,823

**[g] Details of shareholders holding more than 5% of the aggregate shares in the Company:**

Name of the shareholder	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Percentage	Number of Shares	Percentage
Euro Pacific Securities Limited	758,986,306	26.98%	758,986,306	26.98%
Prime Metals Limited	415,986,399	14.79%	415,986,399	14.79%
Mobilvest	318,870,690	11.33%	318,870,690	11.33%
Vodafone Telecommunications (India) Limited	309,165,696	10.99%	309,165,696	10.99%
Trans Crystal Limited	278,020,841	9.88%	278,020,841	9.88%
Asian Telecommunications Investments (Mauritius) Limited	186,562,701	6.63%	186,562,701	6.63%
Telecom Investments India Private Limited	160,975,557	5.72%	160,975,557	5.72%
Al-Amin Investments Limited	154,582,753	5.49%	154,582,753	5.49%



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

### Notes to Separate Supplementary Unaudited Financial Statements

#### [h] Equity shares issued for consideration other than cash:

During the financial year 2016 – 2017, the Company pursuant to approval of the Board and approval of shareholders, has issued and allotted Bonus shares to its shareholders who were shareholders (members) as on July 15, 2016 being the Record Date fixed for ascertaining the entitlement of Bonus shares. 1,118,502,436 fully paid up equity shares of INR 10 each were issued as Bonus shares by utilising the Securities Premium Account amounting to INR 11,185. The Bonus Shares were issued and allotted in the Ratio of 2:1 i.e. 2 Shares for 1 shares held by the shareholder as on the Record Date. Pursuant to the issue of Bonus shares the paid up equity share capital of the Company increased by INR 16,778 comprising 1,677,753,654 equity shares of INR 10 each fully paid up.

### Note 18

#### Non-Current Financial Liability-Borrowings

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Unsecured</b>		
Term loans		
From Banks	310	311
From Others	563	678
Deferred payment liability	75,999	75,999
Finance Lease Obligation	234	252
<b>Total</b>	<b>77,106</b>	<b>77,240</b>

### Note 19

#### Non-Current Financial Liability-Others

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Interest accrued on borrowings	945	606
<b>Total</b>	<b>945</b>	<b>606</b>

### Note 20

#### Provisions

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Asset retirement obligation	14	13
Regulatory and Other Provisions	17,006	15,133
<b>(A)</b>	<b>17,020</b>	<b>15,146</b>
<b>Current Liability - Provisions</b>		
Regulatory and Other Provisions	168	168
<b>(B)</b>	<b>168</b>	<b>168</b>
<b>Total (A)+(B)</b>	<b>17,188</b>	<b>15,314</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 21**  
**Employee Benefits Obligation**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Employee benefits		
Gratuity	451	442
Compensated Absences	142	133
<b>(A)</b>	<b>593</b>	<b>575</b>
<b>Current Liability - Provisions</b>		
Employee benefits		
Gratuity	87	86
Compensated Absences	42	41
<b>(B)</b>	<b>129</b>	<b>127</b>
<b>Total (A)+(B)</b>	<b>722</b>	<b>702</b>

**Note 22**  
**Current Financial Liability-Borrowings**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Unsecured Loans</b>		
From banks	675	677
Commercial paper	-	11,875
<b>Total</b>	<b>675</b>	<b>12,552</b>

**Note 23**  
**Current Financial Liability-Trade payables**

Particulars	As at June 30, 2017	As at March 31, 2017
Trade payables		
Total outstanding dues of micro and small enterprises	9	8
Total outstanding dues of creditors other than micro and small enterprises	10,173	10,616
<b>Total</b>	<b>10,182</b>	<b>10,624</b>

The carrying amount of trade payables as at reporting date approximates fair value.



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 24**

**Current Financial Liability-Others**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Current maturity of unsecured long term borrowings	4,419	4,513
Current maturities of finance lease obligation	109	154
Interest accrued on borrowings	10,584	8,821
Security deposits	384	394
Employee benefits payable	989	1,174
Capital creditors	1,587	3,239
Derivative financial liabilities	43	82
Regulatory liabilities	475	3
Others	1	2
<b>Total</b>	<b>18,591</b>	<b>18,382</b>

**Note 25**

**Other current liabilities**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Advance from customers	786	810
Unearned billing revenue	11	14
Statutory dues including provident fund and tax deducted at source	1,345	224
<b>Total</b>	<b>2,142</b>	<b>1,048</b>

**Note 26**

**Revenue from operations**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Telecommunication Services		
Mobile	10,506	11,381
Cellsite sharing revenue	2	3
<b>Total</b>	<b>10,508</b>	<b>11,384</b>

**Note 27**

**Other non operating income**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Other non-operating income	149	120
<b>Total</b>	<b>149</b>	<b>120</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 28**

**Access charges**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Access charges	2,504	2,081
Roaming cost	2,227	1,468
<b>Total</b>	<b>4,731</b>	<b>3,549</b>

**Note 29**

**Licence and regulatory fees**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Licence fees	475	642
Other regulatory fees	355	514
<b>Total</b>	<b>830</b>	<b>1,156</b>

**Note 30**

**Employee benefits expense**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Salaries and allowances	1,224	1,239
Contribution to provident and other funds	59	52
Leave compensation expenses	15	5
Gratuity expense	22	25
Employee share based payments	123	92
Staff welfare expenses	46	44
	1,489	1,457
Less: Expenses shared by subsidiary company for use of common facilities	1,106	1,174
Less: Payroll cost capitalised	6	10
<b>Total</b>	<b>377</b>	<b>273</b>

**Note 31**

**Rental**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Network site rentals/leases	657	676
Others	209	203
	866	879
Less: Expenses shared by subsidiary company for use of common facilities	113	110
<b>Total</b>	<b>753</b>	<b>769</b>



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

Notes to Separate Supplementary Unaudited Financial Statements

### Note 32

#### Power and Fuel

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Network	535	485
Others	162	168
	<b>697</b>	<b>653</b>
Less: Expenses shared by subsidiary company for use of common facilities	135	139
<b>Total</b>	<b>562</b>	<b>514</b>

### Note 33

#### Other expenses

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Network related:</b>		
Transmission cost	56	51
Network operation and maintenance	389	300
Insurance	13	13
	<b>(A)</b>	<b>364</b>
<b>Marketing related:</b>		
Advertisement and publicity	308	320
Business and sales promotion	86	72
Sales commission and incentives	237	297
Other selling and distribution expenses	100	104
	<b>(B)</b>	<b>793</b>
<b>Administration and Other Expenses</b>		
Content cost	140	152
Repairs and Maintenance - others	71	49
Rates and taxes	31	10
Traveling and conveyance	68	81
Legal and professional fees	101	88
Commission expenses - others	96	99
Payment to Auditors		
Audit Fees	19	12
Tax audit Fees	1	-
Other Fees	4	1
Reimbursement of expenses	1	1
Provision for doubtful debts and advances	130	140
IT and other business process outsourcing cost	370	384
Inter Company Service Charges	299	234
Miscellaneous expenses	97	131
	<b>(C)</b>	<b>1,382</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>2,539</b>
Less: Expenses shared by subsidiary companies for use of common facilities	569	472
	<b>2,048</b>	<b>2,067</b>

### Note 34

#### Other (gains) / losses (net)

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Interest income from fixed deposits	(290)	(92)
Interest income from Inter corporate loan	(785)	(981)
Net (gain) on disposal of property, plant and equipment	-	(31)
Net loss on disposal of property, plant and equipment	18	-
Derivatives - Foreign exchange forward contracts and cross currency Interest rate swaps - Net gains	(1)	(290)
Net foreign exchange loss	71	591
<b>Total</b>	<b>(987)</b>	<b>(803)</b>



**Vodafone India Limited – Separate Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Separate Supplementary Unaudited Financial Statements**

**Note 35**

**Depreciation and Amortisation**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Depreciation	1,481	1,464
Amortisation	1,728	1,710
	<b>3,209</b>	<b>3,174</b>

**Note 36**

**Finance costs**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Financial liabilities held at amortised cost:</b>		
Interest on borrowings	2,284	4,093
Interest Expenses-Others	385	390
Other borrowing costs	21	18
Finance charges on finance lease	9	-
Exchange differences regarded as an adjustment to borrowing costs	-	135
	<b>2,699</b>	<b>4,636</b>
Less: Finance costs capitalised	339	-
<b>Total</b>	<b>2,360</b>	<b>4,636</b>

**Note 37**

**Earnings Per Share**

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of equity shares outstanding during the period.

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
(Loss) for basic and diluted earnings per share from continuing operations	(3,234)	(3,859)
Profit for basic and diluted earnings per share from discontinued operations	8,610	8,136
Weighted average number of equity shares	2,813,295,823	1,460,586,352
Basic and diluted (loss)/earnings per share (INR) from continuing operations	(1.15)	(2.64)
Basic and diluted (loss)/earnings per share (INR) from discontinued operations	3.06	5.57
Basic and diluted (loss)/earnings per share (INR) from continuing operations and discontinued operations	1.91	2.93

Reconciliation of weighted average number of equity shares:

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Shares in issue for full period	2,813,295,823	453,431,113
Weighted average shares of right issue	-	100,293,013
Bonus issue on July 19, 2016 for full year	-	906,862,226
<b>Total weighted average number of shares</b>	<b>2,813,295,823</b>	<b>1,460,586,352</b>

Note: There is no dilution to the basic EPS as there are no outstanding potentially dilutive equity shares.

**Note 38**

**Contingent Liabilities**

Aggregate amount of Contingent Liability INR 32,285 (March 31, 2017: INR 32,263)

(Includes disputed liabilities relating to Direct Tax matters INR 11,632 (March 31, 2017: INR 11,632) Indirect Taxes matters INR 1,854 (March 31, 2017: INR 1,859), Regulatory matters INR 18,567 (March 31, 2017 : INR 18,545), Other matters INR 232 (March 31, 2017 : INR 227)).



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

Notes to Separate Supplementary Unaudited Financial Statements

### Note 39

#### Other Matters

##### Note 39.1

The Company is contesting a claim from the Income Tax Department that it should have withheld, as an agent of Vodafone International B.V. (VIHBV), capital gains tax under section 201(1) of the Income tax Act, 1961 on the consideration paid by VIHBV to Hutchison Telecommunications International Limited for acquisition of a controlling stake in the Company. The Company filed a writ petition at The Honorable High Court of Bombay requesting for examining the legal validity of the notice issued on 6th August, 2007 by the Income tax authorities and for withdrawal the notice. Interim relief was granted and the hearing was then adjourned from time to time. Meanwhile, the tax authority also issued a show cause notice to VIHBV alleging the failure to withhold due taxes, which was also challenged by the filing of a writ petition.

Both VIHBV and the Company have been advised that the impugned transaction should not attract taxes in India, that VIHBV had consequently no obligation to withhold taxes on the payment of the transaction and that in any event, India tax law cannot allow for the Company to be deemed as an agent of VIHBV.

The Honorable Supreme Court has upheld the contention of VIHBV and set aside the notice against VIHBV. Pursuant to this, there was an amendment in law by Finance Act 2012, where by the Act was amended with retrospective effect to make the withholding of tax mandatory for such transactions.

The Company continues to believe that in view of the above, the possibility of that tax demand materialising on VIL is remote.

##### Note 39.2

In 2007, a petition (public interest litigation) was filed by a third party with the Delhi High Court, alleging inter alia, that by virtue of Hutchison Telecommunications International Limited's arrangements with certain Indian shareholders of the Company, the foreign shareholding in the Company was in breach of the FDI Regulations and that the Company's telecommunications license be cancelled. The court adjourned the hearing of the Petition indefinitely, noting that the issues raised in the petition were already being considered by the competent Indian government authorities. In 2007 itself the Foreign Investment Promotion Board, after having conducted a comprehensive examination of all aspects of the transactions, including the allegations included in the petition, determined that there was no such violation and consequently gave its approval to Vodafone International Holdings B.V. to acquire the entire interest held in the Company by Hutchison Telecommunications International Limited. Since then, the petitioner has applied for revival of its Petition and has amended its Petition to challenge the legality of the FIPB decision as well as impleaded certain other indirect shareholders of the Company.

The Honorable Supreme Court in its ruling on a matter involving VIHBV and the Indian Tax Authorities, has averred that the offshore transaction is a bona fide structured FDI investment in India.

### Note 40

#### Non-current assets held for distribution to owners and discontinued operations

As the part of composite scheme of amalgamation and arrangement between Vodafone Mobile Services Limited, Vodafone India Limited and Idea Cellular Limited which was approved on March 19, 2017, investment in Indus Towers Limited are reported as discontinued operations since the carrying amount of the investment in Indus Towers Limited will be distributed to owners.

##### Finance performance and cash flow information

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Dividend Income from discontinued operation before tax	10,009	9,509
Total expense	(1,399)	(1,373)
<b>Profit from discontinued operation after tax</b>	<b>8,610</b>	<b>8,136</b>

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow information</b>		
Net cash inflow from investing activities	10,009	9,509
<b>Net increase in cash generated from discontinued operations</b>	<b>10,009</b>	<b>9,509</b>

##### The carrying amounts of assets and liabilities are as follows:

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Assets classified as held for distribution to owners</b>		
Carrying value of investments	1	1

Fair value of above assets held for distribution was higher than its carrying value as on June 30, 2017 and March 31, 2017.



## Vodafone India Limited – Separate Supplementary Unaudited Financial Statements

*(All amounts are in INR millions, except per share data and unless stated otherwise)*

### *Notes to Separate Supplementary Unaudited Financial Statements*

#### **Note 41**

On March 19, 2017, the Board of Directors of the Company approved the draft composite Scheme of Amalgamation and Arrangement between Vodafone India Limited ('VIL'), Vodafone Mobile Services Limited ('VMSL') ('transferor companies') and Idea Cellular Limited ('ICL') ('transferee Company'), subject to such approvals, consents and permissions as may be necessary and required.

The Scheme provides for merger of the telecommunications businesses of VIL and VMSL (excluding VIL's 42% equity interest in Indus Towers Limited and certain international network assets and information technology platforms identified in the Scheme) with ICL on going concern basis. Upon the scheme becoming effective, the transferor companies shall stand dissolved without being wound up. The shareholders of VIL would hold 45.1% equity shares in the merged company. All subsidiaries, associate and Joint ventures of VIL and VMSL shall become subsidiaries, associate and Joint ventures of ICL.

Till date, the Company has received approval from CCI and no-objection from the BSE Limited and the National Stock Exchange Limited.

VIL and VMSL filed joint application with NCLT, Mumbai bench on August 9, 2017 seeking directions for convening of meetings of shareholders and creditors of VIL and VMSL in respect of the Scheme. Vide order dated August 22, 2017, NCLT has ordered for meetings of equity shareholders and unsecured creditors of VIL and VMSL and meeting of unsecured debenture holders in case of VMSL to be convened on October 11, 2017 and has further directed for publication of notices for such meetings as per the provisions of the Companies Act, 2013.

#### **Note 42**

##### **Subsequent Events**

Subsequent to the period end, the management has entered into discussions with a few parties for hiving off its passive infrastructure assets. The management has received bids and is currently analysing the same. Since the hive off process has started post the period ended June 30, 2017, no adjustments / disclosures are made in these separate supplementary unaudited financial statements.



Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Consolidated Balance Sheet**

	Note	As at June 30, 2017	As at March 31, 2017
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant and Equipment	5	263,916	265,402
Capital work-in-progress	5	20,738	20,759
Investment property	6	693	696
Goodwill	7	73,825	71,681
Other intangible assets	8	584,251	591,130
Intangible assets under development	8	170,104	168,881
Investments accounted for using the equity method	10	1	-
Financial assets			
i. Loans	11	1,224	1,224
ii. Other financial assets	12	6,971	6,893
Deferred tax assets (net)	13	41,276	36,391
Income tax recoverable (net)		99,003	97,422
Other non current assets	14	35,023	40,143
<b>Total non current assets</b>		<b>1,297,025</b>	<b>1,300,622</b>
<b>Current assets</b>			
Inventories	15	91	75
Financial assets			
i. Trade receivables	16	16,818	17,430
ii. Cash and cash equivalents	17.1	26,018	32,356
iii. Bank balances other than (ii) above	17.2	1,036	949
iv. Loans	18	5	5
v. Other financial assets	19	15,030	15,298
Other current assets	20	33,157	24,988
Assets classified as held for distribution to owners and held for sale	44	50,914	50,914
<b>Total current assets</b>		<b>143,069</b>	<b>142,015</b>
<b>Total Assets</b>		<b>1,440,094</b>	<b>1,442,637</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Consolidated Balance Sheet**

	Note	As at June 30, 2017	As at March 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	21	28,133	28,133
Other equity			
Reserve and Surplus		584,633	589,585
<b>Total Equity</b>		<b>612,766</b>	<b>617,718</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial liabilities			
i. Borrowings	22	512,780	513,145
ii. Other financial liabilities	23	14,614	43,940
Provisions	24	57,852	54,376
Employee benefit obligations	25	1,396	1,346
Other non current liabilities	26	925	852
<b>Total non current liabilities</b>		<b>587,567</b>	<b>613,659</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	27	23,936	37,932
ii. Trade payables	28	59,792	57,396
iii. Other financial liabilities	29	126,514	92,537
Provisions	24	1,824	1,713
Employee benefit obligations	25	327	320
Current tax liabilities (net)		2,626	2,626
Other current liabilities	30	24,742	18,736
<b>Total current liabilities</b>		<b>239,761</b>	<b>211,260</b>
<b>Total Liabilities</b>		<b>827,328</b>	<b>824,919</b>
<b>Total Equity and Liabilities</b>		<b>1,440,094</b>	<b>1,442,637</b>

Significant Accounting Policies

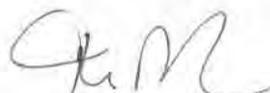
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The above consolidated balance sheet should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:



Thomas Reisten



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
(All amounts are in INR millions, except per share data and unless stated otherwise)

**Consolidated Statement of Profit and Loss**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016	
<b>Continuing operations</b>				
I	Revenue from operations	31	98,634	114,214
II	Other non operating income	32	687	743
III	<b>Total Income (I + II)</b>		<b>99,321</b>	<b>114,957</b>
<b>IV Expenses</b>				
	SIM cards consumed		700	451
	Cost of trading goods sold		93	343
	Access charges	33	14,176	14,236
	License and regulatory fees	34	10,522	13,284
	Employee benefits expense	35	4,143	4,110
	Rental	36	14,049	13,992
	Power and fuel	37	9,782	9,058
	Other expenses	38	26,035	26,846
	<b>Total Expenses (IV)</b>		<b>79,500</b>	<b>82,320</b>
V	<b>Profit before share of net profits of joint ventures accounted for using the equity method, other (gains)/losses (net), depreciation and amortisation, finance costs and tax (EBITDA) (III- IV)</b>		<b>19,821</b>	<b>32,637</b>
VI	Share of net profits of joint venture accounted for using the equity method	10	1	1
VII	<b>Profit before other (gains)/losses (net), depreciation and amortisation, finance costs and tax (V-VI)</b>		<b>19,822</b>	<b>32,638</b>
	Other (gains)/losses (Net)	39	229	2,082
	Depreciation and amortisation expense	40	23,735	22,712
	Finance costs	41	14,133	20,547
VIII	<b>(Loss) before tax from continuing operations</b>		<b>(18,275)</b>	<b>(12,703)</b>
<b>IX Income tax expense</b>				
	Current tax		1	1
	Deferred tax		(4,891)	(2,578)
	<b>Total tax expense (IX)</b>	13	<b>(4,890)</b>	<b>(2,577)</b>
X	<b>(Loss) after tax from continuing operations (VIII-IX)</b>		<b>(13,385)</b>	<b>(10,126)</b>
<b>Discontinued Operations</b>				
	Profit from discontinued operation before tax	44	8,610	1,445
	Tax expense of discontinued operations	44	-	445
XI	<b>Profit from discontinued operations</b>		<b>8,610</b>	<b>1,000</b>
XII	<b>(Loss) after tax for the period (X+XI)</b>		<b>(4,775)</b>	<b>(9,126)</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Consolidated Statement of Profit and Loss**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Other Comprehensive Income from continuing operations</b>			
A	Items that will be reclassified to profit or loss	-	-
B	(i) Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit obligations	16	4
	(ii) Income tax relating to above items that will not be reclassified to profit or loss	(6)	(1)
XIII	<b>Other Comprehensive Income from continuing operations (Net of tax)</b>	<b>10</b>	<b>3</b>
<b>Other Comprehensive Income from discontinued operations</b>			
A	Items that will be reclassified to profit or loss	-	-
B	(i) Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit obligations	-	-
	Share of other comprehensive (loss) of Joint venture accounted for using the equity method (net of tax)	-	(3)
XIV	<b>Other Comprehensive (Loss) from discontinued operations (Net of tax)</b>	<b>-</b>	<b>(3)</b>
XV	<b>Other Comprehensive Income for the period (Net of tax) (XIII+XIV)</b>	<b>10</b>	<b>-</b>
XVI	<b>Total Comprehensive (Loss) from continuing operations (X+XIII) (Comprising (loss) and Other Comprehensive Income for the period)</b>	<b>(13,375)</b>	<b>(10,123)</b>
<b>Total Comprehensive Income from discontinued operations</b>			
XVII	<b>(X+XIV) (Comprising profit and Other Comprehensive Income/(Loss) for the period)</b>	<b>8,610</b>	<b>997</b>
XVIII	<b>Total Comprehensive (Loss) for the period (XVI+XVII) (Comprising (Loss) and Other Comprehensive Income for the period)</b>	<b>(4,765)</b>	<b>(9,126)</b>
<b>Earning per equity share of INR 10 each</b>			
	Basic and Diluted (loss) per share (INR) - Continuing operations	42	(4.76)
	Basic and Diluted Profit per share (INR) - Discontinued operations	42	3.06
	Basic and Diluted (loss) per share (INR) - Continuing and discontinued operations	42	(1.70)
			(6.38)

Significant Accounting Policies

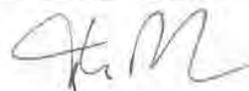
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The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:



Thomas Reisten



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
(All amounts are in INR millions, except per share data and unless stated otherwise)

**Consolidated Statement of Changes in Equity**

Particulars	Equity Share Capital	Attributable to owners of Vodafone India Limited						
		Reserves and Surplus						
		Capital Reserve <sup>(1)</sup>	Securities Premium <sup>(2)</sup>	General Reserve <sup>(3)</sup>	(accumulated deficit) <sup>(4)</sup>	Capital contribution/(distribution to parent) <sup>(5)</sup>	Share based payment reserve <sup>(6)</sup>	Total Reserve and Surplus
Balance as at March 31, 2016	4,534	2,070	134,264	37,858	(13,005)	(34)	899	162,052
Loss for the period	-	-	-	-	(9,126)	-	-	(9,126)
Other comprehensive loss	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	(9,126)	-	-	(9,126)
Capital contribution by Ultimate Holding Company for employee share based payments	-	-	-	-	-	40	-	40
Share based payments	-	-	-	-	-	-	(327)	(327)
Issue of equity shares during the period	1,059	-	98,941	-	-	-	-	98,941
Share issue expenses	-	-	(100)	-	-	-	-	(100)
Additional depreciation on fair valued assets pursuant to scheme of merger of Indus Towers Limited	-	-	-	(184)	-	-	-	(184)
<b>Balance as at June 30, 2016</b>	<b>5,593</b>	<b>2,070</b>	<b>233,105</b>	<b>37,674</b>	<b>(22,131)</b>	<b>6</b>	<b>572</b>	<b>251,296</b>
Balance as at March 31, 2017	28,133	2,070	587,177	37,182	(37,872)	10	1,018	589,585
Loss for the period	-	-	-	-	(4,775)	-	-	(4,775)
Other comprehensive income	-	-	-	-	10	-	-	10
<b>Total comprehensive loss for the period</b>	-	-	-	-	(4,765)	-	-	(4,765)
Capital contribution by Ultimate Holding Company for employee share based payments	-	-	-	-	-	158	-	158
Share based payments	-	-	-	-	-	-	(345)	(345)
<b>Balance as at June 30, 2017</b>	<b>28,133</b>	<b>2,070</b>	<b>587,177</b>	<b>37,182</b>	<b>(42,637)</b>	<b>168</b>	<b>673</b>	<b>584,633</b>

<sup>(1)</sup> Capital reserve of INR 165 comprises of capital receipt, received as compensation from an erstwhile Joint Venture partner for failure to subscribe in the equity shares of Vodafone India Limited in earlier years and INR 1,905 is proportionate share of capital reserve of Joint Venture.

<sup>(2)</sup> The amounts received in excess of the par value of equity shares issued have been classified as securities premium. In accordance with the provisions of Section 52 of the Companies Act, 2013, the securities premium account can only be utilised for the purposes of issuing bonus shares, repurchasing the Company's shares and offsetting direct issue costs and discount allowed for the issue of shares.

<sup>(3)</sup> General reserve comprises of proportionate share of general reserve of Joint Venture. Utilisation of general reserve for additional depreciation is as per scheme of merger of joint venture.

<sup>(4)</sup> Retained earnings / (accumulated deficit) represents the Group's cumulative earnings and losses respectively, including joint ventures.

<sup>(5)</sup> Capital Contribution/ (distribution to parent) represents the excess/shortage of provision on settlement of reserve for the equity settled plan for the employees of the Group.

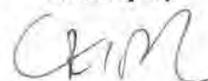
<sup>(6)</sup> Share based payment reserve represents Vodafone Group Plc's equity settled plan for the employees of the Group.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:



Thomas Reisten



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Consolidated Statement of Cash Flows**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow from operating activities</b>			
Loss before tax from continuing operations		(18,275)	(12,703)
Profit before tax from discontinued operations		8,610	1,445
<b>Loss before tax including discontinued operations</b>		<b>(9,665)</b>	<b>(11,258)</b>
<b>Adjustments for:</b>			
Depreciation and amortisation expense	40	23,735	22,712
Provision for doubtful debts and advances	38	529	704
Net loss/(gain) on disposal of property, plant and equipment	39	8	(161)
Dividend income from discontinued operations		(10,009)	-
Finance costs	41	14,133	20,547
Net unrealised foreign exchange loss		406	4,297
Interest income from fixed deposits	39	(344)	(201)
Profit from discontinued operations of joint venture	44	-	(2,818)
Employee share based payments	35	152	99
<b>Operating profit before working capital changes</b>		<b>18,945</b>	<b>33,921</b>
<b>Adjustments for changes in working capital</b>			
(Increase) in others non current financial assets		(28)	(50)
Decrease/(Increase) in other non current assets		5,019	(9)
(Increase) in inventories		(15)	(30)
Decrease/(Increase) in trade receivables		155	(912)
Decrease in other bank balances		74	193
Decrease/(Increase) in others current financial assets		154	(478)
(Increase) in other current assets		(8,071)	(3,966)
Increase in others non current financial liabilities		34	14
Increase in long term provisions		1,896	2,102
Increase in non current liabilities- employee benefit obligations		55	74
Increase in other non current liabilities		73	224
Increase in trade payables		1,539	1,812
Increase in others current financial liabilities		5,815	7,023
Increase in other current liabilities		5,529	3,499
Increase/(Decrease) in short term provisions		111	(207)
Increase in current liabilities- employee benefit obligations		7	12
Increase/(Decrease) in derivatives financial assets and liabilities		106	(2,245)
<b>Cash generated from operations</b>		<b>31,398</b>	<b>40,977</b>
Income tax paid (net)		(1,553)	(2,426)
<b>Net cash inflow from operating activities</b>		<b>29,845</b>	<b>38,551</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of subsidiary, net of cash acquired		(2,830)	-
Payment for property, plant and equipment and intangible assets		(21,888)	(25,491)
Proceeds from sale of property, plant and equipment		185	229
Interest received		404	137
Dividend received from discontinued operation-Indus Tower Limited		10,009	9,509
<b>Net cash (outflow) from investing activities</b>		<b>(14,120)</b>	<b>(15,616)</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*

**Consolidated Statement of Cash Flows**

	Note	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares		-	100,000
Share issue expenses		-	(100)
Proceeds from borrowings		2,370	22,850
Repayment of borrowings		(16,925)	(105,755)
Interest and other borrowing cost paid		(7,593)	(19,325)
<b>Net cash (outflow) from financing activities</b>		<b>(22,148)</b>	<b>(2,330)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<b>(6,423)</b>	<b>20,605</b>
Cash and cash equivalents as at the beginning of the period	17.1	32,356	14,761
Effects of exchange rate changes on cash and cash equivalents		(13)	16
<b>Cash and cash equivalents as at the end of the period</b>	<b>17.1</b>	<b>25,920</b>	<b>35,382</b>

**Reconciliation of cash and cash equivalents as per the consolidated statement cash flows**

		As at June 30, 2017	As at June 30, 2016
<b>Cash and cash equivalents as per above comprise of the following</b>			
Cash and cash equivalents	17.1	26,018	35,382
Bank overdraft	27	(98)	-
<b>Balance as per consolidated statement of cash flows</b>		<b>25,920</b>	<b>35,382</b>

1. The above consolidated statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows' notified under section 133 of the Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

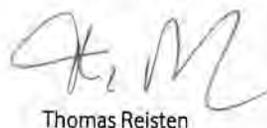
2. Figures in bracket indicate cash outflow.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

DATE: 24/08/2017

PLACE: MUMBAI

Authorised Signatory:

  
Thomas Reisten



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 1**

**General information**

Vodafone India Limited ("VIL" or "the Company") was incorporated in 1992 in India under the provisions of the Companies Act, 1956, as a company with limited liability. The Company is domiciled in India with its registered office address being Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, India.

VIL and its subsidiaries (herein after referred to as "the Group") and Joint Ventures, 42% of Indus Tower Limited and 50% of Firefly Networks Limited, have principal activities of providing mobile communications services and telecom passive infrastructure services across India.

**Note 2**

**Basis of preparation**

**(i) Purpose and Structure**

These consolidated supplementary unaudited financial statements have been prepared by the management for the purpose of compliance as per Section 232(2)(e) of the Companies Act, 2013.

The consolidated supplementary unaudited financial statements are not the statutory / interim financial statements of the Group and accordingly all disclosures as per applicable accounting standards are not provided.

The consolidated supplementary unaudited financial statements have consolidated balance sheet as at March 31, 2017 being end of the immediately preceding financial year. Consolidated statement of profit and loss, consolidated statement of changes in equity ('SOCIE') and consolidated statement of cash flows are given for the period ended June 30, 2016 being the comparable immediately preceding period.

**Note 3**

**Significant accounting policies**

The accounting policies used in the preparation of these consolidated supplementary unaudited financial statements are the same that the Group had followed for the preparation of its annual audited consolidated financial statements for the year ended March 31, 2017.

**Note 4**

**Critical judgements and sources of estimation uncertainty**

The Critical judgements used in the preparation of these consolidated supplementary unaudited financial statements are the same that the Group had followed for the preparation of its annual audited consolidated financial statements for the year ended March 31, 2017.

**Note-5**

**Property, Plant and Equipment**

Particulars	As at June 30, 2017	As at March 31, 2017
Freehold Land	66	66
Leasehold Land	578	580
Buildings	3,610	3,619
Leasehold improvements	650	716
Plant and machinery	251,851	252,743
Computer hardware	2,820	2,590
Office Equipments	679	691
Furniture and fixtures	430	469
Vehicles	4	3
<b>Sub-Total (A)</b>	<b>260,688</b>	<b>261,477</b>
<b>Leased assets</b>		
Computer hardware	3,228	3,925
<b>Sub-Total (B)</b>	<b>3,228</b>	<b>3,925</b>
<b>Total (A+B)</b>	<b>263,916</b>	<b>265,402</b>
<b>Capital work-in-progress</b>	<b>20,738</b>	<b>20,759</b>



## Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

Notes to Consolidated Supplementary Unaudited Financial Statements

### Note 6

#### Investment Property

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Land	693	696
<b>Total</b>	<b>693</b>	<b>696</b>

### Note 7

#### Goodwill

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Goodwill on consolidation	71,514	71,514
Goodwill on business acquisition	2,311	167
<b>Total</b>	<b>73,825</b>	<b>71,681</b>

### Note 8

#### Other intangible assets

Particulars	As at	As at
	June 30, 2017	March 31, 2017
License fees	1,803	1,895
Right to use Spectrum	568,610	576,017
Brand	273	-
Computer software	3,438	3,191
<b>Sub-Total (A)</b>	<b>574,124</b>	<b>581,103</b>
<b>Leased Assets</b>		
Computer software	410	543
Bandwidth	9,717	9,484
<b>Sub-Total (B)</b>	<b>10,127</b>	<b>10,027</b>
<b>Total (A+B)</b>	<b>584,251</b>	<b>591,130</b>
<b>Intangible assets under development</b>	<b>170,104</b>	<b>168,881</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 9**

**Principal Subsidiaries**

The Company has the following principal subsidiaries carrying on businesses:

Name of the entity	Proportion of ownership interest held		Principal activities
	As at	As at	
	June 30, 2017	March 31, 2017	
Vodafone Mobile Services Limited (VM SL <sup>1</sup> )	100%	100%	Mobile Telecommunication Services
Vodafone Towers Limited (VTL <sup>1</sup> )	100%	100%	Passive Infrastructure Services
Vodafone Business Services Limited (VB SL)	100%	100%	An outsourcing hub for finance and accounts and catering to the Information Technology (IT) needs for data consolidation, back end IT supports, data center operations and hosting services for Group companies.
Mobile Commerce Solutions Limited (MCSL <sup>1</sup> )	100%	100%	Trading of handsets, data cards and related accessories.
Vodafone Foundation (VF) (Registered under section 8 of Companies Act, 2013)	100%	100%	Promote and implement the Corporate Social Responsibility
Connect (India) Mobile Technologies Private Limited (CIMTPL <sup>1</sup> )	100%	100%	Trading in handsets, data cards and related accessories
Vodafone m-pesa Limited (VMPL <sup>1</sup> )	100%	100%	Mobile wallet business
Vodafone Technology Solutions Limited (VTSL <sup>1</sup> )	100%	100%	VAS application services
Vodafone India Ventures Limited <sup>1</sup> (VIVL <sup>1</sup> )	100%	-	Passive Infrastructure services
Vodafone India Digital Limited <sup>2</sup> (VIDL <sup>1</sup> )	100%	-	Information Technology (IT) and related software and other related services
You Broadband India Limited <sup>3</sup> (YBIL <sup>1</sup> )	100%	-	Providing infrastructure support to licensed telecommunication service providers, internet service providers by providing dark fibre, fixed links and duct space, high speed data and voice through the Internet.
You System Integration Private Limited <sup>3</sup> (YSIPL <sup>1</sup> )	100%	-	Business of system integrators, enterprise and home solution providers including supply, commissioning and integration of hardwares, softwares and middlewares towards providing security, storage, threat management and mitigation.

