

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 I 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