

COMPOSITE SCHEME OF ARRANGEMENT
(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013)

AMONGST

TATA TELESERVICES LIMITED
(TTSL or Transferor Company)

AND
BHARTI AIRTEL LIMITED
(BAL or Transferee Company 1)

AND
BHARTI HEXACOM LIMITED
(BHL or Transferee Company 2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



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PART A – GENERAL

I. PREAMBLE AND OVERVIEW OF THE SCHEME

- (a) This composite scheme of arrangement (“**Scheme**”, as more particularly defined below) is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined below) read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, between Tata Teleservices Limited (“**TTSL**” or the “**Transferor Company**”) and Bharti Airtel Limited (“**BAL**” or the “**Transferee Company 1**”) and Bharti Hexacom Limited (“**BHL**” or the “**Transferee Company 2**”), collectively known as “**Transferee Companies**” and their respective shareholders and creditors.
- (b) This Scheme provides for the following:
- (i) the transfer by way of a demerger of the Demerged Undertaking 1 (as defined below) of the Transferor Company to the Transferee Company 1, and the consequent issue of BAL RPS (as defined below) by the Transferee Company 1 to the shareholders of the Transferor Company in accordance with Clause 6 below;
 - (ii) the transfer by way of a demerger of the Demerged Undertaking 2 (as defined below) of the Transferor Company to the Transferee Company 2, and the consequent issue of BHL RPS (as defined below) by the Transferee Company 2 to the shareholders of the Transferor Company in accordance with Clause 10 below; and
 - (iii) various other matters consequential or otherwise integrally connected therewith.

II. INTRODUCTION

- (a) TTSL is a public limited company incorporated on March 23, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number U74899DL1995PLC066685. Its registered office is situated at Jeevan Bharati Tower I, 10th Floor, 124, Connaught Circus, New Delhi - 110001. TTSL became a pan-India telecom operator in January 2005. It has Unified Access (Basic and Cellular) Service License to operate in 16 circles, Unified License for Andhra Pradesh and National Long Distance (“**NLD**”) license to provide NLD services across India (collectively, referred to as the “**Telecom Licenses**”). TTSL is engaged in businesses in the telecom sector including, *inter alia*, (i) consumer mobile telephony business; (ii) enterprise business; (iii) retail wireline voice and broadband business and (iv) wi-fi business, which are all provided under the same Telecom License. The consumer mobile telephony business as carried out by TTSL as a part of the Demerged Undertakings and the enterprise business and other businesses carried on as part of the Residual Undertaking are separate and different business of TTSL. TTSL is a subsidiary of Tata Sons Limited.
- (b) BAL is a public listed company incorporated on July 7, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number L74899DL1995PLC070609. Its registered office is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070. BAL is engaged in the business of providing global telecommunication services with operations in 17 (seventeen) countries across Asia and Africa. In India, the Transferee Company 1’s product offerings include consumer mobile services (2G, 3G and 4G), mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national and international long distance services to carriers. It has Unified License to operate in Punjab, Himachal Pradesh, Karnataka, Andhra Pradesh, Delhi



and Kolkata and Unified Access Service License in remaining circles except in Rajasthan and North-Eastern circle. In the rest of the geographies, it offers consumer mobile services (2G, 3G and 4G) and mobile commerce.

- (c) BHL is a public limited company incorporated on April 20, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number U74899DL1995PLC067527. Its registered office is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070. It has Unified Access (Basic and Cellular) Service License in Rajasthan and North-Eastern circle. It is engaged in cellular mobile, broadband and telephone services in Rajasthan and North-Eastern circles. BHL is a subsidiary of BAL. BAL holds 70% of the equity share capital of BHL and Government of India, through Telecommunications Consultants India Ltd., holds 30% of the equity share capital of BHL.

III. RATIONALE AND BENEFITS OF THIS SCHEME

This Scheme for the demerger and vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 (as defined hereinafter) of TTSL to BAL and BHL, respectively, results in the following benefits:

- (a) expanding the business of the Transferee Companies in the growing markets of India, thereby creating greater value for the shareholders/ stakeholders of the Transferee Companies;
- (b) consolidation of the consumer wireless telecom business of the Transferor Company with the Transferee Companies, thereby providing an opportunity to the shareholders of the Transferor Company to acquire an interest in the Transferee Companies;
- (c) availability of increased resources and assets which can be utilized for strengthening the customer base of the Transferee Companies and servicing existing as well as prospective customers of the Transferee Companies, innovatively and efficiently;
- (d) the combination of the Demerged Undertakings and the Transferee Companies is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;
- (e) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the technologies and resources of the Transferee Companies and the Transferor Company thereby significantly contributing to future growth and maximizing shareholders value;
- (f) increase in customer base and also acquisition of new customers;
- (g) provision of state of the art services to the customers using the spectrum and other assets; and
- (h) enhanced generation of revenues and therefore enhanced license fee to the Government.

The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties.

IV. PARTS OF THE SCHEME

The Scheme is divided into following parts:



- (a) **Part A** deals with background of the Parties and the rationale and benefits of the Scheme;
- (b) **Part B** deals with the Definitions, Interpretation and Share Capital;
- (c) **Part C** deals with demerger of the Demerged Undertaking 1 as a going concern into the Transferee Company 1, in compliance with Section 2(19AA) of the Income-tax Act, 1961;
- (d) **Part D** deals with demerger of the Demerged Undertaking 2 as a going concern into the Transferee Company 2, in compliance with Section 2(19AA) of the Income-tax Act, 1961; and
- (e) **Part E** deals with the General Terms and Conditions applicable to the Scheme.



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PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1. “**Act**” means the Companies Act, 2013 and the Companies Act, 1956 (to the extent the same is in force and applicable), the rules and regulations made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force;
- 1.2. “**Appointed Date**” means either of (a) the Effective Date; or (b) such other date as may be agreed in writing by the Board of Directors of the Transferor Company as well as the Transferee Company 1 or the Transferee Company 2, as the case may be, and thereafter approved by the NCLT;
- 1.3. “**Applicable Law**” means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Appropriate Authority or recognized stock exchange; and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.4. “**Appropriate Authority**” means any national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any stock exchange in India or any other country including the Registrar of Companies, Regional Director, DoT, CCI, Reserve Bank of India, SEBI, Stock Exchanges, NCLT, and such other sectoral regulators or authorities as may be applicable;
- 1.5. “**Assets**” shall mean and include without limitation, assets or properties of every kind, nature, character and description whether movable, immovable, tangible, intangible, whether owned or leased or otherwise acquired by or in the possession of the Transferor Company, in connection with or pertaining or relatable to the Demerged Undertakings;
- 1.6. “**BAL RPS**” means fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 (Rupees hundred only) each in the share capital of Transferee Company 1 and having the terms set forth in Schedule 3;
- 1.7. “**BHL RPS**” means fully paid-up redeemable, non-participating, non-cumulative preference share of face value INR 100 (Rupees hundred only) in the share capital of Transferee Company 2 and having the terms set forth in Schedule 3;
- 1.8. “**Board**” in respect of a company means the board of directors of such company at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and authorized thereby;
- 1.9. “**Cash**” means and includes, the aggregate amount in respect of the following items, including without limitation: (a) cash and bank balances; (b) securities held by or on behalf of the

Transferor Company which are readily convertible into cash (i.e. cash equivalents); (c) fixed deposit receipts and any interest accrued thereon; and (d) any other cash equivalent;