All the subsidiaries mentioned above are incorporated in India and are wholly owned subsidiaries of VIL directly or indirectly.

<sup>1</sup>Incorporated on October 29, 2016

<sup>2</sup>Incorporated on March 28, 2017

<sup>3</sup>Acquired on June 14, 2017

**Note 10**

**Investment in Joint Venture**

**(A) Firefly Networks Limited**

**i) Information relating to Statement of Profit and Loss**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Revenue	19	18
Profit from continuing operations	2	6
<b>Total Comprehensive Income</b>	<b>2</b>	<b>6</b>
Share in net profit @ 50% (after adjustment of unrecognised losses of earlier periods)	1	1



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
 Notes to Consolidated Supplementary Unaudited Financial Statements

**ii) Information relating to Balance Sheet**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Non-current assets	*	1
Current assets	34	28
Non-current liabilities	10	10
Current liabilities	22	20
<b>Net Assets</b>	<b>2</b>	<b>(1)</b>
Share in net assets @ 50% (after adjustment of unrecognised losses of earlier periods)	1	-

\* Amount less than INR 1

**(B) Indus Towers Limited**  
Refer Note 44

**Note 11**

**Non Current Financial Assets-Loans**  
(Unsecured, considered good unless otherwise stated)

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Loans to related parties		
Loans to Joint venture - Indus Towers Limited	1,224	1,224
<b>Total</b>	<b>1,224</b>	<b>1,224</b>

**Note 12**

**Non Current Financial Assets-Others**  
(Unsecured, considered good unless otherwise stated)

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposits		
To related parties	1,000	1,000
To others	5,574	5,497
Long term deposits with banks with maturity period more than 12 months	2	-
Derivative financial assets	456	477
Margin money	20	7
<b>Total</b>	<b>7,052</b>	<b>6,981</b>
Less: Provisions for amounts considered doubtful		
Security deposits to others	81	88
<b>Total</b>	<b>6,971</b>	<b>6,893</b>

**Note 13**

**Taxation**

**(i) Income Tax expense**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Income tax expenses in respect of:</b>		
Current period	1	1,937
<b>Total current tax</b>	<b>1</b>	<b>1,937</b>
Origination and reversal of temporary differences	(4,891)	(4,069)
<b>Total deferred tax benefit</b>	<b>(4,891)</b>	<b>(4,069)</b>
<b>Total income tax (income)</b>	<b>(4,890)</b>	<b>(2,132)</b>
<b>Income tax expense attributable to:</b>		
from continuing operations	(4,890)	(2,577)
from discontinued operations	-	445



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**(ii) Tax charge recognised directly to other comprehensive income**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Deferred tax expenses	6	1
<b>Total tax charge recognised directly to other comprehensive income</b>	<b>6</b>	<b>1</b>

**(iii) Deferred tax assets and liabilities as at June 30, 2017:**

Particulars	Amount (charged)/ credited in consolidated statement of profit and loss	Gross deferred tax asset	Gross deferred tax liability	Less : amounts not recognised	Net recognised deferred tax (liability) /asset
Tax losses	7,297	102,647	-	26,336	76,311
Depreciation and amortisation	(3,547)	2	(74,179)	1	(74,178)
Trade receivable and other financial assets	182	2,055	-	47	2,008
Retirement benefits	(314)	268	-	17	251
Trade payables and provisions	1,183	36,506	-	-	36,506
Derivative financial assets/(liabilities) & borrowings	84	387	(9)	-	378
Amount charged through OCI	6	-	-	-	-
<b>As at June 30, 2017</b>	<b>4,891</b>	<b>141,865</b>	<b>(74,188)</b>	<b>26,401</b>	<b>41,276</b>

**(iv) Deferred tax assets and liabilities as at March 31, 2017:**

Particulars	Gross deferred tax asset	Gross deferred tax liability	Less : amounts not recognised	Net recognised deferred tax (liability) /asset
Tax losses	93,729	-	24,715	69,014
Depreciation and amortisation	-	(70,631)	-	(70,631)
Trade receivable and other financial assets	1,875	-	49	1,826
Retirement benefits	577	-	12	565
Trade payables and provisions	35,323	-	-	35,323
Derivative financial assets/(liabilities) & borrowings	294	-	-	294
<b>As at March 31, 2017</b>	<b>131,798</b>	<b>(70,631)</b>	<b>24,776</b>	<b>36,391</b>

**(v) Deferred tax assets and liabilities for the period ended June 30, 2016:**

Particulars	Amount (charged)/ credited in consolidated statement of profit and loss
Tax losses	7,590
Depreciation and amortisation	(5,018)
Trade receivable and other financial assets	221
Undistributed profit of Joint Venture	1,491
Retirement benefits	(277)
Trade payables and provisions	777
Derivative financial assets/(liabilities) &	(716)
Amount charged through OCI	1
<b>As at June 30, 2016</b>	<b>4,069</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 14**

**Other non current assets**  
**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Capital advances	278	409
CENVAT and service Tax credit receivable	460	5,541
Prepaid expenses	1,668	1,859
Amount deposited under protest with Government authorities	32,868	32,605
	<b>35,274</b>	<b>40,414</b>
Less: Provisions for amounts considered doubtful		
Capital advances	21	21
CENVAT and Service Tax credit receivable	68	68
Amount deposited under protest with Government authorities	162	182
<b>Total</b>	<b>35,023</b>	<b>40,143</b>

**Note 15**

**Inventories**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Stock-in-trade (acquired for trading)		
[Net of provision of INR 6 (March 31, 2017: INR 7)]	91	75
<b>Total</b>	<b>91</b>	<b>75</b>

**Note 16**

**Current Financial Assets-Trade receivables**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Trade receivables</b>		
Secured considered good	828	819
Unsecured considered good	15,990	16,611
Unsecured considered doubtful	5,626	5,029
<b>Total</b>	<b>22,444</b>	<b>22,459</b>
Less : Provision for doubtful debts	(5,626)	(5,029)
<b>Total</b>	<b>16,818</b>	<b>17,430</b>

**Note 17**

**Note 17.1**

**Current Financial Assets-Cash and cash equivalents**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Bank balances		
In current accounts	5,032	5,708
Demand deposits (less than 3 months maturity)	20,193	25,744
Cheques on hand	678	795
Cash on hand	115	109
<b>Total</b>	<b>26,018</b>	<b>32,356</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 17.2**

**Current Financial Assets-Other bank balances**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Held in escrow account	672	541
Demand deposits liened with Escrow account	181	389
Margin money	175	19
Bank deposits with maturity from 3-12 months	8	-
<b>Total</b>	<b>1,036</b>	<b>949</b>

**Note 18**

**Current Financial Assets-Loans**

**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Loans to related parties		
Loans to Joint venture - Firefly Networks Limited	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

**Note 19**

**Current Financial Assets-Others**

**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Security deposits	129	123
Receivable from related parties	149	130
Interest accrued on deposit with banks and others	59	118
Accrued billing revenue	11,878	11,998
Derivative financial assets	2,607	2,683
Others	208	246
<b>Total</b>	<b>15,030</b>	<b>15,298</b>

**Note 20**

**Other current assets**

**(Unsecured, considered good unless otherwise stated)**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
CENVAT and Service tax credit	27,214	19,264
Advance to suppliers	936	1,335
Advances to related parties	1,935	1,429
Prepaid expenses	3,087	2,980
Employee advances	2	-
	<b>33,174</b>	<b>25,008</b>
Less: Provisions for amounts considered doubtful		
Advance to suppliers	17	20
<b>Total</b>	<b>33,157</b>	<b>24,988</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 21**  
**Equity Share Capital**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>[a] Authorised share capital</b>		
5,000,000,000 (March 31, 2017: 5,000,000,000) equity shares of the par value of INR 10 each	50,000	50,000
	<b>50,000</b>	<b>50,000</b>
<b>[b] Issued</b>		
2,813,295,823 (March 31, 2017: 2,813,295,823) equity shares of INR10 each	28,133	28,133
	<b>28,133</b>	<b>28,133</b>
<b>[c] Subscribed and paid up</b>		
2,813,295,823 (March 31, 2017: 2,813,295,823) equity shares of INR10 each fully paid up	28,133	28,133
	<b>28,133</b>	<b>28,133</b>

**[d] Reconciliation of number of shares outstanding at the beginning and end of the period/year:**

	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity:</b>				
Outstanding at the beginning of the period/year	2,813,295,823	28,133	453,431,113	4,534
Issued during the period/year	-	-	2,359,864,710	23,599
<b>Outstanding at the end of the period/year</b>	<b>2,813,295,823</b>	<b>28,133</b>	<b>2,813,295,823</b>	<b>28,133</b>

**[e] Rights, preferences and restrictions attached to equity shares:**

The Group has issued a single class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

**[f] Shares held by the Holding Company or the Ultimate Holding Company including shares held by their subsidiaries or associates and nominees, in aggregate:**

Name of the shareholder	As at	As at
	June 30, 2017	March 31, 2017
<b>Equity:</b>		
Vodafone Group Plc., the Ultimate Holding Company and its subsidiaries	2,813,295,823	2,813,295,823

**[g] Details of shareholders holding more than 5% of the aggregate shares in the Company:**

Name of the shareholder	As at June 30, 2017		As at March 31, 2017	
	Number of Shares	Percentage	Number of Shares	Percentage
Euro Pacific Securities Limited	758,986,306	26.98%	758,986,306	26.98%
Prime Metals Limited	415,986,399	14.79%	415,986,399	14.79%
Mobilvest	318,870,690	11.33%	318,870,690	11.33%
Vodafone Telecommunications (India) Limited	309,165,696	10.99%	309,165,696	10.99%
Trans Crystal Limited	278,020,841	9.88%	278,020,841	9.88%
Asian Telecommunications Investments (Mauritius) Limited	186,562,701	6.63%	186,562,701	6.63%
Telecom Investments India Private Limited	160,975,557	5.72%	160,975,557	5.72%
Al-Amin Investments Limited	154,582,753	5.49%	154,582,753	5.49%



## Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements

(All amounts are in INR millions, except per share data and unless stated otherwise)

### Notes to Consolidated Supplementary Unaudited Financial Statements

#### [h] Equity shares issued for consideration other than cash:

Pursuant to approval of the Board and approval of shareholders in the financial year 2016-17, the Company issued and allotted Bonus shares to its shareholders who were shareholders (members) as on July 15, 2016 being the Record Date fixed for ascertaining the entitlement of Bonus shares. 1,118,502,436 fully paid up equity shares of INR 10 each were issued as Bonus shares by utilising the Securities Premium Account amounting to INR 11,185. The Bonus Shares were issued and allotted in the Ratio of 2:1 i.e. 2 Shares for 1 shares held by the shareholder as on the Record Date. Pursuant to the issue of Bonus shares the paid up equity share capital of the Company increased by INR 16,778 comprising 1,677,753,654 equity shares of INR 10 each fully paid up.

#### Note 22

##### Non-Current Financial Liability-Borrowings

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Unsecured</b>		
Unlisted, Unsecured, and Redeemable Non-Convertible Debenture	74,981	74,979
Term loans		
From Banks	2,864	2,868
From Others	620	791
Deferred payment liability	431,843	431,843
Finance Lease Obligation	2,472	2,664
<b>Total</b>	<b>512,780</b>	<b>513,145</b>

#### Note 23

##### Non-Current Financial Liability-Others

Particulars	As at June 30, 2017	As at March 31, 2017
Security deposits	344	310
Interest accrued on borrowings	14,270	43,630
<b>Total</b>	<b>14,614</b>	<b>43,940</b>

#### Note 24

##### Provisions

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Asset retirement obligation	797	833
Regulatory and other provisions	57,055	53,543
<b>Total (A)</b>	<b>57,852</b>	<b>54,376</b>
<b>Current Liability - Provisions</b>		
Regulatory and other provisions	1,824	1,713
<b>Total (B)</b>	<b>1,824</b>	<b>1,713</b>
<b>Total (A)+(B)</b>	<b>59,676</b>	<b>56,089</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 25**

**Employee Benefits Obligation**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Non-Current Liability - Provisions</b>		
Employee benefits		
Gratuity	1,062	1,045
Compensated Absences	334	301
<b>(A)</b>	<b>1,396</b>	<b>1,346</b>
<b>Current Liability - Provisions</b>		
Employee benefits		
Gratuity	232	233
Compensated Absences	95	87
<b>(B)</b>	<b>327</b>	<b>320</b>
<b>Total (A)+(B)</b>	<b>1,723</b>	<b>1,666</b>

**Note 26**

**Other non-current liabilities**

Particulars	As at June 30, 2017	As at March 31, 2017
Unearned billing revenue	925	852
<b>Total</b>	<b>925</b>	<b>852</b>

**Note 27**

**Current Financial Liability-Borrowings**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Secured loans</b>		
Bank overdraft	98	-
<b>Unsecured loans</b>		
From banks	8,959	11,421
Commercial paper	14,879	26,511
<b>Total</b>	<b>23,936</b>	<b>37,932</b>

**Note 28**

**Current Financial Liability-Trade payables**

Particulars	As at June 30, 2017	As at March 31, 2017
Trade payables	59,792	57,396
<b>Total</b>	<b>59,792</b>	<b>57,396</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
 Notes to Consolidated Supplementary Unaudited Financial Statements

**Note 29**

**Current Financial Liability-Others**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Current maturities of unsecured long term debt	14,157	13,872
Current maturities of finance lease obligation	1,132	1,276
Interest accrued on borrowings	62,129	25,884
Security deposits	3,473	3,372
Employee benefits payable	1,910	2,561
Capital creditors	34,055	42,642
Derivative financial liabilities	1,708	1,699
Monies received from merchant establishments and customers	852	928
Regulatory liabilities	6,845	70
Others	253	233
<b>Total</b>	<b>126,514</b>	<b>92,537</b>

**Note 30**

**Other current liabilities**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
Advance from customers	14,255	13,781
Unearned billing revenue	2,124	1,975
Statutory dues including provident fund and tax deducted at source	8,363	2,980
<b>Total</b>	<b>24,742</b>	<b>18,736</b>

**Note 31**

**Revenue from operations**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Telecommunication Services		
Mobile	95,327	110,870
Fixed line data	2,540	2,399
CellSite Sharing Revenue	509	456
Trading sales	38	309
Other Revenues	220	180
<b>Total</b>	<b>98,634</b>	<b>114,214</b>

**Note 32**

**Other non-operating income**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Others	687	743
<b>Total</b>	<b>687</b>	<b>743</b>

**Note 33**

**Access charges**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Access charges	11,513	10,371
Roaming cost	2,663	3,865
<b>Total</b>	<b>14,176</b>	<b>14,236</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 34**

**Licence and regulatory fees**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Licence fees	6,811	8,061
Other regulatory fees	3,711	5,223
<b>Total</b>	<b>10,522</b>	<b>13,284</b>

**Note 35**

**Employee benefits expense**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Salaries and allowances	3,543	3,565
Contribution to provident and other funds	162	152
Leave compensation expenses	51	62
Gratuity expense	71	66
Employee share based payments	152	99
Staff welfare expenses	218	238
	<b>4,197</b>	<b>4,182</b>
Less: Payroll cost capitalised	54	72
<b>Total</b>	<b>4,143</b>	<b>4,110</b>

**Note 36**

**Rental**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Network site rentals/leases	13,434	13,364
Others	615	628
<b>Total</b>	<b>14,049</b>	<b>13,992</b>

