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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORDINARY ORIGINAL JURISDICTION

COMPANY PETITION NO. 208 OF 2009

CONNECTED WITH

COMPANY APPLICATION NO. 367 OF 2009

Copy applied on 3/12/2009
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In the matter of the Companies Act,
1956;

And

In the matter of Sections 391 to 394 of
the Companies Act, 1956;

And

In the matter of Idea Cellular Limited;

And

In the matter of Scheme of
Arrangement between Aditya Birla
Telecom 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 Towers, Plot
No.18, Sector No.11, Gandhinagar-
382 011, Gujarat, India.

..... **Petitioner Company**

BEFORE THE HON'BLE MR. JUSTICE S. R. BRAHMBHATT, J

DATE: 02/12/2009

ORDER ON PETITION

The above Petition coming for hearing on 2nd day of December, 2009, **UPON READING** the said Petition, the order dated 30th day of September 2009 passed in Company Application No. 367 of 2009, whereby meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of Idea Cellular Limited, the Petitioner abovenamed (hereinafter referred to as "the said Company") were dispensed with for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in Scheme of Arrangement between Aditya Birla Telecom Limited and Idea Cellular Limited and their respective Shareholders and Creditors ("the said Scheme"), and **UPON** reading the Affidavit of Shri Pankaj Kapdeo, Vice President Legal and Company Secretary of the said Company, dated the 3rd day of October 2009, verifying the Petition and **UPON** reading the Affidavit of Shri Vineet Choraria, dated 28th day of October 2009 showing publication of the notice of hearing of this Petition in English daily, Indian Express, Ahmedabad edition and Gujarati dailies Divya Bhaskar, Surat edition and Phulchab, Rajkot edition, all dated the 12th day of October 2009, (advertisement in the Gujarat Government Gazette having been dispensed with) and also showing the service of notice on the Regional Director, Ministry of Corporate Affairs and **UPON** hearing Shri Mihir Joshi, Senior Advocate along with Shri Sandeep Singhi, for Singhi & Co., Advocates for the said Company and hearing the submissions of the Assistant Solicitor General, Mr. P. S. Champaneri instructed by the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai.



1. **THIS COURT** doth hereby sanction the Scheme of Arrangement at **Annexure 'F'** to the Petition and annexed as Schedule hereto, and doth hereby declare the same be binding on the said Company and all the Equity Shareholders, Secured Creditors and Unsecured Creditors of the said Company and all persons concerned under the Scheme.
2. That the said Company do within 30 days of the sealing of this order, cause a certified copy of this order to be delivered to the Registrar of Companies, Gujarat, Ahmedabad for registration.

3. That the parties to the said Scheme or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the arrangement embodied in the said Scheme, as sanctioned hereunder and annexed as Schedule hereto.
4. That the fees of the Assistant Solicitor General of India, appearing for the Regional Director, Ministry of Corporate Affairs, Mumbai, shall be paid by the said Company. 2

SCHEME



**SCHEME OF ARRANGEMENT
BETWEEN
ADITYA BIRLA TELECOM LIMITED
AND
IDEA CELLULAR LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

This Scheme of Arrangement (the "Scheme") is presented under sections 391 to 394 and other relevant provisions of the Companies Act, 1956 for the de-merger of the De-merged Undertaking (as defined hereinafter) of Aditya Birla Telecom Limited ("ABTL") and transfer of the De-merged Undertaking to Idea Cellular Limited ("Idea") and for various other matters consequential, supplemental and/or otherwise integrally connected therewith.

Preamble


A. General and Rationale for the Scheme

Idea is a leading GSM mobile services operator in India, now operating in 14 service areas of India covering Delhi, Mumbai, Himachal Pradesh, Rajasthan, Haryana, Uttar Pradesh (East), Uttar Pradesh (West) (including Uttaranchal), Madhya Pradesh (including Chhattisgarh), Gujarat, Maharashtra (including Goa), Andhra Pradesh, Kerala, Orissa and Tamil Nadu (including Chennai).

ABTL is a wholly owned subsidiary of Idea. ABTL is a GSM mobile services operator for Bihar (including Jharkhand) service area. ABTL, in addition of being a GSM mobile services operator, holds equity shares in Indus Towers Limited and Idea Cellular



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Towers Infrastructure Limited (a wholly owned subsidiary of ABTL). ABTL has also issued and allotted compulsorily convertible preference shares.