- 1.10. **“Contract”** means any contract, lease, licence, indenture, agreement, commitment or any other legally binding arrangement;
- 1.11. **“CCI”** means the Competition Commission of India;
- 1.12. **“Demerged Undertakings”** mean Demerged Undertaking 1 and Demerged Undertaking 2;
- 1.13. **“Demerged Undertaking 1”** means the entire consumer wireless mobile business, undertakings, activities and operations of the Transferor Company in the TTSL Circles, other than the Demerged Undertaking 2, to be transferred to BAL as a going concern with effect from the Appointed Date and, unless mutually agreed to and/ or identified between the relevant Parties, includes without limitation:
- (a) all Assets used by the Transferor Company primarily in connection with the Demerged Undertaking 1, including without limitation:
- (i) the Spectrum allocated in relation to the Demerged Undertaking 1 as set out in Schedule 1;
 - (ii) various resources granted by the DoT in relation to the TTSL Circles. Such resources, include but are not limited to, frequencies for microwave backhaul (MW access and backbone carriers), access codes, MSC codes, MCC and MNC codes, SP codes, mobile numbering series, location routing number (LRN) codes, SACFA clearance certificates, wireless operating licences, other relevant licences/ permissions, access spectrum, import licences, other administratively assigned frequencies, VSAT links, etc.;
 - (iii) all current assets, deposits including accrued interest, loans and advances, accrued to, or available with, the Transferor Company as on the Appointed Date;
 - (iv) the Cash pertaining to the Demerged Undertaking 1, accrued to, or available with, the Transferor Company as on the Appointed Date;
 - (v) all statutory and regulatory approvals, licenses except UASL, UL and NLD, agreements, permissions, approvals or consents to carry on the operations of the Demerged Undertaking 1 including permissions for establishing cellular towers (including cell site licenses) or receiving stations and/ or approvals for bandwidth, spectrum, wireless access network and any other licenses, approvals, clearances, registrations (except the registration as infrastructure provider), permissions, authorities, allocations including but not limited to coverage test certificates, lawful interception clearances, approvals related to launch of mobile services and other service authorization permissions, EMF test certificates, remote access permissions, various security clearances including security policy filed with the DoT and audit certificates, permissions for various products/services and other miscellaneous approvals, etc. used by the Transferor Company primarily in owning or operating the Demerged Undertaking 1;
 - (vi) the base station transmitting and/or receiving equipment and other active equipment installed at any site, which is primarily used by the Transferor

Company for operating the Demerged Undertaking 1, including base station controllers, switches, packet core, router and switches, Mobility IN/HLR/VAS, antennas, microwave dishes, wireless cable runs, panels, conduits, radio, amplifiers, filters and other transmission or communications equipment (including microwave transmitters operating in licensed band allocated for mobile networks, receivers and accessories);

- (vii) plant and machinery, utilities, vehicles, furniture, office equipment, appliances, accessories, information technology and related infrastructure used by the Transferor Company primarily in the operations of the Demerged Undertaking 1;
 - (viii) all Intellectual Property and goodwill used primarily in relation to the Demerged Undertaking 1; and
 - (ix) indefeasible right to use a part of the optical fibre network of the Transferor Company on terms mutually agreed to between the relevant Parties.
- (b) the freehold and leasehold properties (and properties under leave and license arrangements) that are used in relation to the Demerged Undertaking 1;
 - (c) specified Tax benefits, CENVAT credits, goods and services Tax credits, other indirect Tax credits, brought forward accumulated tax losses, unabsorbed depreciation, privileges, advantages, benefits and all other rights and facilities of every kind, nature and description, whatsoever, in relation to the foregoing and pertaining to the Demerged Undertaking 1;
 - (d) all employees of the Transferor Company who are either (A) employed (whether primarily or exclusively) with the Demerged Undertaking 1 as on the Effective Date, or (B) are mutually agreed between the Parties to be directly involved and responsible for the operations of the Demerged Undertaking 1 (“**Transferring Employees 1**”);
 - (e) all subscribers of the Demerged Undertaking 1 in the TTSL Circles other than the subscribers of the Demerged Undertaking 2 and the Residual Undertaking;
 - (f) all Liabilities of the Demerged Undertaking 1;
 - (g) all Contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature relating exclusively to the Demerged Undertaking 1 and to which the Transferor Company is a party or to the benefit of which the Demerged Undertaking 1 may be eligible, and which are subsisting or have effect (“**Transferring Contracts 1**”);
 - (h) all deposits and balances with Appropriate Authorities and any other persons, earnest moneys and/or security deposits paid by the Transferor Company directly or indirectly in connection with or relating to the Demerged Undertaking 1, by way of cash, deposits, bank guarantees, including without limitation the DoT Bank Guarantees, etc. which shall be substituted by the Transferee Company 1 except identified bank guarantees, as mutually agreed to between the relevant Parties;
 - (i) all civil, legal or other proceedings in relation to the Demerged Undertaking 1, except the Excluded Litigations (“**Transferring Litigations 1**”);



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- (j) all necessary books, tax books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations and other records whether in physical or electronic form relating exclusively to the Demerged Undertaking 1; and
- (k) the microwave backhaul of the Transferor Company.

1.14. **“Demerged Undertaking 2”** means the entire consumer wireless mobile business, undertakings, activities and operations of the Transferor Company in the Rajasthan Circle provided under the Rajasthan Telecom License, other than the Demerged Undertaking 1, to be transferred to BHL as a going concern with effect from the Appointed Date and, unless mutually agreed to and/ or identified between the relevant Parties, includes without limitation:

- (a) all Assets used by the Transferor Company primarily in connection with the Demerged Undertaking 2, including without limitation:
 - (i) the Spectrum allocated in relation to the Demerged Undertaking 2 as set out in Schedule 2;
 - (ii) various resources granted by the DoT in relation to the Rajasthan Circle. Such resources, include but are not limited to, frequencies for microwave backhaul (MW access and backbone carriers), access codes, MSC codes, MCC and MNC codes, SP codes, mobile numbering series, location routing number (LRN) codes, SACFA clearance certificates, wireless operating licences, other relevant licences/ permissions, access spectrum, import licences, other administratively assigned frequencies, VSAT links, etc.;
 - (iii) all current assets, deposits including accrued interest, loans and advances, accrued to, or available with, the Transferor Company as on the Appointed Date;
 - (iv) the Cash pertaining to the Demerged Undertaking 2, accrued to, or available with, the Transferor Company as on the Appointed Date;
 - (v) all statutory and regulatory approvals, licenses except UASL and NLD, agreements, permissions, approvals or consents to carry on the operations of the Demerged Undertaking 2 including permissions for establishing cellular towers (including cell site licenses) or receiving stations and/ or approvals for bandwidth, spectrum, wireless access network and any other licenses, approvals, clearances, registrations (except the registration as infrastructure provider), permissions, authorities, allocations including but not limited to coverage test certificates, lawful interception clearances, approvals related to launch of mobile services and other service authorization permissions, EMF test certificates, remote access permissions, various security clearances including security policy filed with the DoT and audit certificates, permissions for various products/services and other miscellaneous approvals, etc. used by the Transferor Company primarily in owning or operating the Demerged Undertaking 2;
 - (vi) the base station transmitting and/or receiving equipment and other active equipment installed at any site, which is primarily used by the Transferor Company for operating the Demerged Undertaking 2, including base station controllers, switches, packet core, router and switches, Mobility

19




IN/HLR/VAS, antennas, microwave dishes, wireless cable runs, panels, conduits, radio, amplifiers, filters and other transmission or communications equipment (including microwave transmitters operating in licensed band allocated for mobile networks, receivers and accessories);