**Note 37**

**Power and fuel**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Network	9,455	8,716
Others	327	342
<b>Total</b>	<b>9,782</b>	<b>9,058</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 38**

**Other expenses**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
<b>Network related:</b>		
Transmission cost	925	746
Network operation and maintenance	4,488	4,604
Insurance	139	181
<b>(A)</b>	<b>5,552</b>	<b>5,531</b>
<b>Marketing related:</b>		
Advertisement and publicity	3,126	3,158
Business and sales promotion	306	374
Sales commission and incentives	5,297	5,108
Other selling and distribution expenses	1,570	1,799
<b>(B)</b>	<b>10,299</b>	<b>10,439</b>
<b>Administration and Other Expenses</b>		
Content cost	1,465	1,746
Repairs to buildings	12	10
Repairs and Maintenance - others	720	483
Insurance	7	10
Rates and taxes	227	224
Traveling and conveyance	368	470
Legal and professional fees	200	245
Commission expenses - others	517	548
Payment to Auditors		
Audit Fees	33	24
Tax audit Fees	2	2
Other Fees	11	4
Reimbursement of expenses	3	2
Provision for doubtful debts and advances	529	704
Bad debt written off	1	58
Provision for bad and doubtful Debts written back	(1)	(58)
IT and other business process outsourcing cost	3,075	3,698
CSR Expenses	-	3
Inter Company Service Charges	2,301	1,872
Miscellaneous expenses	714	831
<b>(C)</b>	<b>10,184</b>	<b>10,876</b>
<b>Total (A +B + C)</b>	<b>26,035</b>	<b>26,846</b>

**Note 39**

**Other (gains)/losses (net)**

Particulars	For the period ended June 30, 2017	For the period ended June 30, 2016
Interest income from fixed deposits	(344)	(201)
Net loss/(gain) on disposal of property, plant and equipment	8	(161)
Derivatives - Foreign exchange forward contracts and cross currency Interest rate swaps - Net loss/(gain)	140	(2,143)
Net foreign exchange loss	425	4,587
<b>Total</b>	<b>229</b>	<b>2,082</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

**Note 40**

**Depreciation and Amortisation**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Depreciation	14,447	14,050
Amortisation	9,285	8,659
Depreciation on Investment Property	3	3
	<b>23,735</b>	<b>22,712</b>

**Note 41**

**Finance costs**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Interest on borrowings	14,236	17,642
Interest Expenses-Others	1,583	1,581
Other borrowing costs	128	108
Finance charges on finance lease	92	1
Exchange differences regarded as an adjustment to borrowing costs	1	1,252
	<b>16,040</b>	<b>20,584</b>
Less: Finance costs capitalised	1,907	37
<b>Total</b>	<b>14,133</b>	<b>20,547</b>

**Note 42**

**Earnings Per Share**

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
(Loss) for basic and diluted earnings per share from continuing operations	(13,385)	(10,126)
Less: Additional depreciation on fair valued assets pursuant to scheme of merger of Indus Towers Limited	-	(184)
Adjusted Net (Loss) for the period as per the Statement of profit and loss from continuing operations	(13,385)	(10,310)
Profit for basic and diluted earnings per share from discontinued operations	8,610	1,000
Weighted average number of equity shares	2,813,295,823	1,460,586,352
Basic and diluted (loss) per share (INR) from continuing operations	(4.76)	(7.06)
Basic and diluted earnings per share (INR) from discontinued operations	3.06	0.68
Basic and diluted (loss) per share (INR) from continuing and discontinued operations	(1.70)	(6.38)

Reconciliation of weighted average number of equity shares:

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
Shares in issue for full period	2,813,295,823	453,431,113
Weighted average shares of right issue	-	33,431,004
	<b>2,813,295,823</b>	<b>486,862,117</b>
Bonus issue on July 19, 2016 for full period	-	973,724,235
<b>Total weighted average number of shares</b>	<b>2,813,295,823</b>	<b>1,460,586,352</b>

Note: There is no dilution to the basic EPS as there are no outstanding potentially dilutive equity shares.

**Note 43**

On March 19, 2017, the Board of Directors of the Company approved the draft composite Scheme of Amalgamation and Arrangement between Vodafone India Limited ('VIL'), Vodafone Mobile Services Limited ('VMSL') ('transferor companies') and Idea Cellular Limited ('ICL') ('transferee Company'), subject to such approvals, consents and permissions as may be necessary and required.



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
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The Scheme provides for merger of the telecommunications businesses of VIL and VMSL (excluding VIL's 42% equity interest in Indus Towers Limited and certain international network assets and information technology platforms identified in the Scheme) with ICL on going concern basis. Upon the scheme becoming effective, the transferor companies shall stand dissolved without being wound up. The shareholders of VIL would hold 45.1% equity shares in the merged company. All subsidiaries, associate and Joint ventures of VIL and VMSL shall become subsidiaries, associate and Joint ventures of ICL.

Till date, the Company has received approval from CCI and no-objection from the BSE Limited and the National Stock Exchange Limited.

VIL and VMSL filed joint application with NCLT, Mumbai bench on August 9, 2017 seeking directions for convening of meetings of shareholders and creditors of VIL and VMSL in respect of the Scheme. Vide order dated August 22, 2017, NCLT has ordered for meetings of equity shareholders and unsecured creditors of VIL and VMSL and meeting of unsecured debenture holders in case of VMSL to be convened on October 11, 2017 and has further directed for publication of notices for such meetings as per the provisions of the Companies Act, 2013.

**Note 44**

**Discontinued operations and non-current assets held for sale or held for distribution to owners**

**(A) Discontinued operations- held for distribution to owners**

As the part of planned composite scheme of amalgamation and arrangement between Vodafone Mobile Services Limited, Vodafone India Limited and Idea Cellular Limited which was approved on March 19, 2017, investment in Indus Towers Limited are reported as discontinued operations since the carrying amount of the investment in Indus Towers Limited will be distributed to owners.

**Finance performance and cash flow information**

Particulars	For the period ended	For the period ended
	June 30, 2017	June 30, 2016
<b>Profit from discontinued operations</b>	<b>8,610</b>	<b>1,445</b>
Share of net profits of joint venture accounted for using the equity method	-	2,818
Dividend income	10,009	-
Other expenses	(1,399)	(1,373)
<b>Tax expense of discontinued operations</b>	<b>-</b>	<b>445</b>
Current tax	-	1,936
Deferred tax	-	(1,491)
<b>Profit from discontinued operations after tax</b>	<b>8,610</b>	<b>1,000</b>
Other Comprehensive Income (Net of tax)	-	(3)
<b>Cash flow information</b>		
Net cash inflow from investing activities	10,009	9,509
<b>Net increase in cash generated from discontinued operations</b>	<b>10,009</b>	<b>9,509</b>

**The carrying amounts of assets are as follows:**

Particulars	As at	As at
	June 30, 2017	March 31, 2017
<b>Assets classified as held for distribution to owners</b>		
Carrying value of investments	49,526	49,526

Fair value of discontinued operations was higher than its carrying value as on June 30, 2017 and March 31, 2017.

The Group's share of profits of INR 3,207 were not recognised during period ended June 30, 2017 as a result of the discontinuance of equity accounting. Dividend income of INR 10,009 received from Indus during period ended June 30, 2017 was recognised as income from discontinued operation- assets held for distribution to owners.

The Group's share in contingent liabilities of Indus Towers Limited as on June 30, 2017 and March 31, 2017 is INR 15,613 and INR 15,450 respectively.

**(B) Assets classified as held for sale**

The management of the Group approved on March 19, 2017 that certain assets carrying value would be recovered principally through a sale transaction rather than through the continuing use. Therefore, these assets were classified as assets held for sale.



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
*(All amounts are in INR millions, except per share data and unless stated otherwise)*  
**Notes to Consolidated Supplementary Unaudited Financial Statements**

Particulars	As at June 30, 2017	As at March 31, 2017
<b>Assets classified as held for sale</b>		
Property, Plant and Equipment	1,173	1,173
Intangible assets	134	134
Capital work-in-progress	81	81
	<b>1,388</b>	<b>1,388</b>

Fair value of above assets was higher than its carrying value as on June 30, 2017 and March 31, 2017.

**Note 45**

**Business combinations**

**(a) Summary of acquisition**

On June 14, 2017, the Company has acquired 100% of the issued share capital of You Broadband India Limited ('YBIL'), which provides infrastructure support to licensed telecommunication service providers, internet service providers by providing dark fibre, fixed links and duct space, high speed data and voice through the Internet. This acquisition will enable the Group to expand broadband services to customers rapidly at competitive prices. The business of YBIL is part of Mobile Telecommunication segment.

The provisional amounts of assets and liabilities had been recognised, since the initial accounting for a business acquisition was incomplete on June 30, 2017. The provisional amounts may be retrospectively adjusted and additional assets and liabilities may be recognised based on new information obtained from facts and circumstances existed as on June 14, 2017.

Details of the purchase consideration is as follows:

Particulars	Amount
Cash paid	2,752
<b>Total</b>	<b>2,752</b>

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Amount
Property, Plant and Equipment	1,836
Intangible assets	280
Working capital	(1,508)
<b>Total</b>	<b>608</b>

Calculation of goodwill is as follows:

Particulars	Amount
Consideration paid	2,752
Less: Net identifiable assets acquired	(608)
<b>Total</b>	<b>2,144</b>

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for the tax purpose.

The acquired business contributed revenues of INR 84 and loss of INR 6 to the Group for the period ended June 30, 2017. If the acquisition had occurred on April 1, 2017 the consolidated pro-forma revenue and loss for the period ended June 30, 2017 would have been up by INR 358 and INR 85 respectively.

There was no acquisition in the year ending March 31, 2017.

**(b) Purchase consideration- cash outflow**

Particulars	Amount
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,752
Less: Balance acquired	
Cash	(10)
Bank overdraft	88
<b>Net outflow of cash- investing activities</b>	<b>2,830</b>



**Vodafone India Limited – Consolidated Supplementary Unaudited Financial Statements**  
(All amounts are in INR millions, except per share data and unless stated otherwise)  
Notes to Consolidated Supplementary Unaudited Financial Statements

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**Note 46**

**Contingent Liabilities**

Aggregate amount of Contingent Liability INR 286,112 (March 31, 2017: INR 271,258)

(Includes disputed liabilities relating to Direct Tax matters INR 59,967 (March 31, 2017: INR 59,894), Indirect Taxes matters INR 14,729 (March 31, 2017: INR 14,278), Regulatory matters INR 207,249 (March 31, 2017: INR 193,206), Other matters INR 4,167 (March 31, 2017: INR 3,880)).

**Note 47**

**Other Matters**

**Note 47.1**

VIL is contesting a claim from the Income Tax Department that it should have withheld, as an agent of Vodafone International B.V. (VIHBV), capital gains tax under section 201(1) of the Income tax Act, 1961 on the consideration paid by VIHBV to Hutchison Telecommunications International Limited for acquisition of a controlling stake in the VIL. VIL filed a writ petition at The Honorable High Court of Bombay requesting for examining the legal validity of the notice issued on 6th August, 2007 by the Income tax authorities and for withdrawal the notice. Interim relief was granted and the hearing was then adjourned from time to time. Meanwhile, the tax authority also issued a show cause notice to VIHBV alleging the failure to withhold due taxes, which was also challenged by the filing of a writ petition.

Both VIHBV and VIL have been advised that the impugned transaction should not attract taxes in India, that VIHBV had consequently no obligation to withhold taxes on the payment of the transaction and that in any event, India tax law cannot allow for VIL to be deemed as an agent of VIHBV.

The Honorable Supreme Court has upheld the contention of VIHBV and set aside the notice against VIHBV. Pursuant to this, there was an amendment in law by Finance Act 2012, where by the Act was amended with retrospective effect to make the withholding of tax mandatory for such transactions.

VIL continues to believe that in view of the above, the possibility of that tax demand materialising on VIL is remote.

**Note 47.2**

In 2007, a petition (public interest litigation) was filed by a third party with the Delhi High Court, alleging inter alia, that by virtue of Hutchison Telecommunications International Limited's arrangements with certain Indian shareholders of the Company, the foreign shareholding in the Company was in breach of the FDI Regulations and that the Company's telecommunications license be cancelled. The court adjourned the hearing of the Petition indefinitely, noting that the issues raised in the petition were already being considered by the competent Indian government authorities. In 2007 itself the Foreign Investment Promotion Board, after having conducted a comprehensive examination of all aspects of the transactions, including the allegations included in the petition, determined that there was no such violation and consequently gave its approval to Vodafone International Holdings B.V. to acquire the entire interest held in the Company by Hutchison Telecommunications International Limited. Since then, the petitioner has applied for revival of its Petition and has amended its Petition to challenge the legality of the FIPB decision as well as impleaded certain other indirect shareholders of the Company.

The Honorable Supreme Court in its ruling on a matter involving VIHBV and the Indian Tax Authorities, noted in 47.1 above, has averred that the offshore transaction is a bonafide structured FDI investment in India.

**Note 48**

**Subsequent events**

Subsequent to the period end, the management has entered into discussions with few parties for hiving off its passive infrastructure assets. The management has received bids and is currently analysing the same. Since the hive off process has started post June 30, 2017, no adjustments/disclosures are made in these consolidated supplementary unaudited financial statements.



This is a disclosure document prepared in connection with the proposed composite scheme of amalgamation and arrangement under Sections 230 to 232 of the Companies Act, 2013 among Vodafone Mobile Services Limited (“VMSL”), Vodafone India Limited (“VIL”), Idea Cellular Limited (“ICL”) and their respective shareholders and creditors (the “Scheme”). The Scheme is also available on the websites of the BSE Limited (at <http://www.bseindia.com/corporates/NOCUnder.aspx?expandable=3>) and the National Stock Exchange of India Limited (at <https://www.nseindia.com/corporates/corporateHome.html?id=recentissues>).

**THIS DISCLOSURE DOCUMENT CONTAINS 8 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES**

This disclosure document dated August 28, 2017 should be read together with the Scheme and the notice to the shareholders of Idea Cellular Limited in connection with the Scheme.



### VODAFONE MOBILE SERVICES LIMITED

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**CIN:** U64202MH1992PLC296375

#### PROMOTER OF VMSL: VIL

This disclosure document has been prepared in connection with the Scheme pursuant to Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

#### SCHEME DETAILS AND INDICATIVE TIMELINE

The Scheme involves the merger of VMSL and VIL (unlisted entities) with and into ICL. VMSL is a wholly-owned subsidiary of VIL. The Scheme contemplates the following sequence of events which shall be deemed to have occurred on the Effective Date (defined below) and shall become effective and operative only in the sequence and in the order set out below: (i) amalgamation of VMSL into and with ICL; (ii) transfer of the authorised share capital of VMSL to ICL and consequential increase in the authorised share capital of ICL; (iii) issue and allotment of fully paid-up equity shares of ICL (equal in number to 89.0% of the issued, subscribed and paid-up equity share capital of ICL on a fully-diluted basis on the date prior to such issuance (subject to completion of pre-closing adjustments set out in Clause 4.2.3 of the Scheme)) to VIL; (iv) dissolution of VMSL without winding-up; (v) amalgamation of VIL into and with ICL; (vi) transfer of the authorised share capital of VIL to ICL and consequential increase in the authorised share capital of ICL; (vii) cancellation of shares issued by ICL to VIL pursuant to the step outlined in (iii) above; (viii) issue and allotment of fully paid-up equity shares of ICL (equal in number to 100.0% of the issued, subscribed and paid-up equity share capital of ICL on a fully-diluted basis immediately prior to such issuance (subject to, and after completion of, pre-closing adjustments set out in Clause 4.2.3 of the Scheme and the cancellation of shares pursuant to the step outlined in (vii) above)) to the shareholders of VIL; and (ix) dissolution of VIL without winding-up. ICL shall make all requisite applications and take all steps to procure the listing of the newly issued shares (pursuant to the step outlined in (viii) above) on the BSE Limited and the National Stock Exchange of India Limited.

Following the completion of the steps outlined above and the transaction(s) among VIL, ICL and their respective promoters as set out in Clause 5 of the Scheme, the shareholders of VIL shall hold 45.1% of the equity share capital of ICL and the promoters of ICL shall hold 26.0% of the equity share capital of ICL, on a fully-diluted post-merger basis and each shareholder of VIL shall be categorised as a promoter of ICL.

Upon the amalgamation becoming effective, the entire business of VIL and VMSL (excluding, *inter alia*, VIL’s investment in Indus Towers Limited, certain international network assets and certain information technology platforms) will vest in ICL.