It is proposed to consolidate pan India telecom operations within Idea. To achieve the same, ABTL seeks to de-merge the De-merged Undertaking (as defined hereinafter) and transfer the same to Idea. As a consequence of such de-merger of the De-merged Undertaking of ABTL into Idea and after the Scheme being effective, it would require Idea, ABTL and the compulsorily convertible preference shareholders of ABTL to mutually agree and modify the terms of conversion of such preference shares (which are compulsorily convertible into equity share capital of ABTL) so as give 23.2456% or such other percentage of the paid-up equity share capital of ABTL as the factors relevant at the time of such modification would justify..



B. Parts of the Scheme

The Scheme is divided into the following parts:

- Part I : deals with Definitions and Share Capital;
- Part II : deals with the de-merger of the De-merged Undertaking of ABTL into Idea;
- Part III : deals with Remaining Business; and
- Part IV : deals with other terms and conditions.

PART-I Definitions and Share Capital

1. DEFINITIONS

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meaning:

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- 1.1 "ABTL" means Aditya Birla Telecom Limited, a company incorporated under the Act and having its registered office at Aditya Birla Center, 'A' Wing, 4th Floor, S. K. Ahire Marg, Worli, Mumbai-400 030.
- 1.2 "Act" or "the Act" means the Companies Act, 1956 and includes any statutory re-enactment or amendment(s) thereto, from time to time.
- 1.3 "Appointed Date" means 1st April 2009.
- 1.4 "De-merged Undertaking" means and includes:
- (i) UASL issued by DoT to ABTL in terms of Licence Agreement;
 - (ii) authorisation dated 11th January, 2008 granted by the WPC for earmarking appropriate frequencies/band in respect of Bihar (including Jharkhand) service area;
 - (iii) base terminal station equipments, associated antennae, backhaul connectivity to ABTL's network and other requisite equipments and associated electrical and civil works required to provide telecommunication services within Bihar (including Jharkhand) service area including cell sites/towers owned and operated by ABTL within Bihar (including Jharkhand) service area and the rights and benefits in respect of towers and all plant and equipments recognised and customarily treated by the telecom operators worldwide as forming part of passive infrastructure taken on lease and/or bilateral sharing arrangements and/or any other arrangement by ABTL pertaining to or in connection with or relating to Bihar (including Jharkhand) service area;
 - (iv) all properties and assets, movable and immovable, real and personal, in possession or reversion, corporeal and



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incorporeal, present and future, contingent or of whatsoever nature, wheresoever situated alongwith buildings, sheds, godowns, warehouses, offices, vehicles, interests, current assets (including inventories, sundry debtors, bills of exchange, loans and advances, etc.), stocks and stores, furniture, fixtures, office equipments, appliances, computers, accessories, licences, permits, quotas, approvals, registrations, leasehold rights, tenancy rights including tenancy rights in relation to office and residential properties, incentives, claims, powers, authorities, allotments, consents, engagements, arrangements, rights, credits, titles, benefits, advantages, subsidies, municipal permissions, brands, other intangibles, industrial and other licences, authorisations, know how, trade marks, designs, copyrights, patents and other industrial and intellectual properties, trade secrets, confidential information, domain names, powers of every kind, nature and description whatsoever in connection with or pertaining or relatable to Bihar (including Jharkhand) service area, and all other permissions, rights (including rights under any contracts, Government contracts, memorandum of understanding, etc.); all entitlements, deposits, advances and/or monies paid or received by ABTL in connection with or pertaining or relatable to Bihar (including Jharkhand) service area; all statutory licences and/or permissions and any financial assets, guarantees issued by ABTL and the benefits of any bank guarantees, deferral tax benefits, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations and utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or pertaining or relating to Bihar (including Jharkhand) service area;