- (vii) plant and machinery, utilities, vehicles, furniture, office equipment, appliances, accessories, information technology and related infrastructure used by the Transferor Company primarily in the operations of the Demerged Undertaking 2;
 - (viii) all Intellectual Property and goodwill used primarily in relation to the Demerged Undertaking 2; and
 - (ix) indefeasible right to use a part of the optical fibre network of the Transferor Company on terms mutually agreed to between the relevant Parties.
- (b) the freehold and leasehold properties (and properties under leave and license arrangements) that are used in relation to the Demerged Undertaking 2;
 - (c) specified Tax benefits, CENVAT credits, goods and services Tax credits, other indirect Tax credits, brought forward accumulated tax losses, unabsorbed depreciation, privileges, advantages, benefits and all other rights and facilities of every kind, nature and description, whatsoever, in relation to the foregoing and pertaining to the Demerged Undertaking 2;
 - (d) all employees of the Transferor Company who are either (A) employed (whether primarily or exclusively) with the Demerged Undertaking 2 as on the Effective Date, or (B) are mutually agreed between the Parties to be directly involved and responsible for the operations of the Demerged Undertaking 2 ("**Transferring Employees 2**");
 - (e) all subscribers of the Demerged Undertaking 2 in the Rajasthan Circle other than the subscribers of the Demerged Undertaking 1 and the Residual Undertaking;
 - (f) all Liabilities of the Demerged Undertaking 2;
 - (g) all Contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature relating exclusively to the Demerged Undertaking 2 and to which the Transferor Company is a party or to the benefit of which the Demerged Undertaking 2 may be eligible, and which are subsisting or have effect ("**Transferring Contracts 2**");
 - (h) all deposits and balances with Appropriate Authorities and any other persons, earnest moneys and/or security deposits paid by the Transferor Company directly or indirectly in connection with or relating to the Demerged Undertaking 2, by way of cash, deposits, bank guarantees, including without limitation the DoT Bank Guarantees, etc. which shall be substituted by Transferee Company 2 except identified bank guarantees, as mutually agreed to between the relevant Parties;
 - (i) all civil, legal or other proceedings in relation to the Demerged Undertaking 2, except the Excluded Litigations ("**Transferring Litigations 2**");
 - (j) all necessary books, tax books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues,



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quotations and other records whether in physical or electronic form relating exclusively to the Demerged Undertaking 2; and

(k) the microwave backhaul of the Transferor Company.

1.15. **“DoT”** means the Department of Telecommunications, Government of India;

1.16. **“DoT Bank Guarantees”** means all the bank guarantees provided by TTSL to DoT in terms of any notice inviting application issued by DoT or UL or UASL held by TTSL or as mutually agreed to and/ or identified between the relevant Parties;

1.17. **“Effective Date”** shall have the following meaning:

(a) in the event that Part C and Part D take effect simultaneously, “Effective Date” shall mean the date on which they so take effect in accordance with Clause 13 hereof, and

(b) in the event that Part C takes effect before Part D takes effect in accordance with Clause 13 hereof, “Effective Date”, wherever used in the context of Demerged Undertaking 1, shall mean the date on which Part C takes effect and “Effective Date”, wherever used in the context of Demerged Undertaking 2, shall mean the date on which Part D takes effect.

References in this Scheme to the date of “coming into effect of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

1.18. **“Excluded Litigations”** means:

(a) all criminal proceedings (including before any statutory or quasi-judicial authority or tribunal), under any statute, by or against the Transferor Company arising and pertaining to the period prior to a specified date, as mutually agreed to between the relevant Parties; and

(b) any other civil, legal, regulatory, taxation or other litigation or proceedings (including before any statutory or quasi-judicial authority or tribunal), as are specifically agreed to between the relevant Parties, including under or in accordance with any definitive agreement(s) that may be entered into by and between the relevant Parties in relation to the Scheme.

1.19. **“GAAP”** means generally accepted accounting principles;

1.20. **“INR”** means Indian Rupees;

1.21. **“Intellectual Property”** means all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, moral rights, confidential processes, patents, inventions and any other intellectual property or proprietary rights (including rights in computer software), in relation to the Demerged Undertakings, excluding Intellectual Property owned by Tata Sons Limited, NTT Docomo Inc. and Future Corporate Resources Limited;

1.22. **“Liabilities”** means liabilities determined and identified after due consideration of the applicable provisions of Section 2(19AA) of the Income-tax Act, 1961, and includes without limitation:

(a) liabilities in connection with or pertaining or relatable to the Demerged Undertakings of every kind, nature and description, and recognized as liabilities in the books of

21



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accounts of the Transferor Company, as on the Appointed Date, in accordance with Indian GAAP;

- (b) the specific loans or borrowings (including debentures, if any, raised, incurred and utilized solely for the activities or operations) of the Demerged Undertakings; and
 - (c) in cases other than those referred to in (a) or (b) above, so much of the amounts of general or multipurpose borrowings, if any, of Transferor Company, as stand in the same proportion which the value of the assets transferred with the Demerged Undertakings bears to the total value of the assets of the Transferor Company immediately prior to the Appointed Date.
- 1.23. “NCLT” means the National Company Law Tribunal at New Delhi having jurisdiction in relation to the Parties as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
- 1.24. “Parties” mean Transferor Company, Transferee Company 1 and Transferee Company 2 collectively;
- 1.25. “Rajasthan Circle” shall mean the telecom circle of Rajasthan as stipulated by the DoT;
- 1.26. “Rajasthan Telecom License” means TTSL’s UASL license for Rajasthan Circle with effective date of January 30, 2004 bearing license number 20-216/2003-TATA/BS-III;
- 1.27. “Record Date” in relation to Demerged Undertaking 1 shall mean a date to be mutually agreed by the Transferor Company and the Transferee Company 1, and in relation to Demerged Undertaking 2 shall mean a date to be mutually agreed by the Transferor Company and the Transferee Company 2, in each case for the purpose of reckoning the TTSL Equity Holders, TTSL CCPS Holders or TTSL OCPS Holders as applicable, eligible to receive BAL RPS or BHL RPS as the case may be in accordance with Clause 6.1 or Clause 10.2, as the case may be;
- 1.28. “Residual Undertaking” means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company that are not part of the demerger of the Demerged Undertaking 1 and the Demerged Undertaking 2 to the Transferee Company 1 and the Transferee Company 2, respectively, in terms of and upon the effectiveness of this Scheme. For the avoidance of doubt, it is hereby clarified that the Residual Undertaking shall also mean and include, without limitation, the following:
- (a) wireline business, wi-fi business, managed services business (such as internet of things, cloud and SaaS services) and wholesale data services business and undertakings of the Transferor Company;
 - (b) national long distance business of the Transferor Company;
 - (c) the optical fibre and copper fibre network and the indefeasible right to use the optical fibre and copper fibre network of other operators;
 - (d) retail wireline voice and broadband business of the Transferor Company;

22



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- (e) the Transferor Company's passive infrastructure assets (not including telecom towers owned by the Transferor Company) comprising of the following, unless mutually agreed otherwise between the Parties: all the uninterrupted power supply, rectifier power supplies, electrical panels, air conditioners, battery banks, DG sets and associated power cables, fire alarm and fire suppression systems;
- (f) investment of the Transferor Company in shares of other companies including 32.86% of the equity share capital (comprising of 21,76,38,273 equity shares of face value INR 10 each) of ATC Telecom Infrastructure Private Limited held by the Transferor Company;
- (g) infrastructure and allocations including unlicensed band radios network associated with, or related to, (a) to (e);
- (h) the UASL, UL and NLD; and
- (i) the IPV4/IPV6 allocations and SDCA based numbering series, SMS codes (alpha numeric) given to subscribers of the businesses mentioned at (a) to (d) above, toll free services numbering series.
- 1.29. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this composite scheme of arrangement in as modified from time to time, as per Clause 12 of the Scheme;
- 1.30. "**SEBI**" means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.31. "**Spectrum**" means the spectrum allotted to the Transferor Company, details of which are set out in Schedule 1 and Schedule 2;
- 1.32. "**Stock Exchange**" means BSE Limited and/ or the National Stock Exchange of India Limited and "**Stock Exchanges**" shall mean both collectively
- 1.33. "**Taxes**" or "**Tax**" or "**Taxation**" means: (a) all forms of direct tax and indirect tax, levy, duty (including stamp duty), charge, impost, withholding or other amount whenever or wherever created or imposed under Applicable Laws; and (b) all charges, interest, penalties and fines (by whatever name called) incidental or relating to any Tax falling within (a) above or which arise as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax;
- 1.34. "**TTSL CCPS**" means fully paid-up, compulsorily, convertible preference shares (of any series whatsoever) of TTSL of face value INR 100 (Rupees hundred only) each;
- 1.35. "**TTSL CCPS Holders**" means a person recorded in the Transferor Company's register of members as the owner of one or more TTSL CCPS as on the relevant Record Date and shall include the respective heirs, executors, administrators or other legal representative or other successors in title of such person;
- 1.36. "**TTSL Equity Holders**" means a person recorded in the Transferor Company's register of members as the owner of one or more TTSL Equity Shares as on the relevant Record Date and shall include the respective heirs, executors, administrators or other legal representative or other successors in title of such person;
- 1.37. "**TTSL Equity Shares**" means fully paid up equity shares of TTSL of face value INR 10 (Rupees ten only) each in the share capital of TTSL;