The Scheme is subject to approvals of relevant regulatory authorities, such as, among others, the Competition Commission of India (“CCI”), the Department of Telecommunications (“DoT”) and the Reserve Bank of India, and shall come into effect on the Effective Date, *i.e.*, the date on which certified copies of the judgment(s) of the National Company Law Tribunal are filed with the relevant Registrars of Companies after the last of the approvals are obtained or events as specified in the Scheme have occurred or the requirement of which have been waived. The approval of the CCI was received on July 24, 2017.

#### GENERAL RISKS

Specific attention of the readers is invited to “Scheme Details and Indicative Timeline” above and “Internal Risk Factors” on page 5 of this disclosure document.

**Name of the current Statutory Auditors**

M/s. Lovelock & Lewes, Chartered Accountants

## PROMOTER

The promoter of VMSL is VIL. VIL, together with its nominees, currently holds 1,376,302,720 equity shares of VMSL, equivalent to 100% of the pre-merger issued, subscribed and paid-up equity share capital of VMSL.

VIL was incorporated on February 21, 1992 under the laws of India and its registered office is situated at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013. VIL is a leading telecommunications operator in India. See also "Business Model/Business Overview and Strategy" below.

### **Names of the five largest Group Companies (as per Schedule VIII(Part A)(2)(IX)(C)(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009):**

1. Vodacom Group Limited
2. Vodafone Qatar Q.S.C.
3. Safaricom Limited
4. Vodacom Tanzania Limited
5. Vodafone GmbH

## BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Set out below is a brief description of VIL's business, on a consolidated basis, including VMSL. References to "we", "our" and "us" below are to VIL and its subsidiaries, including VMSL.

We are one of the leading telecommunications operators in India with over 209 million subscribers, a revenue market share of 22.60% and a customer market share of 17.90% as on March 31, 2017. We hold 3G/4G broadband data spectrum in 17 circles with high quality 900 MHz spectrum in 12 circles and 1,800 MHz spectrum in all 22 circles. VMSL operates in 21 telecom circles in India (excluding the Mumbai circle) and also provides National Long Distance, International Long Distance and Internet Service Provider services through licenses issued by the DoT. VMSL had a total subscriber base of over 200 million as on March 31, 2017.

We offer a wide portfolio of mobility-based products, ranging from voice calls, messaging, mobile internet, national and international roaming, other value added services, including our content streaming platform, available through the Vodafone Play application, and our mobile financial services offering offered under the brand Vodafone M-pesa. Our fixed line products include voice calls, home broadband services and telecommunications solutions for our enterprise customers, including Internet of Things ("IoT") and cloud solutions.

We have invested significantly in our network to meet the growing demand in data usage, enhancing coverage and making the network more efficient. We have an extensive network of approximately 141,074 2G cell sites, 71,510 3G cell sites and 34,773 4G cell sites as on March 31, 2017. Our advanced Super Network Operating Centre centrally monitors and regulates our entire network.

We have a large multi-channel retail and distribution network with approximately 1.8 million outlets and exclusive retail footprint of 10,038 stores as on March 31, 2017. Our exclusive stores, multi-branded outlets, online portal, Vodafone application and several other channels act as multiple touch-points to sell products to our customers.

Being a part of the Vodafone group, we have access to the strong Vodafone brand, global procurement strategy, global enterprise customer base and global best practices in technology and marketing as well as corporate governance. We also derive strong IoT expertise from the Vodafone group which we have successfully deployed with several of our enterprise clients. Our experienced management and employees, our partners and robust systems and processes have enabled us to maintain a successful track record.

**Rationale for the Scheme:** The Scheme involves the merger of VMSL and VIL with and into ICL. The management of each of VIL, VMSL and ICL believes that the Scheme will result in, inter-alia the following benefits: (i) availability of the combined resources together with the synergies in the operational processes and consequent reduction in cost could be utilized for strengthening the customer base and providing high quality service to customers at competitive prices in a manner that would assist in achieving the Indian Government's 'Digital India' vision; (ii) sustained investment accelerating pan-India expansion of wireless broadband services, supporting introduction of digital content and 'Internet of Things' services as well as expanding financial inclusion through mobile money services for the benefit of the Indian consumers, businesses and society as a whole; (iii) consolidation of the telecommunications business of the parties resulting in expansion of such companies' business and creation of greater value for shareholders and all other stakeholders; (iv) synergies in operational processes and logistics alignment leading to economies of scale, rationalisation of network infrastructure, creation of efficiencies and optimisation of capital and operational expenditure (including lower maintenance expenses and savings in energy costs); (v) higher spectrum availability and larger single radio access network deployment coupled with re-deployment of overlapping equipment from rationalised sites resulting in lower capital expenditure; (vi) harmonisation of sales and service channels; (vii) streamlining of regional and nationwide information technology systems and development of a common

information technology system; and (viii) general and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the parties.

#### BOARD OF DIRECTORS

S.No.	Name	Designation	Experience including current / past position held in other firms
1.	Ajay Khanna	Independent Director	He has been a Director of VMSL since March 20, 2015. He holds a post-graduate diploma in management from Indian Institute of Management, Ahmedabad. He has over 20 years of experience in sales, marketing, general management, working with start-up companies, strategic and financial planning, financial re-engineering and business turnaround in the FMCG and digital media sectors in India and Asia.
2.	Balesh Sharma	Non-Executive Director	He has been a Director of VMSL since June 13, 2017. He is also a director of Vodafone Czech Republic and has served as the Managing Director and Chief Executive Officer of Vodafone Czech Republic and Vodafone Malta. He has vast experience in managing telecommunications businesses and has been associated with the Vodafone group of companies since March 2003.
3.	Naveen Chopra	Non-Executive Director	He has been a Director of VMSL since June 25, 2012. He holds a bachelor's degree in economics (with honours) from the University of Delhi. He has over 16 years of professional experience. Prior to joining VMSL, he was associated with Britannia Industries Limited where he held various positions including the post of General Manager – Marketing.
4.	Prashant Bhagania	Non-Executive Director	He has been a Director of VMSL since July 14, 2017. He is a qualified Chartered Accountant (Membership No. 058062), Cost Accountant and Company Secretary with over 20 years of experience. He started his career with Hindusthan Development Corporation and has been associated with E. Hill and Company and Reliance Communications Limited. He has been working with VIL for over 10 years and has been responsible for financial operations, planning, budgeting, forecasting and cost reduction.
5.	Sonu Bhasin	Independent Director	She has been a Director of VMSL since March 20, 2015. She has held various leadership roles such as President – Retail Financial Services of Axis Bank and Group President – Branch Banking of YES Bank and currently serves on the board of directors of Mahindra First Choice Services Limited, Whirlpool of India Limited, Sutlej Textiles and Industries Limited and Transcorp International Limited. She is the Founder of FAB – Families And Business and an advisor to the board of Centre for Investment Education and Learning.

Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of VMSL in the preceding 10 years: Not applicable

#### Shareholding Pattern prior to the merger:

S.No.	Particulars	Number of Shares	% Holding
1.	Promoter & Promoter Group	1,376,302,720	100
2.	Public	NIL	NIL
	<b>Total</b>	<b>1,376,302,720</b>	<b>100</b>

#### FINANCIAL INFORMATION

Under Section 129(3) of the Companies Act, 2013 read with the second proviso to Rule 6 of the Companies (Accounts) Rules, 2014, VMSL is not required to file consolidated financial statements. All amounts in the tables below are in INR million, except per share data.

#### Standalone financial information in relation to VMSL:

Item	Particulars <sup>1</sup>	For the year ended	
		March 31, 2017	March 31, 2016
		Ind AS	Ind AS
1	Revenue from operations	398,600	400,704

Item	Particulars <sup>1</sup>	For the year ended	
		March 31, 2017	March 31, 2016
		Ind AS	Ind AS
2	(Loss) before tax	(42,222)	(12,870)
3	(Loss)/Profit after tax <sup>2</sup>	(27,900)	38,911
4	Equity share capital (issued, subscribed and paid-up share capital)	13,763	6,268
5	Reserves and surplus	368,442	54,198
6	Net worth <sup>3</sup>	380,669	58,945
7	Basic earnings per share (INR)	(26.36)	62.07
8	Diluted earnings per share (INR)	(26.36)	62.07
9	Return on net worth (%) <sup>4</sup>	(7.33%)	66.01%
10	Net asset value per share (INR) <sup>5</sup>	277.70	96.46

Notes:

<sup>1</sup> (a) The information provided under items (1) to (5), (7) and (8) for the year ended March 31, 2017 has been taken from Audited Statutory Financial Statements of VMSL prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(b) Audited Statutory Financial Statements for the year ended March 31, 2016 was prepared in accordance with the accounting standards, notified under section 211(3C) of the Companies Act, 2013 (Companies Accounting Standard Rules, 2006 (as amended)) and other relevant provisions of the Companies Act, 2013 ('IGAAP'), however information presented above is based on comparative financial information as presented in Audited Statutory Financial Statement for the year ended March 31, 2017.

<sup>2</sup> (Loss)/Profit after tax (item 3) does not include Other Comprehensive Income.

<sup>3</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up Share Capital) (item 4) and Reserves and Surplus (item 5) (Refer Note 3(b) below).

(b) For calculation of Net worth, Reserve and Surplus balance does not include Capital Contribution / (Distribution to parent), Share based payment Reserve and General Reserve.

<sup>4</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{(Loss)/Profit after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>5</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2017: 1,376,302,720 and March 2016: 626,842,863) as appearing in the Audited Statutory Financial Statements for the year ended March 31, 2017 and comparative information for March 31, 2016 (as explained in Note 1 above).

<sup>6</sup> During the year ended March 31, 2016, Vodafone East Limited (VEL), Vodafone Digilink Limited (VDL), Vodafone Cellular Limited (VCL), and Vodafone South Limited (VSL) (Scheme 1) and Vodafone Spacetel Limited (VsPL) and Vodafone West Limited (VWL) (Scheme 2) have been amalgamated with VMSL as per court approved schemes w.e.f. December 11, 2015 (Scheme 1) and February 11, 2016 (Scheme 2).

Item	Particulars <sup>1</sup>	For the year ended		
		March 31, 2015	March 31, 2014	March 31, 2013
		IGAAP	IGAAP	IGAAP
1	Revenue from operations	42,992	38,969	35,158
2	Profit/(loss) before exceptional items and tax	(2,346)	2,444	2,358
3	Profit/(loss) after tax	(2,300)	1,356	1,293
4	Equity share capital (issued, subscribed and paid-up share capital)	1,997	1,997	1,997
5	Reserves and surplus	22,147	24,447	23,091
6	Net worth <sup>2</sup>	24,144	26,444	25,088
7	Basic earnings per share (INR)	(11.52)	6.79	6.47
8	Diluted earnings per share (INR)	(11.52)	6.79	6.47
9	Return on net worth (%) <sup>3</sup>	(9.53%)	5.13%	5.15%
10	Net asset value per share (INR) <sup>4</sup>	120.89	132.41	125.62

Notes:

<sup>1</sup> The information provided under items (1) to (5), (7) and (8) has been taken from Audited Statutory Financial Statements of VMSL prepared in accordance with IGAAP for the respective year ended March 31, 2013, March 31, 2014 and March 31, 2015.

<sup>2</sup> Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5).

<sup>3</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{Profit/(loss) after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>4</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2015: 199,716,469, March 2014: 199,716,469 and March 2013: 199,716,469) as appearing in the Audited Statutory Financial Statements for the respective years (as explained in Note 1 above).

## INTERNAL RISK FACTORS

Set out below are certain material risk factors applicable to VMSL. References to “we”, “our” and “us” below are to VIL and its subsidiaries, including VMSL:

1. The Securities and Exchange Board of India (“SEBI”), in its letter dated August 4, 2017 to the BSE Limited and National Stock Exchange of India Limited, has, *inter alia*, given the following comments on the draft Scheme:
  - a. *“SEBI had received a complaint alleging that one of the promoters of ICL (“Purchasers”) had purchased 0.23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities Laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchasers shall be borne by them. ICL has also submitted a voluntary undertaking stating, inter-alia, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaken that any liability eventually held to be valid against it shall be borne by ICL.”*
  - b. *“Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 (“SAST”) as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement, inter-alia, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme.”*

Any adverse outcome in the matter described in paragraph (a) above may adversely affect the reputation, business, financial condition, results of operations, prospects and the trading price of the shares of ICL or the merged entity.
2. We operate in an intensely competitive industry in India in relation to our primary areas of operations such as mobility based products, fixed line products and internet based services. If we are unable to successfully compete, our business, financial condition, results of operations and prospects could be adversely affected.
3. Our telecom licenses, whether Unified Access Service Licenses (UASLs) or Unified Licenses (ULs), and the spectrum allocated to us are subject to specified terms and conditions, as well as ongoing review and extension by the relevant regulatory authorities. Further, we are subject to extensive regulation and changes in laws, regulations, policies and the interpretation thereof, which may have an adverse effect on our business and operations. Any delay or difficulty or inability in obtaining, maintaining and renewing or extending all required licenses and spectrum, on commercially acceptable terms, or our failure to comply with existing or future laws, regulations or policies, could have an adverse effect on our business, financial condition, results of operations and prospects.
4. There are certain regulatory, tax, criminal and other proceedings/investigation pending against VMSL, its promoter (VIL) and/or our directors, employees, subsidiaries and group companies. An adverse outcome in these proceedings may adversely affect our reputation and may have an adverse effect on our business, financial condition, results of operations and prospects.
5. The schemes of amalgamation of the former subsidiaries of VIL and VMSL, i.e., Vodafone Cellular Limited, Vodafone Digilink Limited, Vodafone East Limited, Vodafone South Limited, Vodafone West Limited and Vodafone Spacelink Limited with and into VMSL, have been conditionally approved by the DoT, subject to the outcome of litigation proceedings pending before the Telecom Disputes Settlement and Appellate Tribunal (“TDSAT”). An adverse outcome in such proceedings may adversely affect our financial condition.
6. Emergence of technologies that have the ability to substitute our current offerings, unless countered in a timely manner, may have an adverse effect on our customer base and revenues. If we are unable to keep pace with technological developments and changing customer preferences, we may experience a decline in demand for our services or face challenges in implementing our business strategy, and our business, financial condition, results of operations and prospects may be adversely affected.
7. Our ability to grow net additional subscribers and revenue depends not only on the success of the expansion and management of our networks and our ability to sufficiently finance these plans, but also on pressures due to increased competition, decline in average revenue per unit (ARPU) and pressure on margins. We are subject to a number of financing, operating, regulatory and other risks beyond our control which may have an adverse effect on our ability to successfully maintain and expand our network and our operations.
8. We operate in a capital-intensive sector, with relatively long investment periods. Our banking facilities have historically been utilized for the purchase of spectrum, entry and license fees, network expansion and upgrades, the rollout of networks, etc. We cannot assure that any funding which may be required in the future would be obtained in a timely manner, on satisfactory terms, or obtained at all. This could have an adverse effect on our business, financial condition, results of operations and prospects.
9. We depend on various independent vendors to provide us with equipment, software, applications and services that we

need in order to operate certain aspects of our business. Our business is also dependent on the adequate maintenance of our passive infrastructure, such as telecommunications towers. Additionally, we rely on independent telecommunications service providers for the provision of interconnection and intra-circle, national and international roaming services for our subscribers. In addition, we engage external vendors to execute customer-facing processes. Such process requires us to acquire and process large amounts of customer information. As a result, we are exposed to the risk of unauthorized disclosure of sensitive customer information that may result in regulatory and legal action and reputational damage. The failure of any third party vendor, passive infrastructure provider or telecommunications service provider to provide reliable services to us on a consistent basis could result in the loss of subscribers or a decrease in traffic, which could adversely affect our business, financial condition and prospects.

10. We rely on highly skilled personnel across all levels of our business, including our key management personnel. Our business could be adversely affected if we are unable to retain or motivate key personnel and hire suitably qualified personnel.
11. The occurrence of any natural or man-made disaster may have an adverse effect on our business, financial condition, results of operations and prospects. Our inability to maintain and restore affected services in a timely manner may result in a loss of subscribers or a decrease in traffic, in addition to a short-term loss of revenue.
12. We currently rely on certain intra-group arrangements with, *inter alia*, VG Plc for the provision of services. Any change in the terms of such arrangements or our relationship with such Vodafone group entities in the future may have an adverse effect on our business, financial condition, results of operations and prospects.

#### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

##### A. Total number of outstanding litigations against VMSL and amount involved:

Nature of the Cases	No. of Cases Outstanding	Amount involved (in ₹ Million)
Criminal matters <sup>1</sup>	62	-
Civil matters (including consumer cases) <sup>1,3</sup>	-	-
Direct tax matters <sup>1</sup>	186	63,322.84
Indirect tax matters <sup>1</sup>	844	66,775.83
Regulatory matters <sup>1</sup>	139	189,659.61
<b>Total</b>	<b>1,231</b>	<b>319,758.28</b>

<sup>1</sup> As on July 31, 2017.

<sup>2</sup> The amount involved in criminal matters is not quantifiable.