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- (v) all loans and advances given by ABTL, cash and bank balances and all investments held by ABTL other than the equity share investments held by ABTL in Indus Towers Limited and Idea Cellular Towers Infrastructure Limited (a wholly owned subsidiary of ABTL);
- (vi) all deposits and balances with the Government, semi Government, local and other authorities and bodies, customers and other persons, earnest moneys and/or security deposits paid or received by ABTL directly or indirectly in connection with or pertaining or relating to Bihar (including Jharkhand) service area;
- (vii) all books, records, files, papers, engineering and process information, records of standard operating procedure, computer programmes alongwith their licences, drawings, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or pertaining to or relating to Bihar (including Jharkhand) service area;
- (viii) all debts, liabilities including contingent liabilities, duties, taxes and obligations of ABTL other than the debts, liabilities including contingent liabilities, duties, taxes and obligations, if any, pertaining to and/or arising out of and/or relatable to and/or in connection with the Remaining Business; and
- (ix) all employees of ABTL substantially engaged in or relatable to Bihar (including Jharkhand) service area and those employees that are determined by the Board of Directors of ABTL and Idea, to be substantially engaged in or relatable to Bihar (including Jharkhand) service area.



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Explanation: In case of any doubt as to whether any particular asset and/or liability and/or obligations and/or employee forms part/pertains of/to Bihar (including Jharkhand) service area or whether it arises out of the activities or operations of Bihar (including Jharkhand) service area, the same shall be decided and/or resolved mutually by the Board of Directors of ABTL and Idea.

- 1.5 "DoT" means the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India.
- 1.6 "Effective Date" means the last of the dates on which all conditions, matters and filings referred to in clause 15 hereof have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained.
References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date.
- 1.7 "High Court" means the High Court of Judicature at Bombay having jurisdiction in relation to ABTL and the High Court of Gujarat at Ahmedabad having jurisdiction in relation to Idea, as the context may admit and shall, if applicable, include the National Company Law Tribunal, and "High Courts" shall mean both of them, as the context may require.
- 1.8 "Idea" means Idea Cellular Limited, a company incorporated under the Act and having its registered office at Suman Tower, Plot No.18, Sector No.11, Gandhinagar-382 011, Gujarat.
- 1.9 "Licence Agreement" means the agreement dated 6th December 2006 entered into between ABTL and DoT, in relation to UASL issued by DoT to ABTL with respect to Bihar (including Jharkhand) service area and being effective from 6th December 2006.



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- 1.10 "Remaining Business" means all the businesses and the divisions of ABTL other than the De-merged Undertaking and shall include the equity share investments held by ABTL in Indus Towers Limited and Idea Cellular Towers Infrastructure Limited (a wholly owned subsidiary of ABTL) and the compulsorily convertible preference shares issued and allotted by ABTL and the balance in the securities/share premium account arising from issue of such preference shares.
- 1.11 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form filed with the High Courts or with any modification(s) approved or imposed or directed by the High Courts or modification(s) made under clause 14 hereof.
- 1.12 "UASL" means Unified Access Service Licence issued by the DoT to telecom companies with respect to different service areas.
- 1.13 "WPC" means Wireless Planning & Coordination Wing of Ministry of Communications, Government of India.

2. SHARE CAPITAL

- 2.1 The share capital structure of ABTL as on 30th June 2009 was as follows:

Particulars	Amount in Rupees
Authorised:	
7,50,00,000 Equity Shares of Rs.10/- each	75,00,00,000
25,00,000 Compulsorily Convertible Preference Shares of Rs.10/- (Rupees Ten)	2,50,00,000



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each.	
Total	77,50,00,000
Issued, Subscribed and Paid-up:	
1,00,00,000 Equity Shares of Rs.10/- each, fully paid-up.	10,00,00,000
19,25,000 Compulsorily Convertible Preference Shares of Rs.10/- (Rupees Ten) each.	1,92,50,000
Total	11,92,50,000

ABTL is a wholly owned subsidiary of Idea.

- 2.2 The share capital structure of Idea as on 30th June 2009 was as follows:



Particulars	Amount in Rupees
Authorised:	
677,50,00,000 Equity Shares of Rs. 10/- each	67,75,00,00,000
1,500 Redeemable Cumulative Non-Convertible Preference Shares of Rs. 1,00,00,000/- each	15,00,00,00,000
Total	82,75,00,00,000
Issued, Subscribed and Paid-up:	

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310,00,95,209 Equity Shares of Rs. 10/- each, fully paid-up	31,00,09,52,090
Total	31,00,09,52,090

3. DATE OF TAKING EFFECT AND OPERATIVE DATE OF THE SCHEME

The Scheme shall be operative from the Appointed Date but shall be effective from the Effective Date.