23



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- 1.38. **"TTSL OCPS"** means fully paid-up, optionally, convertible preference shares (of any series whatsoever) of TTSL of face value INR 100 (Rupees hundred only) each;
- 1.39. **"TTSL OCPS Holders"** means a person recorded in the Transferor Company's register of members as the owner of one or more TTSL OCPS as on the relevant Record Date and shall include the respective heirs, executors, administrators or other legal representative or other successors in title of such person;
- 1.40. **"Transferee Companies"** shall have the meaning set out in Preamble I (a);
- 1.41. **"Transferee Company 1"** or **"BAL"** shall have the meaning set out in Preamble I (a);
- 1.42. **"Transferee Company 2"** or **"BHL"** shall have the meaning set out in Preamble I (a);
- 1.43. **"Transferor Company"** or **"TTSL"** shall have the meaning set out in Preamble I (a);
- 1.44. **"Transferring Contracts 1"** shall have the meaning set out in Clause 1.13(g);
- 1.45. **"Transferring Contracts 2"** shall have the meaning set out in Clause 1.14(g);
- 1.46. **"Transferring Employees 1"** shall have the meaning set out in Clause 1.13(d)
- 1.47. **"Transferring Employees 2"** shall have the meaning set out in Clause 1.14(d)
- 1.48. **"Transferring Litigations 1"** shall have the meaning set out in Clause 1.13(i);
- 1.49. **"Transferring Litigations 2"** shall have the meaning set out in Clause 1.14(i);
- 1.50. **"TTSL Circles"** means the telecom service areas of Karnataka, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Uttar Pradesh (E), Uttar Pradesh (W), Punjab, Haryana, Gujarat, Delhi, Kolkata, Kerala, Orissa, Bihar, Bengal and Himachal Pradesh;
- 1.51. **"UASL"** means Unified Access Service License granted by the DoT to TTSL for all TTSL Circles except Andhra Pradesh; and
- 1.52. **"UL"** mean Unified License with access service authorization for Andhra Pradesh service area granted by the DoT to TTSL.

2. INTERPRETATION

- 2.1.1. References to clauses and schedules, unless otherwise provided, are to clauses and schedules of and to this Scheme.
- 2.1.2. The headings herein shall not affect the construction or interpretation of this Scheme.
- 2.1.3. Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.
- 2.1.4. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

24



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- 2.1.5. References to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- 2.1.6. An asset, contract, proceeding, resource or other matter that is mutually agreed in writing by the Parties to be or not to be primarily relatable to or used in a Demerged Undertaking shall be deemed for the purposes of this Scheme to be or not be (respectively) primarily relatable to or used in a Demerged Undertaking.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be operative and effective from the Appointed Date.

4. SHARE CAPITAL

- 4.1. The authorized, issued and paid up share capital of the Transferor Company as on December 15, 2017 is as under:

Share Capital	Amount (INR in Crores)
Authorized Share Capital	
2263,00,00,000 equity shares of INR 10 each	22,630
63,00,00,000 compulsory convertible non-cumulative preference shares (CCPS) of INR 100 each	6,300
112,20,00,000 preference shares of INR 100 each	11,220
1000,00,00,000 unclassified shares of INR.10/-	10,000
400,00,00,000 unclassified shares of INR.100 each	40,000
TOTAL	90,150
Issued and paid-up Share Capital	
577,50,33,234 fully paid up equity shares of INR 10 each	5,775.03
62,24,49,170 fully paid up CCPS of INR 100 each	6,224.49
23,00,00,000 fully paid up optionally convertible preference shares of INR 100 each	2,300.00
TOTAL	14,299.52

- 4.2. The authorized, issued and paid up share capital of BAL as on December 15, 2017 is as under:

Share Capital	Amount (INR in Crores)
Authorized Share Capital	
550,00,00,000 equity shares of INR 5 each	2750
TOTAL	2750
Issued and paid-up Share Capital	
399,74,00,102 fully paid up equity shares of INR 5 each	1998.7
TOTAL	1998.7

- 4.3. The authorized, issued, subscribed and paid up share capital of BHL as on December 15, 2017 is as under:

Share Capital	Amount (INR in Crores)
Authorized Share Capital	
25,00,00,000 equity shares of INR 10 each	250

25


Bharti Airtel Limited
NEW DELHI
*
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Share Capital	Amount (INR in Crores)
TOTAL	250
Issued and paid-up Share Capital	
25,00,00,000 fully paid up equity shares of INR 10 each	250
TOTAL	250



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**PART C - DEMERGER AND VESTING OF DEMERGED UNDERTAKING 1 OF
TRANSFEROR COMPANY INTO TRANSFEREE COMPANY 1**

5. DEMERGER AND VESTING OF DEMERGED UNDERTAKING 1

5.1. Upon the Scheme becoming effective, the Demerged Undertaking 1 shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961 and Sections 230 to 232 of the Act, without any further act or deed, stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company 1 as a going concern.

5.2. Transfer of Assets

5.2.1. Upon the Scheme becoming effective and subject to any agreement between the Parties:

- (i) all the Assets relating primarily to the Demerged Undertaking 1 and capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company 1 and shall become the property of the Transferee Company 1 in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same;
- (ii) in respect of the Assets relating to the Demerged Undertaking 1 other than those specified in Clause 5.2.1(i) above the same shall, on and from the Appointed Date, stand transferred to the Transferee Company 1 and to the extent such Asset is a debt, loan, receivable, advance or deposit, appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors. Provided that the Transferee Company 1 may itself, at its sole discretion and shall, at any time after coming into effect of this Scheme in accordance with the provisions hereof and shall, if so required under any law, give notices in such form as it may deem fit and proper, to each person, as the case may be, that pursuant to the Scheme becoming effective, the said debt, loan receivable, advance or deposit stands transferred and vested in the Transferee Company 1 and be paid or made good or held on account of the Transferee Company 1 as the person entitled thereto;
- (iii) the Assets relating to the Demerged Undertaking 1 that are immovable in nature shall be vested in and/or be deemed to have been vested in the Transferee Company 1, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company 1. With effect from the Effective Date, the Transferee Company 1 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 1 by the Appropriate Authorities pursuant to the sanction of this Scheme by the NCLT and upon the Scheme becoming effective in accordance with the terms hereof; and
- (iv) for purposes of taking on record the name of the Transferee Company 1 in the records of the Appropriate Authorities in respect of transfer of immovable properties to the Transferee Company 1 pursuant to this Scheme, the Boards of the Transferor Company and the Transferee Company 1 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 in favour of the Transferee Company 1.

- (v) It is hereby clarified that for continuation of the non-wireless business (i.e. the wireline business), the Residual Undertaking will retain the UASL, UL and NLD.

5.3. **Transfer of Liabilities**

5.3.1. Upon the Scheme becoming effective, without any further act or deed, all the Liabilities relating to the Demerged Undertaking 1 shall be transferred or deemed to be transferred to the Transferee Company 1 so as to become as and from the Appointed Date, the debts, liabilities, duties, obligations of the Transferee Company 1 which it undertakes to meet, discharge and satisfy to the exclusion of Transferor Company such that except as may be otherwise agreed between the Parties, the Transferor Company shall in no event be responsible or liable in relation to any such Liabilities relating to the Demerged Undertaking 1 and it shall not be necessary to obtain the consent of any person in order to give effect to the provisions of this Clause.