<sup>3</sup> Matters exceeding ₹500 million have been considered. Although 936 civil matters involving an aggregate value of ₹1,375.45 million are pending against VMSL, none of the individual claims exceeds the threshold of ₹500 million.

##### B. Brief details of the top five material outstanding litigations against VMSL:

Particulars	Litigation filed by	Current status
VMSL had applied for grant of permission from the DoT for the court-approved merger of Vodafone Cellular Limited, Vodafone South Limited ("VSL"), Vodafone Digilink Limited ("VDL") and Vodafone East Limited ("VEL") with VMSL (Scheme 1) and Vodafone West Limited ("VWL") and Vodafone Spacetel Limited with VMSL (Scheme 2). While according its approval, the DoT imposed certain pre-conditions seeking payments of one-time spectrum charge ("OTSC") above and below 4.4 MHz, OTSC for extending the period of Tamil Nadu license along with bank guarantee and undertakings for the OTSC from VMSL and for the license fee and spectrum usage charge (SUC) demands pending in litigation before the TDSAT and the Supreme Court. The TDSAT granted a stay on the demands imposed by the DoT as regards Scheme 1 and directed the DoT to allow the transfer of the licenses. Aggrieved by the TDSAT's interim order, the DoT approached the Supreme Court which directed VIL to deposit a specified amount for the grant of the DoT's provisional approval subject to the outcome of the matter pending before the TDSAT. Similarly, for Scheme 2, the DoT's demand was challenged before the TDSAT. The TDSAT directed VMSL to deposit a specified amount with the DoT, subject to the outcome of the pending proceedings before the TDSAT and other courts.	DoT	Pending for final hearing before TDSAT
VIL, VMSL, VWL, VEL, VSL and VDL filed a petition before the TDSAT challenging the order dated December 28, 2012 issued under Section 4 of the	VIL, VMSL, VWL, VEL, VSL and	Pending for final hearing

<p>Indian Telegraph Act and the demand note dated January 8, 2013 for OTSC on the following grounds: (i) unilateral and illegal imposition of OTSC prospectively and retrospectively; (ii) imposition of OTSC is on the allocated spectrum for which Vodafone has been continuing to pay on a revenue-share basis; (iii) the impugned orders are in violation of the agreed terms of the license and without consent of the contracting party; (iv) illegal extraction of OTSC under threat of forced withdrawal/surrender of spectrum beyond 4.4 MHz; and (v) the impugned orders are arbitrary, unreasonable and discriminatory and patently illegal. On January 29, 2013, TDSAT granted an ad-interim order that no coercive action will be taken by the DoT for enforcement of its demand; such interim protection continues to be in effect.</p>	<p>VDL</p>	
<p>Various appeals were preferred challenging the judgments dated April 23, 2015 and July 6, 2015 wherein the TDSAT had partially allowed the scope and ambit of "gross revenue" by laying down certain principles on the basis of which it had excluded certain items completely/conditionally and had included items such as bad debts, interest income, dividend income and discount on roaming, for the computation of annual gross revenue ("AGR"). The appeals challenge the TDSAT judgments to the extent it includes these components and incorrectly interprets a precedent judgment involving the Association of Unified Telecom Service Providers of India (AUSPI) as including revenue from non-telecom activities in the computation of AGR. The Supreme Court has directed that the Union of India may continue to raise demands as per its understanding, however the demands will not be enforced until final decision in the matter.</p>	<p>VIL and VMSL</p>	<p>Pending for final hearing</p>
<p>Various demand notices were issued by the Department of Telecommunications / Telecom Enforcement, Resource and Monitoring (TERM) Cells from different circles alleging non-compliance of subscriber verification guidelines and violations of license conditions. VMSL has filed petitions before the TDSAT challenging these penalty demands.</p>	<p>VMSL</p>	<p>Pending for final hearing</p>
<p>Demand notices were issued to VMSL for different circles, imposing penalty on the ground of, <i>inter alia</i>, delay in submission of self-certificates, failure to furnish/delay in furnishing self-certification in respect of upgradation of sites, non-submission/delay in submission of fresh self-certificates for the sites upgraded by other Telecom Service Providers and improper submission/non-submission of site photograph and layout. VMSL has filed petitions before the TDSAT challenging these penalty demands.</p>	<p>VMSL</p>	<p>Pending for final hearing</p>

**C. Regulatory Action, if any – disciplinary action taken by the Securities and Exchange Board of India or stock exchanges in India against the Promoter/Group Companies of VMSL in last 5 financial years including outstanding action, are as follows: NIL**

**D. Outstanding criminal proceedings against the Promoter of VMSL, i.e., VIL:**

As of July 31, 2017, there were five outstanding criminal proceedings against VIL:

1. A private complaint was filed by a former distributor whose contract was terminated. The criminal complaint in CC.No.5653/2010 was filed against three employees of VIL alleging offences under Sections 406, 419 and 420 of the Indian Penal Code, 1860 before the Additional Chief Judicial Magistrate, Kannauj, Uttar Pradesh. All three employees have been granted bail and VIL has preferred an application for discharge which is currently pending.
2. An ex-employee of VMSL, Odisha Circle, lodged a criminal complaint against certain employees of VIL alleging offences under Sections 294, 323, 341, 392 and 506 read with Section 34 of the Indian Penal Code, 1860 before the District Court, Bhubaneswar. Thereafter, applications for quashing such complaint were filed before the Orissa High Court following which such proceedings before the District Court have been stayed.
3. A private complaint was filed by an ex-distributor of VMSL, Andhra Pradesh Circle in CC.No.874/2011 before the XI Additional Chief Metropolitan Magistrate, Secunderabad against Vodafone Essar Limited (now known as VIL) and five officers alleging offences under Sections 418, 420, 467, 468 and 471 read with Section 120-B of the Indian Penal Code, 1860. An application for discharge was filed which was dismissed in March 2017. VIL has preferred a criminal revision petition which is currently pending before the Sessions Court, Secunderabad.
4. In the Karnataka Circle, Lahari Recording Company Private Limited filed an FIR against VIL and a few other telecom service providers alleging offences under Sections 63 and 63B of the Copyright Act, 1957. Since no specific officer was named, a warrant could not be issued. An application for quashing the FIR was filed before the High Court of Karnataka and an interim stay on the trial court proceedings has been granted. The Magistrate had also rejected the initial charge-

sheet filed by the police and had directed the police to file a fresh charge-sheet. The police are yet to file a fresh charge-sheet.

5. A subscriber in Chandigarh filed a private complaint against the Chairman of Vodafone Plc, the Managing Director of VIL and other individuals in CC.No.8/2013 before the Judicial Magistrate First Class, Chandigarh alleging offences under Sections 406, 420, 467, 468 and 471 read with Section 120-B of the Indian Penal Code, 1860. The matter is currently pending before the High Court of Punjab and Haryana, Chandigarh in a quashing application under Section 482 of the Code of Criminal Procedure, 1973 (CRMM.25888/2013). The Supreme Court of India has stayed the proceedings before the trial court until the disposal of the quashing application by its order dated January 20, 2017.

**ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER / VMSL – NIL**

**DECLARATION BY VMSL**

We hereby declare that all applicable provisions of the format of an abridged prospectus as set out in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, have been complied with. We further certify that all statements with respect to us in this Disclosure Document are true and correct.

Date: August 28, 2017

This is a disclosure document prepared in connection with the proposed composite scheme of amalgamation and arrangement under Sections 230 to 232 of the Companies Act, 2013 among Vodafone Mobile Services Limited (“VMSL”), Vodafone India Limited (“VIL”), Idea Cellular Limited (“ICL”) and their respective shareholders and creditors (the “Scheme”). The Scheme is also available on the websites of the BSE Limited (at <http://www.bseindia.com/corporates/NOCUnder.aspx?expandable=3>) and the National Stock Exchange of India Limited (at <https://www.nseindia.com/corporates/corporateHome.html?id=recentissues>).

**THIS DISCLOSURE DOCUMENT CONTAINS 10 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES**

This disclosure document dated August 28, 2017 should be read together with the Scheme and the notice to the shareholders of Idea Cellular Limited in connection with the Scheme.



### VODAFONE INDIA LIMITED

**Registered Office and Corporate Office:** Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013

**Contact Person:** Sudhakar Shetty

**Telephone:** +91 22 7171 5000

**E-mail:** [compliance@vodafone.com](mailto:compliance@vodafone.com)

**Website:** [www.vodafone.in](http://www.vodafone.in)

**CIN:** U32200MH1992PLC119108

**PROMOTERS OF VIL: (1) VODAFONE INTERNATIONAL HOLDINGS B.V.; (2) AL-AMIN INVESTMENTS LTD.; (3) ASIAN TELECOMMUNICATION INVESTMENTS (MAURITIUS) LTD.; (4) CCH (MAURITIUS) INC.; (5) EURO PACIFIC SECURITIES LTD.; (6) VODAFONE TELECOMMUNICATIONS (INDIA) LTD.; (7) MOBILVEST; (8) PRIME METALS LTD.; (9) TRANS CRYSTAL LTD.; (10) OMEGA TELECOM HOLDINGS PRIVATE LIMITED; (11) TELECOM INVESTMENTS INDIA PRIVATE LIMITED; (12) JAYKAY FINHOLDING (INDIA) PRIVATE LIMITED; AND (13) USHA MARTIN TELEMATICS LIMITED**

This disclosure document has been prepared in connection with the Scheme pursuant to Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

### SCHEME DETAILS AND INDICATIVE TIMELINE

The Scheme involves the merger of VMSL and VIL (unlisted entities) with and into ICL. VMSL is a wholly-owned subsidiary of VIL. The Scheme contemplates the following sequence of events which shall be deemed to have occurred on the Effective Date (defined below) and shall become effective and operative only in the sequence and in the order set out below: (i) amalgamation of VMSL into and with ICL; (ii) transfer of the authorised share capital of VMSL to ICL and consequential increase in the authorised share capital of ICL; (iii) issue and allotment of fully paid-up equity shares of ICL (equal in number to 89.0% of the issued, subscribed and paid-up equity share capital of ICL on a fully-diluted basis on the date prior to such issuance (subject to completion of pre-closing adjustments set out in Clause 4.2.3 of the Scheme)) to VIL; (iv) dissolution of VMSL without winding-up; (v) amalgamation of VIL into and with ICL; (vi) transfer of the authorised share capital of VIL to ICL and consequential increase in the authorised share capital of ICL; (vii) cancellation of shares issued by ICL to VIL pursuant to the step outlined in (iii) above; (viii) issue and allotment of fully paid-up equity shares of ICL (equal in number to 100.0% of the issued, subscribed and paid-up equity share capital of ICL on a fully-diluted basis immediately prior to such issuance (subject to, and after completion of, pre-closing adjustments set out in Clause 4.2.3 of the Scheme and the cancellation of shares pursuant to the step outlined in (vii) above)) to the shareholders of VIL; and (ix) dissolution of VIL without winding-up. ICL shall make all requisite applications and take all steps to procure the listing of the newly issued shares (pursuant to the step outlined in (viii) above) on the BSE Limited and the National Stock Exchange of India Limited.

Following the completion of the steps outlined above and the transaction(s) among VIL, ICL and their respective promoters as set out in Clause 5 of the Scheme, the shareholders of VIL shall hold 45.1% of the equity share capital of ICL and the promoters of ICL shall hold 26.0% of the equity share capital of ICL, on a fully-diluted post-merger basis and each shareholder of VIL shall be categorised as a promoter of ICL.

Upon the amalgamation becoming effective, the entire business of VIL and VMSL (excluding, *inter alia*, VIL's investment in Indus Towers Limited, certain international network assets and certain information technology platforms) will vest in ICL.

The Scheme is subject to approvals of relevant regulatory authorities, such as, among others, the Competition Commission of India (“CCI”), the Department of Telecommunications (“DoT”) and the Reserve Bank of India, and shall come into effect on the Effective Date, *i.e.*, the date on which certified copies of the judgment(s) of the National Company Law Tribunal are filed with the relevant Registrars of Companies after the last of the approvals are obtained or events as specified in the Scheme have occurred or the requirement of which have been waived. The approval of the CCI was received on July 24, 2017.

## GENERAL RISKS

Specific attention of the readers is invited to "Scheme Details and Indicative Timeline" above and "Internal Risk Factors" on page 8 of this disclosure document.

**Name of the current Statutory Auditors**

M/s. Lovelock & Lewes, Chartered Accountants

## PROMOTERS

Vodafone Group Plc ("VG Plc") is the ultimate holding company of the promoters of VIL. VG Plc was incorporated under English law in 1984 and its registered office is situated at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, United Kingdom. The equity shares of VG Plc are presently listed on the London Stock Exchange and in the form of American depository shares presently listed on the NASDAQ Global Select Market. VG Plc is one of the world's largest telecommunications companies and provides a range of services including voice, messaging, data and fixed communications.

Vodafone International Holdings B.V. ("VIHBV") is indirectly wholly-owned and controlled by VG Plc and holds substantial investments in telecom operators in several countries across the world. The other promoters of VIL are indirect wholly-owned subsidiaries of VIHBV and their principal activity is to act as holding companies.

The details of the promoters of VIL are set out in the table below:

S. No.	Name of Promoter	Date of Incorporation	Registered Address	Number of shares of VIL held	Percentage of pre-merger issued, subscribed and paid-up equity share capital of VIL
1.	Vodafone International Holdings B.V.	February 16, 1993	Rivium Quadrant 173, 2909 LC, Capelle aan den IJssel, The Netherlands	-	-
2.	Al-Amin Investments Ltd.	November 30, 1999	Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	154,582,753	5.49
3.	Asian Telecommunication Investments (Mauritius) Ltd.	May 26, 1997	Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	186,562,701	6.63
4.	CCII (Mauritius) Inc.	August 15, 1995	Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	84,917,370	3.02
5.	Euro Pacific Securities Ltd.	November 25, 1992	Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	758,986,306	26.98
6.	Vodafone Telecommunications (India) Ltd.	July 25, 1995	Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	309,165,696	10.99
7.	Mobilvest	December 22, 1995	Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	318,870,690	11.33
8.	Prime Metals Ltd.	June 8, 1993	Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	415,986,399	14.79
9.	Trans Crystal Ltd.	July 7, 2000	Fifth Floor, Ebene Esplanade, 24 Cybercity, Mauritius	278,020,841	9.88
10.	Omega Telecom Holdings Private Limited	April 24, 1995	127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India	63,489,774	2.26
11.	Telecom Investments India Private Limited	December 30, 1997	127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India	160,975,557	5.72
12.	Jaykay Finholding (India) Private Limited	September 28, 1999	127, Maker Chamber III, Nariman Point, Mumbai 400 021, Maharashtra, India	6,367,671	0.23
13.	Usha Martin Telematics Limited.	March 16, 1995	8 <sup>th</sup> Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector - V, Saltlake City, Kolkata 700 091, West Bengal, India	75,370,065	2.68

**Names of the five largest Group Companies (as per Schedule VIII(Part A)(2)(IX)(C)(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009):**

1. Vodacom Group Limited
2. Vodafone Qatar Q.S.C.
3. Safaricom Limited
4. Vodacom Tanzania Limited
5. Vodafone GmbH

**BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY**

References to “we”, “our” and “us” below are to VIL and its subsidiaries, including VMSL.

We are one of the leading telecommunications operators in India with over 209 million subscribers, a revenue market share of 22.60% and a customer market share of 17.90% as on March 31, 2017. We hold 3G/4G broadband data spectrum in 17 circles with high quality 900 MHz spectrum in 12 circles and 1,800 MHz spectrum in all 22 circles. VIL operates in the Mumbai circle directly and in the remaining 21 circles, through VMSL. VIL provides National Long Distance, International Long Distance and Internet Service Provider services through VMSL.

We offer a wide portfolio of mobility-based products, ranging from voice calls, messaging, mobile internet, national and international roaming, other value added services, including our content streaming platform, available through the Vodafone Play application and our mobile financial services offering offered under the brand Vodafone M-pesa. Our fixed line products include voice calls, home broadband services and telecommunications solutions for our enterprise customers, including Internet of Things (“IoT”) and cloud solutions.

We have invested significantly in our network to meet the growing demand in data usage, enhancing coverage and making the network more efficient. We have an extensive network of approximately 141,074 2G cell sites, 71,510 3G cell sites and 34,773 4G cell sites as on March 31, 2017. Our advanced Super Network Operating Centre centrally monitors and regulates our entire network.

We have a large multi-channel retail and distribution network with approximately 1.8 million outlets and exclusive retail footprint of 10,038 stores as on March 31, 2017. Our exclusive stores, multi-branded outlets, online portal, Vodafone application and several other channels act as multiple touch-points to sell products to our customers.