5.3.2. The provisions of this Clause 5.3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant Liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions, provided that the provisions of this Clause shall be subject to any agreement entered into amongst the Parties.

5.4. **Legal Proceedings**

5.4.1. Upon the Scheme becoming effective, all Transferring Litigations 1, pending on the Effective Date, shall be continued, prosecuted and enforced by or against the Transferee Company 1, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company.

5.4.2. The Transferee Company 1: (a) shall be replaced/added as party to Transferring Litigations 1; and (b) shall prosecute or defend such proceedings at its own cost and subject to any agreement between the Parties, the liability of the Transferor Company shall consequently stand nullified. Each of the Parties shall make relevant applications in that behalf, as may be required.

5.4.3. Upon the Scheme becoming effective, the outcome of the Writ Petition No. 10617 (W) 2013 (Tata Teleservices Limited and another v. Union of India) before the Calcutta High Court or any appellate/ review proceedings thereof ("**Spectrum Proceeding**") shall (to the extent it relates to any TTSL Circle other than Rajasthan Circle) be to the account of the Transferee Company 1. In other words,

(A) In the event any spectrum is held to be owned by the Transferor Company pursuant to the Spectrum Proceeding, such spectrum (to the extent it relates to any TTSL Circle other than Rajasthan Circle) shall be deemed to have been transferred to the Transferee Company 1; and

(B) All liabilities associated with or arising from such spectrum and the Spectrum Proceedings (in each case, to the extent it relates to any TTSL Circle other than Rajasthan Circle) shall be assumed by the Transferee Company 1.

5.5. **Employees**



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- 5.5.1. Upon the Scheme becoming Effective, all Transferring Employees 1 shall be deemed to have become the employees of the Transferee Company 1, on terms and conditions not less favourable than those on which they are employed by the Transferor Company in the Demerged Undertaking 1 and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking 1 to the Transferee Company 1.
- 5.5.2. The Transferee Company 1 agrees that for the purpose of payment of any compensation, retrenchment compensation, gratuity and other terminal benefits, the past services of the Transferring Employees 1 with the Transferor Company shall also be taken into account, and pay the same as and when payable.
- 5.5.3. On the Scheme becoming effective, in so far as all employee benefits including the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of Transferor Company are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the funds and liabilities which are referable to the Transferring Employees 1 shall be transferred to the similar funds existing or created by the Transferee Company 1 and shall be held for their benefit pursuant to this Scheme, or maintained as separate funds by Transferee Company 1.

5.6. **Contracts, Deeds, etc.**

Notwithstanding anything to the contrary contained in any Transferring Contracts 1, upon the coming into effect of the Scheme, all Transferring Contracts 1 subsisting or having effect on the Effective Date, shall continue in full force and effect and all rights and obligations stipulated therein (except as otherwise agreed) shall be for the benefit of the Transferee Company 1, and may be enforced effectively by or against the Transferee Company 1 as fully and effectually as if, instead of the Transferor Company, the Transferee Company 1 had been a party thereto from inception.

5.7. **Permits**

- 5.7.1. All governmental approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use and which may be required to carry on the operations of the Demerged Undertaking 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 the Transferee Company 1 and may be enforced as fully and effectually as if, the Transferee Company had been a party, a beneficiary or an obligee thereto.
- 5.7.2. The Transferee Company 1 shall be entitled to undertake and carry out the business pertaining to the Demerged Undertaking 1 pursuant to the effectiveness of the Scheme on its own account, pending the transfer of any approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, privileges, powers and facilities of every kind and description, that may be required under Applicable Law in the name of the Transferee Company 1 and would be entitled to make any applications, requests and the like in this regard.

5.8. **Taxes and Taxation**

- 5.8.1. Upon the Scheme becoming effective, the Transferor Company and the Transferee Company 1 are expressly permitted to revise their respective financial statements and returns along with

29


Whitaker

prescribed forms, filings and annexures under the Income-tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- 5.8.2. Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation, in respect of income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which the Transferor Company is entitled in terms of Applicable Laws in relation to the Demerged Undertaking 1, shall be available to and vest in the Transferee Company 1, upon this Scheme coming into effect.
- 5.8.3. This Scheme complies with the conditions relating to “demerger” as defined under Section 2(19AA), Section 47, Section 72A and other relevant sections and provisions, of the Income-tax Act, 1961 and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions (including the conditions set out therein) at a later date whether as a result of a new enactment or any amendment or coming into force of any provision of the Income-tax Act, 1961 or any other law or any judicial or executive interpretation or for any other reason whatsoever, Parties shall negotiate in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

6. CONSIDERATION FOR DEMERGER

- 6.1. Upon Part C of this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking 1 of the Transferor Company in the Transferee Company 1 in terms of this Scheme, the Transferee Company 1 shall, without any further application, act or deed, issue and allot:
- (A) 500 (Five Hundred) BAL RPS to all (and not each) TTSL Equity Holders in proportion to their holding of TTSL Equity Shares on the relevant Record Date;
 - (B) 10 (Ten) BAL RPS to all (and not each) TTSL CCPS Holders in proportion to their holding of TTSL CCPS on the relevant Record Date; and
 - (C) 10 (Ten) BAL RPS to all (and not each) TTSL OCPS Holders in proportion to their holding of TTSL OCPS on the relevant Record Date.
- 6.2. The Transferee Company 1 shall not allot shares in respect of fractional entitlements to which a TTSL Equity Holder, a TTSL CCPS Holder or a TTSL OCPS Holder may be entitled on allotment of shares as per Clause 6.1. The Board of Transferee Company 1 shall consolidate all such fractional entitlements and thereupon issue BAL RPS (which shall be rounded off to the next whole number) in lieu thereof to a person/ trustee authorized by the Board of Transferee Company 1 in this behalf who shall hold the shares in trust on behalf of the TTSL Equity Holders, TTSL CCPS Holders or TTSL OCPS Holders entitled to fractional entitlements with the express understanding that such person/trustee shall sell the shares of Transferee Company 1 so allotted at such time or times and at such price or prices and to such person, as such person/ trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the TTSL Equity Holders, TTSL CCPS Holders and TTSL OCPS Holders (as the case may be) in proportion to their respective fractional entitlements.
- 6.3. For the purpose of issue and allotment of the BAL RPS pursuant to this Clause 6, the following terms shall apply:



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- 6.3.1. The Board of Transferee Company 1 shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authority and undertake necessary compliance for the issue and allotment of BAL RPS to the TTSL Equity Holders, TTSL CCPS Holders and TTSL OCPS Holders (as the case may be) pursuant to Clause 6.1 of the Scheme. In the event that the approval of an Appropriate Authority is required for the issuance of BAL RPS to a particular TTSL Equity Holder, a TTSL CCPS Holder or a TTSL OCPS Holder but is not duly obtained after all Conditions Precedent have been satisfied, then in such event the Transferee Company 1 shall pay cash computed at the rate of INR 100 (Rupees hundred only) per BAL RPS to such TTSL Equity Holder, TTSL CCPS Holder or TTSL OCPS Holder, as the case may be.
- 6.3.2. The BAL RPS issued pursuant to Clause 6.1 shall be issued in dematerialized or physical form as the Transferor Company and Transferee Company 1 may mutually agree.
- 6.3.3. Approval of this Scheme by the shareholders of Transferee Company 1 shall be deemed to be in due compliance of the provisions of Section 42, Section 55 and Section 62 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the BAL RPS by Transferee Company 1 as provided in this Scheme.
- 6.3.4. The BAL RPS to be issued by Transferee Company 1 pursuant to Clause 6.1 of this Scheme will not be listed and/ or admitted to trading on the Stock Exchanges.

7. ACCOUNTING TREATMENT

7.1 Notwithstanding anything contained in any other clause in the Scheme, Transferor Company shall give effect to the demerger in its books of accounts as per the applicable accounting principles and as on the date as prescribed under Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time. In case of the Transferee Company 1, the accounting treatment shall also take into account the provisions of Clause 7.2 below:

7.2 Accounting treatment in the books of the Transferee Company 1

7.2.1 On this Scheme becoming effective, with effect from the Appointed Date, the Transferee Company 1 shall account for the transfer and vesting of Demerged Undertaking 1 in its books in accordance with the requirements of Ind AS 103 'Business Combinations' as notified under Section 133 of the Companies Act, 2013:

- (i) The Transferee Company 1 shall, on this Scheme becoming effective, record all assets (tangible and intangible) and liabilities of the Demerged Undertaking 1;
- (ii) For the liabilities of the Demerged Undertaking 1 recognised in (i) above against which indemnification has been provided, corresponding indemnification asset, to the extent allowed under Ind AS, would be accounted;
- (iii) The Transferee Company 1 shall record the consideration transferred (BAL RPS issued to equity holders of Transferor Company pursuant to this Scheme);
- (iv) The difference, if any, being excess / deficit arising pursuant to this Scheme shall be accounted as capital reserve / goodwill; and



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- (v) To the extent there are inter-corporate balances between the Transferee Company 1 and the Demerged Undertaking 1, the obligations in respect thereof shall stand cancelled.

8. RECLASSIFICATION/ REORGANIZATION OF THE AUTHORIZED SHARE CAPITAL OF THE TRANSFEEE COMPANY 1

- 8.1. Upon this Scheme becoming effective, the authorized share capital of the Transferee Company 1 shall be reclassified/ reorganized as under.

A.	Authorized share capital	Amount (in INR)
	549,99,80,000 equity shares of INR 5 each	2749,99,00,000
	1,000 preference shares of INR 100 each	1,00,000
	TOTAL	2750,00,00,000

- 8.2. Approval of this Scheme by the shareholders of Transferee Company 1 shall be deemed to be due compliance of the provisions of Section 13 and Section 61 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the reclassification of the authorized share capital envisaged under Clause 8.1 above.
- 8.3. Clause V of the memorandum of association of the Transferee Company 1 shall stand amended to give effect to the relevant provisions of this Scheme.



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**PART D - DEMERGER AND VESTING OF DEMERGED UNDERTAKING 2 OF
TRANSFEROR COMPANY INTO TRANSFEREE COMPANY 2**

9. DEMERGER AND VESTING OF DEMERGED UNDERTAKING 2

9.1. Upon the Scheme becoming effective, the Demerged Undertaking 2 shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961 and Sections 230 to 232 of the Act, without any further act or deed, stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company 2 as a going concern.

9.2. Transfer of Assets

9.2.1. Upon the Scheme becoming effective and subject to any agreement between the Parties:

- (i) all the Assets relating primarily to the Demerged Undertaking 2 and capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company 2 and shall become the property of the Transferee Company 2 in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same;
- (ii) in respect of the Assets relating to the Demerged Undertaking 2 other than those specified in Clause 9.2.1(i) above the same shall, on and from the Appointed Date, stand transferred to the Transferee Company 2 and to the extent such Asset is a debt, loan, receivable, advance or deposit, appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors. Provided that the Transferee Company 2 may itself, at its sole discretion and shall, at any time after coming into effect of this Scheme in accordance with the provisions hereof and shall, if so required under any law, give notices in such form as it may deem fit and proper, to each person, as the case may be, that pursuant to the Scheme becoming effective, the said debt, loan receivable, advance or deposit stands transferred and vested in the Transferee Company 2 and be paid or made good or held on account of the Transferee Company 2 as the person entitled thereto;
- (iii) the Assets relating to the Demerged Undertaking 2 that are immovable in nature shall be vested in and/or be deemed to have been vested in the Transferee Company 2, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company 2. With effect from the Effective Date, the Transferee Company 2 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 2 by the Appropriate Authorities pursuant to the sanction of this Scheme by the NCLT and upon the Scheme becoming effective in accordance with the terms hereof; and
- (iv) for purposes of taking on record the name of the Transferee Company 2 in the records of the Appropriate Authorities in respect of transfer of immovable properties to the Transferee Company 2 pursuant to this Scheme, the Boards of the Transferor Company and the Transferee Company 2 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 in favour of the Transferee Company 2.

- (v) It is hereby clarified that for continuation of the non-wireless business (i.e. the wireline business), the Residual Undertaking will retain the UASL and NLD.

9.3. **Transfer of Liabilities**

9.3.1. Upon the Scheme becoming effective, without any further act or deed, all the Liabilities relating to the Demerged Undertaking 2 shall be transferred or deemed to be transferred to the Transferee Company 2 so as to become as and from the Appointed Date, the debts, liabilities, duties, obligations of the Transferee Company 2 which it undertakes to meet, discharge and satisfy to the exclusion of Transferor Company such that except as may be otherwise agreed between the Parties, the Transferor Company shall in no event be responsible or liable in relation to any such Liabilities relating to the Demerged Undertaking 2 and it shall not be necessary to obtain the consent of any person in order to give effect to the provisions of this Clause.

9.3.2. The provisions of this Clause 9.3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant Liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions, provided that the provisions of this Clause shall be subject to any agreement entered into amongst the Parties.

9.4. **Legal Proceedings**

9.4.1. Upon the Scheme becoming effective, all Transferring Litigations 2, pending on the Effective Date, shall be continued, prosecuted and enforced by or against the Transferee Company 2, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company.

9.4.2. The Transferee Company 2: (a) shall be replaced/added as party to Transferring Litigations 2; and (b) shall prosecute or defend such proceedings at its own cost and subject to any agreement between the Parties, the liability of the Transferor Company shall consequently stand nullified. Each of the Parties shall make relevant applications in that behalf, as may be required.

9.4.3. Upon the Scheme becoming effective, the outcome of the Spectrum Proceeding shall (to the extent it relates to the Rajasthan Circle) be to the account of the Transferee Company 2. In other words,

(A) In the event any spectrum is held to be owned by the Transferor Company pursuant to the Spectrum Proceeding, such spectrum shall (to the extent it relates to the Rajasthan Circle) shall be deemed to have been transferred to the Transferee Company 2; and

(B) All liabilities associated with or arising from such spectrum and the Spectrum Proceedings shall (in each case, to the extent it relates to the Rajasthan Circle) shall be assumed by the Transferee Company 2.

9.5. **Employees**

9.5.1. Upon the Scheme becoming Effective, all Transferring Employees 2 shall be deemed to have become the employees of the Transferee Company 2, on terms and conditions not less

34


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favourable than those on which they are employed by the Transferor Company in the Demerged Undertaking 2 and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking 2 to the Transferee Company 2.

9.5.2. The Transferee Company 2 agrees that for the purpose of payment of any compensation, retrenchment compensation, gratuity and other terminal benefits, the past services of the Transferring Employees 2 with the Transferor Company shall also be taken into account, and pay the same as and when payable.

9.5.3. On the Scheme becoming effective, in so far as the Employee Benefit Funds are concerned, such proportion of the investments made in the funds and liabilities which are referable to the Transferring Employees 2 shall be transferred to the similar funds existing or created by the Transferee Company 2 and shall be held for their benefit pursuant to this Scheme, or maintained as separate funds by Transferee Company 2.

9.6. **Contracts, Deeds, etc.**

9.6.1. Notwithstanding anything to the contrary contained in any Transferring Contracts 2, upon the coming into effect of the Scheme, all Transferring Contracts 2 subsisting or having effect on the Effective Date, shall continue in full force and effect and all rights and obligations stipulated therein (except as otherwise agreed) shall be for the benefit of the Transferee Company 2, and may be enforced effectively by or against the Transferee Company 2 as fully and effectually as if, instead of the Transferor Company, the Transferee Company 2 had been a party thereto from inception.