Being a part of the Vodafone group, we have access to the strong Vodafone brand, global procurement strategy, global enterprise customer base and global best practices in technology and marketing as well as corporate governance. We also derive strong IoT expertise from the Vodafone group which we have successfully deployed with several of our enterprise clients. Our experienced management and employees, our partners and robust systems and processes have enabled us to maintain a successful track record.

**Rationale for the Scheme:** The Scheme involves the merger of VMSL and VIL with and into ICL. The management of each of VIL, VMSL and ICL believes that the Scheme will result in, inter-alia the following benefits: (i) availability of the combined resources together with the synergies in the operational processes and consequent reduction in cost could be utilized for strengthening the customer base and providing high quality service to customers at competitive prices in a manner that would assist in achieving the Indian Government’s ‘Digital India’ vision; (ii) sustained investment accelerating pan-India expansion of wireless broadband services, supporting introduction of digital content and ‘Internet of Things’ services as well as expanding financial inclusion through mobile money services for the benefit of the Indian consumers, businesses and society as a whole; (iii) consolidation of the telecommunications business of the parties resulting in expansion of such companies’ business and creation of greater value for shareholders and all other stakeholders; (iv) synergies in operational processes and logistics alignment leading to economies of scale, rationalisation of network infrastructure, creation of efficiencies and optimisation of capital and operational expenditure (including lower maintenance expenses and savings in energy costs); (v) higher spectrum availability and larger single radio access network deployment coupled with re-deployment of overlapping equipment from rationalised sites resulting in lower capital expenditure; (vi) harmonisation of sales and service channels; (vii) streamlining of regional and nationwide information technology systems and development of a common information technology system; and (viii) general and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the parties.

**BOARD OF DIRECTORS**

S.No.	Name	Designation	Experience including current / past position held in other firms
1.	Analjit Singh	Chairman and Non-Executive Director	He is the Chairman of VIL. A Padma Bhushan awardee, he is the Founder Chairman Emeritus of the Max Group, a business enterprise with interests in life insurance, health care, health insurance, senior living, speciality packaging, real estate and education. He is also the Founder of Leeu

			Collection, an international collection of boutique hotels with investments in South Africa, the United Kingdom and Italy.
2.	Sunil Sood	Managing Director and Chief Executive Officer	He has been the Managing Director and Chief Executive Officer of VIL since April 1, 2015. Prior to this, he was the Chief Operating Officer of VIL. He has over 16 years of experience in the telecommunications industry. He has also been the Chief Executive Officer of Pepsico, Bangladesh. He is an alumnus of Indian Institute of Technology, Delhi and Indian Institute of Management, Calcutta and has also completed the Advanced Management Program at Harvard Business School.
3.	Vivek Badrinath	Non-Executive Director	He has been a Director of VIL since November 22, 2016. He has extensive experience in telecommunications and technology leadership, including in emerging markets. He has been the Deputy Chief Executive Officer of AccorHotels and is currently the Chief Executive of VG Plc (Africa, Middle East and Asia Pacific Region) and a director of AccorHotels.
4.	Ashwani Windlass	Non-Executive and Independent Director	He has been a Director of VIL since May 26, 2012. He holds bachelor's degrees in commerce (first division) and journalism from Punjab University and a master's degree in business administration from Faculty of Management Studies, University of Delhi. He has been the Founder and Managing Director of VIL (then Hutchison Max Telecom Limited). He has experience in strategy, telecommunications and technology.
5.	Balesh Sharma	Whole-Time Director	He has been a Whole-Time Director of VIL since April 13, 2017. He is also a director of Vodafone Czech Republic and has served as the Managing Director and Chief Executive Officer of Vodafone Czech Republic and Vodafone Malta. He has vast experience in managing telecommunications businesses and has been associated with the Vodafone group of companies since March 2003.
6.	Chitranjan Dua	Non-Executive Director	He has been a Director of VIL since September 27, 2006. He is currently the chairman of Dua Associates, a law firm in India. He has been advising domestic and international corporates for the last four decades.
7.	John Otty	Non-Executive Director	He has been a Director of VIL since October 1, 2012. He has more than 24 years of experience in the field of telecommunications. He is currently the Regional Finance Director, Vodafone (Africa, Middle East and Asia Pacific Region).
8.	Marten Pieters	Non-Executive Director	He has served as the Managing Director of VIL between April 1, 2009 and March 31, 2015 and has been appointed as a Non-Executive Director of VIL with effect from April 1, 2015. He has several decades of experience in the field of telecommunications and currently holds directorships in Indus Towers Limited and Vodacom, South Africa.
9.	Shyamala Gopinath	Non-Executive and Independent Director	She has been a Director of VIL since April 17, 2014. She was the Deputy Governor of the Reserve Bank of India and has been involved for over 39 years in diverse areas, including in relation to financial markets and foreign exchange management, in different capacities at the Reserve Bank of India. She is currently the chairperson of HDFC Bank Limited and an independent director of Colgate-Palmolive (India) Limited and Tata Elxsi Limited.
10.	Vikram Singh Mehta	Non-Executive and Independent Director	He has been a Director of VIL since January 21, 2013. He was an officer of the Indian Administrative Services. He was also the Chairman of Shell India and currently serves on the board of directors of Shell India Private Limited, Larsen and Toubro Limited, Jet Airways (India) Limited, Mahindra and Mahindra Limited, Apollo Tyres Limited, HT Media Limited and Colgate-Palmolive (India) Limited.

**Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of VIL in the preceding 10 years: Not applicable**

**Shareholding Pattern prior to the merger:**

S.No.	Particulars	Number of Shares	% Holding
1.	<b>Promoter &amp; Promoter Group</b>	2,813,295,823	100
2.	<b>Public</b>	NIL	NIL
	<b>Total</b>	2,813,295,823	100

**FINANCIAL INFORMATION**

All amounts in the tables below are in INR million, except per share data.

**Standalone financial information in relation to VIL:**

Item	Particulars <sup>1</sup>	For the year ended	
		March 31, 2017	March 31, 2016
		Ind AS	Ind AS
1	Revenue from operations	44,422	43,929
2	(Loss) before tax from continuing operations	(11,863)	(13,741)
3	(Loss) after tax <sup>2</sup>	(3,745)	(13,736)
4	Equity share capital (issued, subscribed and paid-up share capital)	28,133	4,534
5	Reserves and surplus	574,187	124,911
6	Net worth <sup>3</sup>	601,280	128,547
7	Basic earnings per share (INR) <sup>4</sup>	(1.68)	(10.10)
8	Diluted earnings per share (INR) <sup>4</sup>	(1.68)	(10.10)
9	Return on net worth (%) <sup>5</sup>	(0.62%)	(10.69%)
10	Net asset value per share (INR) <sup>6</sup>	214.10	285.48

*Notes:*

<sup>1</sup> (a) The information provided under items (1) to (5), (7) and (8) for the year ended March 31, 2017 has been taken from Audited Statutory Financial Statements of VIL prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(b) Audited Statutory Financial Statements for the year ended March 31, 2016 was prepared in accordance with the accounting standards, notified under section 211(3C) of the Companies Act, 2013 (Companies Accounting Standard Rules, 2006 (as amended)), and other relevant provisions of the Companies Act, 2013 ('IGAAP'), however information presented above is based on comparative financial information as presented in Audited Statutory Financial Statement for the year ended March 31, 2017.

<sup>2</sup> (Loss) after tax (item 3) includes profit from discontinued operations, but does not include other comprehensive income.

<sup>3</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5) (Refer Note 3(b) below).

(b) For calculation of Net worth, Reserve and Surplus balance does not include Capital Reserve, Capital Contribution and Share based payment Reserve.

<sup>4</sup> Basic earnings per share (INR) (item 7) and Diluted earnings per share (INR) (item 8) include earnings from continuing and discontinued operations.

<sup>5</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{(\text{Loss}) \text{ after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>6</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2017: 2,813,295,823 and March 2016: 453,431,113) as appearing in the Audited Statutory Financial Statements for the year ended March 31, 2017 and comparative information for March 31, 2016 (as explained in Note 1 above).

Item	Particulars <sup>1</sup>	For the year ended		
		March 31, 2015	March 31, 2014	March 31, 2013
		IGAAP	IGAAP	IGAAP
1	Revenue from operations	42,121	36,840	32,227
2	Profit/(loss) before exceptional items and tax	8,245	(1,149)	(211)
3	Profit/(loss) after tax	6,280	(1,149)	(3,429)
4	Equity share capital (issued, subscribed and paid-up share capital)	4,534	4,141	4,141
5	Reserves and surplus	137,608	71,721	72,870
6	Net worth <sup>2</sup>	141,977	75,697	76,846
7	Basic earnings per share (INR)	15.08	(2.77)	(8.28)
8	Diluted earnings per share (INR)	15.08	(2.77)	(8.28)
9	Return on net worth (%) <sup>3</sup>	4.42%	(1.52%)	(4.46%)
10	Net asset value per share (INR) <sup>4</sup>	313.48	183.20	185.98

Notes:

<sup>1</sup> The information provided under items (1) to (5), (7) and (8) has been taken from Audited Statutory Financial Statements of VIL prepared in accordance with IGAAP for the respective year ended March 31, 2013, March 31, 2014 and March 31, 2015.

<sup>2</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5) (Refer Note 2(b) below).

(b) For calculation of Net worth, Reserve and Surplus balance does not include Capital Reserve.

<sup>3</sup> Return on net worth (%) (Item 9) has been calculated by applying the following formula:  $\frac{\text{Profit/(loss) after tax (Item 3)}}{\text{Net worth (Item 6)}} \times 100$

<sup>4</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 31, 2015: 453,431,113, March 31, 2014: 414,086,850 and March 31, 2013: 414,086,850) as appearing in the Audited Statutory financial statements for the respective years (as explained in Note 1 above).

#### Consolidated financial information in relation to VIL:

Item	Particulars <sup>1</sup>	For the year ended	
		March 31, 2017	March 31, 2016
		Ind AS	Ind AS
1	Revenue from operations	430,329	433,018
2	(Loss) before tax from continuing operations	(56,298)	(28,104)
3	(Loss)/Profit after tax <sup>2</sup>	(24,796)	33,177
4	Equity share capital (issued, subscribed and paid-up share capital)	28,133	4,534
5	Reserves and surplus	589,585	162,052
6	Net worth <sup>3</sup>	578,314	126,669
7	Basic earnings per share (INR) <sup>4</sup>	(11.42)	23.75
8	Diluted earnings per share (INR) <sup>4</sup>	(11.42)	23.75
9	Return on net worth (%) <sup>5</sup>	(4.29%)	26.19%
10	Net asset value per share (INR) <sup>6</sup>	219.57	367.39

Notes:

<sup>1</sup> (a) The information provided under items (1) to (5), (7) and (8) has been taken from Audited Statutory Consolidated financial statements of VIL for the year ended March 31, 2017 prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(b) Audited Statutory Consolidated Financial Statements for the year ended March 31, 2016 was prepared in accordance with the accounting standards, notified under section 211(3C) of the Companies Act, 2013 (Companies Accounting Standard Rules, 2006 (as amended)), and other relevant provisions of the Companies Act, 2013 ('GAAP'), however information presented above is based on comparative financial information as presented in Audited Statutory Consolidated Financial Statements for the year ended March 31, 2017.

<sup>2</sup> (Loss) / Profit after tax (item 3) includes profit from discontinued operations, but does not include Other Comprehensive Income.

<sup>3</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5) (Refer Note 3(b) below).

(b) For calculation of Net worth, Reserve and Surplus balance does not include Capital Reserve, Capital Contribution / (Distribution to parent), Share based payment Reserve and General Reserve.

<sup>4</sup> Basic earnings per share (INR) (item 7) and Diluted earnings per share (INR) (item 8) include earnings from continuing and discontinued operations.

<sup>5</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{(Loss)/Profit after tax (Item 3)}}{\text{Net worth (Item 6)}} \times 100$

<sup>6</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2017: 2,813,295,823 and March 2016: 453,431,113) as appearing in the Audited Consolidated Financial Statements for the year ended March 31, 2017 and comparative information for March 31, 2016 (as explained in Note 1 above).

Item	Particulars <sup>1</sup>	For the year ended		
		March 31, 2015	March 31, 2014	March 31, 2013
		IGAAP	IGAAP	IGAAP
1	Revenue from operations	455,501	406,054	365,802
2	Profit/(loss) before exceptional items and tax	24,374	29,364	(1,852)
3	Profit/(loss) after tax	(171)	11,656	(13,907)
4	Equity share capital (issued, subscribed and paid-up share capital)	4,534	4,141	4,141
5	Reserves and surplus	136,635	81,273	47,979
6	Net worth <sup>2</sup>	96,843	39,928	51,955
7	Basic earnings per share (INR)	(0.41)	28.15	(33.59)
8	Diluted earnings per share (INR)	(0.41)	28.15	(33.59)
9	Return on net worth (%) <sup>3</sup>	(0.18%)	29.19%	(26.77%)
10	Net asset value per share (INR) <sup>4</sup>	311.34	206.27	125.87

Notes:

<sup>1</sup> The information provided under items (1) to (5), (7) and (8) has been taken from Audited Consolidated Financial Statements of VIL prepared in accordance with IGAAP for the year ended March 31, 2013, March 31, 2014 and March 31, 2015.

<sup>2</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up Share Capital) (Item 4) and Reserves and Surplus (item 5) (refer Note 2(b) below).

(b) For calculation of Net worth, Reserve and Surplus balance does not include Capital Reserve and General Reserve.

<sup>3</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{Profit/(loss) after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>4</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2015: 453,431,113, March 2014: 414,086,850 and March 2013: 414,086,850) as appearing in the Audited Consolidated Financial Statements for the respective years (as explained in note 1 above).

As described above under "Scheme Details and Indicative Timeline", among others, VIL's investment in Indus Towers Limited is proposed to be excluded from the business which will be transferred to ICL pursuant to the Scheme. Accordingly, set forth below for reference is the consolidated financial information of VIL excluding its share in joint venture, Indus Towers Limited for the last five financial years:

#### Consolidated financial information in relation to VIL excluding its share in joint venture, Indus Towers Limited:

Item	Particulars <sup>1</sup>	For the year ended	
		March 31, 2017	March 31, 2016
		Ind AS	Ind AS
1	Revenue from operations	430,329	433,018
2	(Loss) before tax from continuing operations	(56,298)	(28,104)
3	(Loss)/Profit after tax <sup>2</sup>	(33,864)	23,674
4	Equity share capital (issued, subscribed and paid-up share capital)	28,133	4,534
5	Reserves and surplus	540,061	120,909
6	Net worth <sup>3</sup>	567,001	124,413
7	Basic earnings per share (INR) <sup>4</sup>	(15.18)	17.40
8	Diluted earnings per share (INR) <sup>4</sup>	(15.18)	17.40
9	Return on net worth (%) <sup>5</sup>	(5.97%)	19.03%
10	Net asset value per share (INR) <sup>6</sup>	201.97	276.65

Notes:

<sup>1</sup> (a) The information provided under items (1) to (5) has been calculated based on the amount as per Audited Statutory Consolidated Financial Statements of VIL prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act after excluding share in Joint venture – Indus Towers Limited ('Indus').

(b) Audited Statutory Consolidated Financial Statements for the year ended March 31, 2016 was prepared in accordance with the accounting standards, notified under section 211(3C) of the Companies Act, 2013 (Companies Accounting Standard Rules, 2006 (as amended)), and other relevant provisions of the Companies Act, 2013 ('GAAP'), however information presented above is based on comparative financial information as presented in Audited Statutory Consolidated Financial Statement for the year ended March 31, 2017 after excluding share in Joint venture – Indus.

<sup>2</sup> (Loss) / Profit after tax for the year (item 3) includes profit from discontinued operations, but does not include Other Comprehensive Income.

<sup>3</sup> (a) Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5) (Refer Note 3(b) below) after excluding share in Reserves and Surplus of the Joint Venture Indus for the respective years.

(b) For calculation of Net Worth, Reserve and Surplus balance does not include Capital Reserve, Capital Contribution / (Distribution to parent) and Share based payment Reserve.

<sup>4</sup> Basic earnings per share (INR) (item 7) and Diluted earnings per share (INR) (item 8) calculated as, (Loss) / Profit after tax (as explained in Note 2 above) dividing the same by weighted average number of equity shares (March 2017: 2,230,814,285 and March 2016: 1,360,293,339) as appearing in the Audited Statutory Consolidated Financial Statements for the year ended March 31, 2017 and comparative information for March 31, 2016 (as explained in Note 1 above).

<sup>5</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{(Loss)/Profit after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>6</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2017: 2,813,295,823 and March 2016: 453,431,113) as appearing in the Audited Statutory Consolidated Financial Statements for the year ended March 31, 2017 and comparative information for March 31, 2016 (as explained in Note 1 above).