9.7. **Permits**

9.7.1. All governmental approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use and which may be required to carry on the operations of the Demerged Undertaking 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 the Transferee Company 2 and may be enforced as fully and effectually as if, the Transferee Company had been a party, a beneficiary or an obligee thereto.

9.7.2. The Transferee Company 2 shall be entitled to undertake and carry out the business pertaining to the Demerged Undertaking 2 pursuant to the effectiveness of the Scheme on its own account, pending the transfer of any approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, privileges, powers and facilities of every kind and description, that may be required under Applicable Law in the name of the Transferee Company 2 and would be entitled to make any applications, requests and the like in this regard.

9.8. **Taxes and Taxation**

9.8.1. Upon the Scheme becoming effective, the Transferor Company and the Transferee Company 2 are expressly permitted to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.



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- 9.8.2. Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation, in respect of income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which the Transferor Company is entitled in terms of Applicable Laws in relation to the Demerged Undertaking 2, shall be available to and vest in the Transferee Company 2, upon this Scheme coming into effect.
- 9.8.3. This Scheme complies with the conditions relating to “demerger” as defined under Section 2(19AA), Section 47, Section 72A and other relevant sections and provisions, of the Income-tax Act, 1961 and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions (including the conditions set out therein) at a later date whether as a result of a new enactment or any amendment or coming into force of any provision of the Income-tax Act, 1961 or any other law or any judicial or executive interpretation or for any other reason whatsoever, Parties shall negotiate in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

10. CONSIDERATION FOR DEMERGER

- 10.1. The Transferee Company 2 shall have taken all necessary steps, including by way of passing all enabling corporate resolutions to increase or alter, to the extent required, its authorized share capital suitably so as to enable it to issue and allot the BHL RPS and if applicable, for the issuance of the necessary share certificates and/or letters of allotment representing the BHL RPS.
- 10.2. Upon Part D of this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking 2 of the Transferor Company in the Transferee Company 2 in terms of this Scheme, the Transferee Company 2 shall, without any further application, act or deed, issue and allot:
- (A) 500 (Five Hundred) BHL RPS to all (and not each) TTSL Equity Holders in proportion to their holding of TTSL Equity Shares on the relevant Record Date;
 - (B) 10 (Ten) BHL RPS to all (and not each) TTSL CCPS Holders in proportion to their holding of TTSL CCPS on the relevant Record Date; and
 - (C) 10 (Ten) BHL RPS to all (and not each) TTSL OCPS Holders in proportion to their holding of TTSL OCPS on the relevant Record Date.
- 10.3. The Transferee Company 2 shall not allot shares in respect of fractional entitlements to which a TTSL Equity Holder, a TTSL CCPS Holder or a TTSL OCPS Holder may be entitled on allotment of shares as per Clause 10.2. The Board of Transferee Company 2 shall consolidate all such fractional entitlements and thereupon issue BHL RPS (which shall be rounded off to the next whole number) in lieu thereof to a person/ trustee authorized by the Board of Transferee Company 2 in this behalf who shall hold the shares in trust on behalf of the TTSL Equity Holders, TTSL CCPS Holders or TTSL OCPS Holders entitled to fractional entitlements with the express understanding that such person/trustee shall sell the shares of Transferee Company 2 so allotted at such time or times and at such price or prices and to such person, as such person/ trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the TTSL Equity Holders, TTSL CCPS Holders and TTSL OCPS Holders (as the case may be) in proportion to their respective fractional entitlements.

- 10.4. For the purpose of issue and allotment of the BHL RPS pursuant to this Clause 10, the following terms shall apply:
- 10.4.1. The Board of Transferee Company 2 shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authority and undertake necessary compliance for the issue and allotment of BHL RPS to the TTSL Equity Holders, TTSL CCPS Holders and TTSL OCPS Holders (as the case may be) pursuant to Clause 10.2 of the Scheme. In the event that the approval of an Appropriate Authority is required for the issuance of BHL RPS to a particular TTSL Equity Holder, a TTSL CCPS Holder or a TTSL OCPS Holder but is not duly obtained after all Conditions Precedent have been satisfied, then in such event the Transferee Company 2 shall pay cash computed at the rate of INR 100 (Rupees hundred only) per BHL RPS to such TTSL Equity Holder, TTSL CCPS Holder or TTSL OCPS Holder, as the case may be.
- 10.4.2. The BHL RPS issued pursuant to Clause 10.2 shall be issued in dematerialized or physical form as the Transferor Company and Transferee Company 2 may mutually agree.
- 10.4.3. Approval of this Scheme by the shareholders of Transferee Company 2 shall be deemed to be in due compliance of the provisions of Section 42, Section 55 and Section 62 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the BHL RPS by Transferee Company 2 as provided in this Scheme.
- 10.4.4. The BHL RPS to be issued by Transferee Company 2 pursuant to Clause 10.2 of this Scheme will not be listed and/ or admitted to trading on the Stock Exchanges.

11. ACCOUNTING TREATMENT

- 11.1. Notwithstanding anything contained in any other clause in the Scheme, Transferor Company shall give effect to the demerger in its books of accounts as per the applicable accounting principles and as on the date as prescribed under Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time. In case of the Transferee Company 2, the accounting treatment shall also take into account the provisions of Clause 11.2 below:
- 11.2. **Accounting treatment in the books of the Transferee Company 2**
- 11.2.1 On this Scheme becoming effective, with effect from the Appointed Date, the Transferee Company 2 shall account for the transfer and vesting of Demerged Undertaking 2 in its books in accordance with the requirements of Ind AS 103 'Business Combinations' as notified under Section 133 of the Companies Act, 2013:
- (i) The Transferee Company 2 shall, on this Scheme becoming effective, record all assets (tangible and intangible) and liabilities of the Demerged Undertaking 2;
 - (ii) For the liabilities of the Demerged Undertaking 2 recognised in (i) above against which indemnification has been provided, corresponding indemnification asset, to the extent allowed under Ind AS, would be accounted;
 - (iii) The Transferee Company 2 shall record the consideration transferred (BHL RPS issued to equity holders of Transferor Company pursuant to this Scheme);
 - (iv) The difference, if any, being excess / deficit arising pursuant to this Scheme shall be accounted as capital reserve / goodwill; and

- (v) To the extent there are inter-corporate balances between the Transferee Company 2 and the Demerged Undertaking 2, the obligations in respect thereof shall stand cancelled.

38


lokesh kumar

PART E - GENERAL TERMS AND CONDITIONS

12. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Companies shall have the right to amend or modify the Scheme, as they deem fit, subject to Applicable Law. Provided that no amendment or modification will be made to the Scheme without specific and written approval of the authorized signatory of each of the Transferor Company, Transferee Company 1 and Transferee Company 2.

13. CONDITIONS PRECEDENT

13.1. The effectiveness of this Scheme shall be conditional upon satisfaction or waiver (if applicable) of the following conditions (“**Conditions Precedent**”) and this Scheme shall take effect from the later of any of the dates set out below:

13.1.1. The written approvals of the DoT with respect to the transactions contemplated under the Scheme shall have been received.

13.1.2. Certified copy of the order of the NCLT sanctioning the Scheme being filed with the Registrars of Companies having jurisdiction over the Parties.

13.1.3. Execution of an agreement between the Parties in relation to the Scheme and fulfilment/ waiver of the conditions precedent thereunder in the manner stated therein.

13.2. Notwithstanding anything to the contrary contained in this Scheme, if the approval of shareholders and/ or creditors and/ or any Appropriate Authority required in relation to the transactions contemplated by Part D of the Scheme is not obtained but all Conditions Precedent are satisfied for the transactions contemplated under Part C of the Scheme, then the Scheme shall take effect in so far as it relates to Part C and Parties shall continue to undertake their commercially reasonable efforts to procure the approvals necessary to give effect to Part D.

13.3. This Scheme shall come into effect simultaneously with the effectiveness of the Scheme for the demerger of the consumer mobile telephony business of Tata Teleservices (Maharashtra) Limited into the Transferee Company 1.

14. COSTS AND EXPENSES

Stamp duty costs incurred in connection with this Scheme (including any order sanctioning this Scheme) shall be borne by the Parties in such manner as may be mutually agreed.

15. RESIDUAL PROVISIONS

The consent of the shareholders and creditors of each of the Parties to the Scheme in accordance with the Act, 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.

16. POWER TO REMOVE DIFFICULTIES

The authorised signatories of the Parties, either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing, including without limitation through any definitive agreement(s) that may be entered into by and between the relevant Parties in relation to the Scheme:



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- (a) give such directions (acting jointly) as may be mutually agreed in writing by the Parties as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those;
- (b) do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect; and
- (c) make any inclusions or exclusions (including without limitation in relation to Assets, Liabilities, Excluded Litigations and/ or the like) to the Demerged Undertakings.

17. SEVERABILITY

If any part of this Scheme is found to be invalid, unenforceable or unworkable for any reason whatsoever, the same shall not, subject to the decision of the Boards of the respective Parties, affect the validity or implementation of the other parts and/or provisions of this Scheme.

18. CONDUCT OF BUSINESS OF THE RESIDUAL UNDERTAKING OF THE TRANSFEROR COMPANY

- 18.1. The Residual Undertaking and all the assets, liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company and the Transferee Company 1 or the Transferee Company 2, as the case may be, shall have no right, claim or obligation in relation to the Residual Undertaking.
- 18.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking and the Excluded Litigations shall be continued and enforced by or against the Transferor Company. The Transferee Company 1 or the Transferee Company 2, as the case may be, shall, unless otherwise agreed between the Transferor Company and the Transferee Company 1 or the Transferee Company 2, as the case may be, in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.
- 18.3. With effect from and beyond the Effective Date, the Transferor Company:
 - (i) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Residual Undertaking for and on its own behalf; and
 - (ii) all profits accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Residual Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company.

40



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Schedule 1

Spectrum (auction acquired) forming part of Demerged Undertaking 1

800 Mhz	Mhz	Auction Year	Allotment letter date	Spectrum Expiry date	Price/Mhz (Rs crs)	Cost (Rs crs)
Andhra Pradesh	2.50	Mar15	28-May-15	27-May-35	606	1,515
Andhra Pradesh	1.25	Mar15	21-Dec-15	20-Dec-35	606	757
Delhi	1.25	Mar15	21-Apr-16	20-Apr-36	848	1,060
Harayana	1.25	Mar15	28-May-15	27-May-35	57	71
1800 Mhz						
Andhra Pradesh	2.60	Mar15	27-May-15	26-May-35	243	631
Andhra Pradesh	2.40	Oct16	10-Nov-16	29-Sep-37	243	583
2100 Mhz						
Gujarat	5.00	Jun10	1-Sep-10	31-Aug-30	215	1,076
Harayana	5.00	Jun10	1-Sep-10	31-Aug-30	45	223
Karnataka	5.00	Jun10	1-Sep-10	31-Aug-30	316	1,580
Kerala	5.00	Jun10	1-Sep-10	31-Aug-30	62	312
Madhya Pradesh	5.00	Jun10	1-Sep-10	31-Aug-30	52	258
Punjab	5.00	Jun10	1-Sep-10	31-Aug-30	64	322
Uttar Pradesh (W)	5.00	Jun10	1-Sep-10	31-Aug-30	103	514

Administratively Allocated Spectrum

800 MHz	MHz	Allocation Year	Allotment letter date	Spectrum Expiry date	Cost (Rs. crs)
Delhi	2.5	Sep 02	16-Sep-02	30-Aug-2021	170.7
Delhi	1.25	Aug 04	13-Aug-04		No cost
Kolkata	2.5	Jul 04	06-Jul-04	29-Jan-2024	78.01
Gujarat	2.5	Sep 02	03-Sep-02	30-Aug-2021	109.01
Karnataka	2.5	Jun 02	28-Jun-02	30-Aug-2021	206.83
Tamilnadu	2.5	Jun 02	28-Jun-02	30-Aug-2021	79
Chennai	2.5	Sep 04	24-Sep-04	30-Aug-2021	154
Kerala	2.5	Jul 04	01-Jul-04	29-Jan-2024	40.54



41

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Punjab	2.5	Jun 04	29-Jun-04	29-Jan-2024	151.75
Haryana	1.25	Jun 04	30-Jun-04	29-Jan-2024	21.46
Haryana	1.25	Oct 04	27-Oct-04	29-Jan-2024	
UP (West)	2.5	May 04	31-May-04	29-Jan-2024	30.55
UP (East)	2.5	May 04	31-May-04	29-Jan-2024	45.25
Bihar	2.5	May 04	28-May-04	29-Jan-2024	10
MP	2.5	Jun 04	29-Jun-04	11-Feb-2024	17.45
WB	2.5	Jul 04	06-Jul-04	29-Jan-2024	1
HP	2.5	Jun 04	29-Jun-04	29-Jan-2024	1.1
Orissa	2.5	May 04	28-May-04	29-Jan-2024	5

Administratively allocated spectrum

1800 MHz	MHz	Allocation Year	Allotment letter date	Spectrum Expiry date	Cost (Rs crs)
Kolkata	4.4	Dec 08	05-Dec-08	29-Jan-24	78.01
Gujarat	4.4	Mar 09	09-Mar-09	30-Aug-21	109.01
Karnataka	4.4	May 08	30-May-08	30-Aug-21	206.83
Tamil Nadu	4.4	Apr 08	22-Apr-08	30-Aug-21	79
Chennai	4.4	Apr 08	22-Apr-08	30-Aug-21	154
Kerala	4.4	May 08	15-May-08	29-Jan-24	40.54
Punjab	4.4	Mar 09	09-Mar-09	29-Jan-24	151.75

42


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Haryana	4.4	Dec 08	04-Dec-08	29-Jan-24	21.46
UP-West	4.4	Dec 08	26-Dec-08	29-Jan-24	30.55
UP-East	4.4	Jan 09	21-Jan-09	29-Jan-24	45.25
Madhya Pradesh	4.4	Aug 08	28-Aug-08	11-Feb-24	17.45
West Bengal	4.4	Jan 09	09-Jan-09	29-Jan-24	1.00
Himachal Pradesh	4.4	Dec 08	04-Dec-08	29-Jan-24	1.10
Bihar	4.4	Oct 08	03-Oct-08	29-Jan-24	10.00
Orissa	4.4	Apr 08	24-Apr-08	29-Jan-24	5.00

43



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Schedule 2

Spectrum (auction acquired) forming part of Demerged Undertaking 2

2100 Mhz	Mhz	Auction Year	Allotment letter date	Spectrum Expiry date	Price/Mhz (Rs crs)	Cost (Rs crs)
Rajasthan	5.00	Jun10	1-Sep-10	31-Aug-30	64	321

Administrative Spectrum

800 MHz	MHz	Allocation Year	Allotment letter date	Spectrum Expiry date	Cost (Rs crs)
Rajasthan	2.5	Jul 04	14-Jul-04	29-Jan-2024	32.25
1800 MHz	MHz	Allocation Year	Allotment letter date	Spectrum Expiry date	Cost (Rs crs)
Rajasthan	4.4	Dec 08	23-Dec-08	29-Jan-24	32.25

44



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Schedule 3

Terms of RPS

1.	Dividend	10% per annum
2.	Face value	INR 100
3.	Term and Redemption	Mandatorily redeemable at par at the end of 18 months from the date of issuance
4.	Transferability	Transferable
5.	Voting/ Non-voting	Non-voting



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45