Item	Particulars <sup>1</sup>	For the year ended		
		March 31, 2015	March 31, 2014	March 31, 2013
		IGAAP	IGAAP	IGAAP
1	Revenue from operations	412,840	366,452	329,927
2	Profit/(loss) before exceptional items and tax	25,953	20,800	(1,318)
3	Profit/(loss) after tax	4,164	4,728	(16,691)

Item	Particulars <sup>1</sup>	For the year ended		
		March 31, 2015	March 31, 2014	March 31, 2013
		IGAAP	IGAAP	IGAAP
4	Equity share capital (issued, subscribed and paid-up share capital)	4,534	4,141	4,141
5	Reserves and surplus	103,965	40,193	46,573
6	Net worth <sup>2</sup>	108,334	44,169	50,549
7	Basic earnings per share (INR) <sup>3</sup>	10.04	11.42	(40.96)
8	Diluted earnings per share (INR) <sup>3</sup>	10.04	11.42	(40.96)
9	Return on net worth (%) <sup>4</sup>	3.84%	10.70%	(33.55%)
10	Net asset value per share (INR) <sup>5</sup>	239.28	107.06	122.47

**Notes:**

<sup>1</sup> The information provided under items (1) to (5) has been calculated based on amount as per Consolidated Financial Statements of VIL prepared in accordance with IGAAP for the year ended March 31, 2013, March 31, 2014 and March 31, 2015 after excluding its share in Joint Venture - Indus Towers Limited ("Indus").

<sup>2</sup> Net worth (item 6) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (Item 4) and Reserves and Surplus (item 5) (except for Capital Reserve and after excluding the Reserves and Surplus of the Joint Venture Indus for the respective years).

<sup>3</sup> Basic earnings per share (INR) (item 7) and Diluted earnings per share (INR) (item 8) calculated as, Profit/(Loss) after tax (item 3) dividing the same by weighted average number of equity shares (March 2015: 416,486,368, March 2014: 414,086,850 and March 2013: 414,086,850) as appearing in the Audited Consolidated Financial Statements for the respective years.

<sup>4</sup> Return on net worth (%) (item 9) has been calculated by applying the following formula:  $\frac{\text{Profit/(Loss) after tax (item 3)}}{\text{Net worth (item 6)}} \times 100$

<sup>5</sup> Net asset value per share (INR) (item 10) has been calculated by adding the balances of Equity Share Capital (Issued, Subscribed and Paid up share capital) (item 4) and Reserves and Surplus (item 5), and dividing the same by the number of shares outstanding (March 2015: 453,431,113, March 2014: 414,086,850 and March 2013: 414,086,850) as appearing in the Audited Statutory Consolidated Financial Statements for the respective years.

### INTERNAL RISK FACTORS

Set out below are certain material risk factors applicable to VIL, on a consolidated basis. References to "we", "our" and "us" below are to VIL and its subsidiaries, including VMSL:

1. The Securities and Exchange Board of India ("SEBI"), in its letter dated August 4, 2017 to the BSE Limited and National Stock Exchange of India Limited, has, *inter alia*, given the following comments on the draft Scheme:
  - a. "SEBI had received a complaint alleging that one of the promoters of ICL ("Purchasers") had purchased 0.23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities Laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchasers shall be borne by them. ICL has also submitted a voluntary undertaking stating, *inter-alia*, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaken that any liability eventually held to be valid against it shall be borne by ICL."
  - b. "Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 ("SAST") as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement, *inter-alia*, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme."

Any adverse outcome in the matter described in paragraph (a) above may adversely affect the reputation, business, financial condition, results of operations, prospects and the trading price of the shares of ICL or the merged entity.

2. We operate in an intensely competitive industry in India in relation to our primary areas of operations such as mobility based products, fixed line products and internet based services. If we are unable to successfully compete, our business, financial condition, results of operations and prospects could be adversely affected.
3. Our telecom licenses, whether Unified Access Service Licenses (UASLs) or Unified Licenses (ULs), and the spectrum allocated to us are subject to specified terms and conditions, as well as ongoing review and extension by the relevant regulatory authorities. Further, we are subject to extensive regulation and changes in laws, regulations, policies and the interpretation thereof, which may have an adverse effect on our business and operations. Any delay or difficulty or inability in obtaining, maintaining and renewing or extending all required licenses and spectrum, on commercially acceptable terms, or our failure to comply with existing or future laws, regulations or policies, could have an adverse effect on our business, financial condition, results of operations and prospects.
4. There are certain regulatory, tax, criminal and other proceedings pending against VIL, its promoters and/or our directors,

employees, subsidiaries and group companies. An adverse outcome in some of these proceedings may adversely affect our reputation and may have an adverse effect on our business, financial condition, results of operations and prospects.

5. The schemes of amalgamation of the former subsidiaries of VIL and VMSL, i.e., Vodafone Cellular Limited, Vodafone Digilink Limited, Vodafone East Limited, Vodafone South Limited, Vodafone West Limited and Vodafone Spacetel Limited with and into VMSL, have been conditionally approved by the DoT, subject to the outcome of litigation proceedings pending before the Telecom Disputes Settlement and Appellate Tribunal ("TDSAT"). An adverse outcome in such proceedings may adversely affect our financial condition.
6. Emergence of technologies that have the ability to substitute our current offerings, unless countered in a timely manner, may have an adverse effect on our customer base and revenues. If we are unable to keep pace with technological developments and changing customer preferences, we may experience a decline in demand for our services or face challenges in implementing our business strategy, and our business, financial condition, results of operations and prospects may be adversely affected.
7. Our ability to grow net additional subscribers and revenue depends not only on the success of the expansion and management of our networks and our ability to sufficiently finance these plans, but also on pressures due to increased competition, decline in average revenue per unit (ARPU) and pressure on margins. We are subject to a number of financing, operating, regulatory and other risks beyond our control which may have an adverse effect on our ability to successfully maintain and expand our network and our operations.
8. We operate in a capital-intensive sector, with relatively long investment periods. Our banking facilities have historically been utilized for the purchase of spectrum, entry and license fees, network expansion and upgrades, the rollout of networks, etc. We cannot assure that any funding which may be required in the future would be obtained in a timely manner, on satisfactory terms, or obtained at all. This could have an adverse effect on our business, financial condition, results of operations and prospects.
9. We depend on various independent vendors to provide us with equipment, software, applications and services that we need in order to operate certain aspects of our business. Our business is also dependent on the adequate maintenance of our passive infrastructure, such as telecommunications towers. Additionally, we rely on independent telecommunications service providers for the provision of interconnection and intra-circle, national and international roaming services for our subscribers. In addition, we engage external vendors to execute customer-facing processes. Such process requires us to acquire and process large amounts of customer information. As a result, we are exposed to the risk of unauthorized disclosure of sensitive customer information that may result in regulatory and legal action and reputational damage. The failure of any third party vendor, passive infrastructure provider or telecommunications service provider to provide reliable services to us on a consistent basis could result in the loss of subscribers or a decrease in traffic, which could adversely affect our business, financial condition and prospects.
10. We rely on highly skilled personnel across all levels of our business, including our key management personnel. Our business could be adversely affected if we are unable to retain or motivate key personnel and hire suitably qualified personnel.
11. The occurrence of any natural or man-made disaster may have an adverse effect on our business, financial condition, results of operations and prospects. Our inability to maintain and restore affected services in a timely manner may result in a loss of subscribers or a decrease in traffic, in addition to a short-term loss of revenue.
12. We currently rely on certain intra-group arrangements with, *inter alia*, VG Plc for the provision of services. Any change in the terms of such arrangements or our relationship with such Vodafone group entities in the future may have an adverse effect on our business, financial condition, results of operations and prospects.

#### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

##### A. Total number of outstanding litigations against VIL and amount involved:

Nature of the Cases	No. of Cases Outstanding	Amount involved (in ₹ Million)
Criminal matters <sup>1</sup>	5	- <sup>2</sup>
Civil matters (including consumer cases) <sup>1,3</sup>	-	-
Direct tax matters <sup>1</sup>	28	22,700.76
Indirect tax matters <sup>1</sup>	51	3,905.25
Regulatory matters <sup>1</sup>	34	14,969.96
<b>Total</b>	<b>118</b>	<b>41,575.97</b>

<sup>1</sup> As on July 31, 2017.

<sup>2</sup> The amount involved in criminal matters is not quantifiable.

<sup>3</sup> Matters exceeding ₹500 million have been considered. Although 54 civil matters involving an aggregate value of ₹194.19 million are pending against VIL, none of the individual claims exceeds the threshold of ₹500 million.

<b>B. Brief details of the top five material outstanding litigations against VIL:</b>		
<b>Particulars</b>	<b>Litigation filed by</b>	<b>Current status</b>
VIL is contesting a claim from the Indian Income Tax Department that it should have withheld, as an agent of VIHBV, capital gains tax under section 201(1) of the Income-tax Act, 1961 on the consideration paid by VIHBV to Hutchison Telecommunications International Limited for acquisition of a controlling stake in VIL. VIL has filed a writ petition before the Bombay High Court requesting for an examination of the legal validity of the notice issued on August 6, 2007 by the Income Tax authorities and for withdrawal of the notice.	VIL	Pending for hearing
Various appeals were preferred challenging the judgments dated April 23, 2015 and July 6, 2015 wherein the TDSAT had partially allowed the scope and ambit of "gross revenue" by laying down certain principles on the basis of which it had excluded certain items completely/conditionally and had included items such as bad debts, interest income, dividend income and discount on roaming, for the computation of annual gross revenue ("AGR"). The appeals challenge the TDSAT judgments to the extent it includes these components and incorrectly interprets a precedent judgment involving the Association of Unified Telecom Service Providers of India (AUSPI) as including revenue from non-telecom activities in the computation of AGR. The Supreme Court has directed that the Union of India may continue to raise demands as per its understanding, however the demands will not be enforced until final decision in the matter.	VIL and VMSL	Pending for final hearing
VIL, VMSL, VWL, VEL, VSL and VDL filed a petition before the TDSAT challenging the order dated December 28, 2012 issued under Section 4 of the Indian Telegraph Act and the demand note dated January 8, 2013 for one-time spectrum charge ("OTSC") on the following grounds: (i) unilateral and illegal imposition of OTSC prospectively and retrospectively; (ii) imposition of OTSC is on the allocated spectrum for which Vodafone has been continuing to pay on a revenue-share basis; (iii) the impugned orders are in violation of the agreed terms of the license and without consent of the contracting party; (iv) illegal extraction of OTSC under threat of forced withdrawal/surrender of spectrum beyond 4.4 MHz; and (v) the impugned orders are arbitrary, unreasonable and discriminatory and patently illegal. On January 29, 2013, TDSAT granted an ad-interim order that no coercive action will be taken by the DoT for enforcement of its demand; such interim protection continues to be in effect.	VIL, VMSL, VWL, VEL, VSL and VDL	Pending for final hearing
Vodafone has been claiming CENVAT credit on towers, pre-fabricated structures and shelters, inter alia, as capital goods since they are used for providing telecom services. The department has denied the credit for VIL on the ground that towers are considered to be immovable property and are not used in relation to the output service of telecommunications. Vodafone is contesting all such denials at various stages.	VIL	Pending at various stages including before the Supreme Court
The tax department has alleged that proceeds of capital issue on rights basis received by VIL from its foreign shareholders during the financial years 2005 and 2006 are liable to tax under Section 68 of the Income-tax Act, 1961. VIL has challenged this allegation in appeals and the matter is currently pending.	VIL	Appeals are pending before appellate fora including the Bombay High Court.
<b>C. Regulatory Action, if any – disciplinary action taken by the Securities and Exchange Board of India or stock exchanges in India against the Promoters/Group Companies of VIL in last 5 financial years including outstanding action, are as follows: NIL</b>		
<b>D. Outstanding criminal proceedings against the Promoters of VIL: NIL</b>		
<b>ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER / VIL – NIL</b>		
<b>DECLARATION BY VIL</b>		
We hereby declare that all applicable provisions of the format of an abridged prospectus as set out in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, have been complied with. We further certify that all statements with respect to us in this Disclosure Document are true and correct.		
Date: August 28, 2017		



**IDEA CELLULAR LIMITED**

**Registered Office :** Suman Tower, Plot No. 18, Sector - 11, Gandhinagar - 382 011, Gujarat  
**CIN:** L32100GJ1996PLC030976 • **Tel.:** + 91 98246 34997 • **Fax:** +91-79-23232251  
**Email:** shs@idea.adityabirla.com • **Website:** www.ideacellular.com

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT AHMEDABAD  
CA (CAA) NO. 91/NCLT/AHM/2017**

In the matter of the Companies Act, 2013; And In the matter of Sections 230 - 232 read with other relevant provisions of the Companies Act, 2013; And In the matter of Idea Cellular Limited; And In the matter of the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors;

**Idea Cellular Limited,**

a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India. }

... Applicant Company

**UNSECURED CREDITORS (INCLUDING UNSECURED DEBENTURE HOLDERS)**

**FORM OF PROXY**

I/We, \_\_\_\_\_, the undersigned Unsecured Creditor/s (including unsecured debenture holder/s) of Idea Cellular Limited, being the Applicant Company abovenamed, do hereby appoint Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to act for me/us at the meeting of the unsecured creditors (including unsecured debenture holders) of the Applicant Company to be held at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12th day of October 2017 at 1.00 p.m. (1300 hours), for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Amalgamation and Arrangement among Vodafone Mobile Services Limited and Vodafone India Limited and Idea Cellular Limited and their respective shareholders and creditors (the "Scheme") and at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) \_\_\_\_\_ (here, if 'for', insert '**FOR**', if 'against', insert '**AGAINST**', and in the latter case, strike out the words below after 'the Scheme') the said arrangement embodied in the Scheme, either with or without modification(s)\*, as my/our proxy may approve. (\*Strike out whatever is not applicable)

Signed this \_\_\_\_ day of \_\_\_\_\_ 2017

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Signature of Unsecured Creditor (including unsecured debenture holder): - \_\_\_\_\_

Signature of Proxy: \_\_\_\_\_

Affix Revenue Stamp of Re. 1/-

(Signature)

**Notes:**

1. The proxy must be deposited at the registered office of Idea Cellular Limited at Suman Tower, Plot No. 18, Sector-11, Gandhinagar- 382 011, Gujarat, India, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialled.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a unsecured creditor of Idea Cellular Limited.
6. No person shall be appointed as a proxy who is a minor.
7. The proxy of a unsecured creditor (including unsecured debenture holder), blind or incapable of writing, would be accepted if such unsecured creditor (including unsecured debenture holder) has attached his signature or mark thereto in the presence of a witness who shall add to his signature his description and address: provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the unsecured creditor before he attached his signature or mark.
8. The proxy of a unsecured creditor (including unsecured debenture holder) who does not know English would be accepted if it is executed in the manner prescribed in point no. 7 above and the witness certifies that it was explained to the unsecured creditor in the language known to him, and gives the unsecured creditor's (including unsecured debenture holder's) name in English below the signature.



## IDEA CELLULAR LIMITED

**Registered Office :** Suman Tower, Plot No. 18, Sector - 11, Gandhinagar - 382 011, Gujarat  
**CIN:** L32100GJ1996PLC030976 • **Tel.:** + 91 98246 34997 • **Fax:** +91-79-23232251  
**Email:** shs@idea.adityabirla.com • **Website:** www.ideacellular.com

### UNSECURED CREDITORS (INCLUDING UNSECURED DEBENTURE HOLDERS)

#### ATTENDANCE SLIP

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL  
MEETING OF THE UNSECURED CREDITORS (INCLUDING UNSECURED DEBENTURE HOLDERS)  
ON THURSDAY THE 12TH DAY OF OCTOBER 2017 AT 1.00 P.M.**

I/We hereby record my/our presence at the meeting of the unsecured creditors (including unsecured debenture holders) of Idea Cellular Limited, convened pursuant to the order dated 21st day of August 2017 of the NCLT at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. 22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar- 382 044, Gujarat, India, on Thursday, the 12th day of October 2017 at 1.00 p.m. (1300 hours).

Name and address of unsecured creditor : \_\_\_\_\_  
(including unsecured debenture holder)  
**(IN BLOCK LETTERS)** \_\_\_\_\_  
\_\_\_\_\_

Signature : \_\_\_\_\_

Name of the Proxy\* : \_\_\_\_\_  
**(IN BLOCK LETTERS)**

Signature : \_\_\_\_\_

\*[To be filled in by the Proxy in case he/she attends instead of the unsecured creditor (including unsecured debenture holder)]

Notes:

1. Unsecured creditors (including unsecured debenture holders) attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance slip with them and hand it over at the entrance of the meeting hall.
2. Unsecured creditors (including unsecured debenture holders) who come to attend the meeting are requested to bring their copy of the Scheme with them.

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**Idea Cellular Limited**  
Suman Tower, Plot No. 18, Sector - 11,  
Gandhinagar - 382 011, Gujarat  
[www.ideacellular.com](http://www.ideacellular.com)