PART-II
De-merger

4. TRANSFER AND VESTING OF THE DE-MERGED UNDERTAKING

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the De-merged Undertaking shall, without any further act, instrument or deed, be de-merged from ABTL and transferred to and vested in Idea or be deemed to have been de-merged from ABTL and transferred to and vested in Idea, so as to become as and from the Appointed Date the estate, assets, rights, title, interest and authorities of Idea, pursuant to section 394(2) of the Act, subject however, to subsisting charges thereon in favour of banks and/or financial institutions and/or secured lenders of ABTL. It is hereby clarified that upon the Scheme being effective, the guarantees, issued by Idea in favour of the banks and/or financial institutions and/or secured lenders of ABTL, shall, without any further act, instrument or deed, stand cancelled. It is hereby further clarified that upon the Scheme being effective, the guarantees, issued by ABTL in favour of the banks



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and/or financial institutions and/or secured lenders of Idea, shall, without any further act, instrument or deed, stand cancelled.

- 4.2 All assets, estate, rights, title, interest and authorities acquired by ABTL after the Appointed Date and prior to the Effective Date for operation of the De-merged Undertaking or pertaining to or relating to the De-merged Undertaking shall also stand transferred to and vested in Idea upon the coming into effect of this Scheme.
- 4.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, the UASL, authorisations and any other licences, approvals including municipal approvals, broadband and/or broadcasting 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 ABTL, and the rights and benefits under the same, in so far as they relate to and/or pertain to the De-merged Undertaking and all quality certifications and approvals, trademarks, brands, patents and domain names, copy rights, industrial designs, trade secrets, product registrations and other intellectual property and all other interest relating to the goods or services being dealt with by the De-merged Undertaking be transferred to and vested in Idea and the concerned licensors and grantors of such approvals, clearances, permissions, shall endorse, where necessary, and record Idea on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the De-merged Undertaking of ABTL in Idea and continuation of operations pertaining to the De-merged Undertaking of ABTL in Idea without any hindrance.
- 4.4 In respect of such of the assets of the De-merged Undertaking of ABTL as are movable in nature or are otherwise capable of transfer by manual delivery, or by endorsement and delivery, the same shall be so transferred by ABTL, and shall, upon such transfer, become the property, estate, assets, rights, title, interest and authorities of




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Idea as an integral part of the De-merged Undertaking transferred to it.

- 4.5 In respect of such of the assets of the De-merged Undertaking of ABTL other than those referred to in clause 4.4 above, the same shall, without any further act, instrument or deed, be de-merged from ABTL and stand transferred to and vested in Idea and/or be deemed to be de-merged from ABTL and transferred to and vested in Idea on the Appointed Date pursuant to the provisions of section 394 of the Act. It is hereby clarified that all rights, title and interest of ABTL in any properties taken on (a) leasehold basis and/or (b) leave and licence basis in relation to the De-merged Undertaking of ABTL shall, pursuant to section 394 of the Act, without any further act, instrument or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Idea.
- 4.6 Upon the coming into effect of this Scheme, all permits, registrations, approvals, consents, statutory licences to set-up and operate any business, quotas, rights, entitlements, any other licences including those relating to trademarks, tenancies, patents, copyrights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the De-merged Undertaking, to which ABTL is a party or to the benefit of which ABTL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against Idea, as the case may be, and may be enforced as fully and effectually as if, instead of ABTL, Idea had been a party or beneficiary or obligee thereto.
- 4.7 In so far as the various incentives, service tax benefits, subsidies (including applications for subsidies), rehabilitation schemes, grants, special status, income tax holiday/benefit and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by ABTL are concerned, the same shall, without any further act or deed, in so far



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as they relate to the De-merged Undertaking, vest with and be available to Idea on the same terms and conditions.

4.8 ABTL and Idea are expressly permitted to file/revise their Income Tax, Wealth Tax, Service Tax, Excise and other statutory returns, upon the Scheme being effective, notwithstanding that the period for filing/revising such returns may have lapsed. ABTL and Idea are expressly permitted to amend TDS/TCS or other statutory certificates and shall have the right to claim refunds, advance tax credits, set offs, adjustments etc., relating to their respective incomes/transactions from the Appointed Date. It is specifically declared that the taxes/duties paid by ABTL relating to the period on or after the Appointed Date whether by way of deduction at source or advance, which pertains to the De-merged Undertaking shall be deemed to be the taxes/duties paid by Idea and Idea shall be entitled to claim credit for such taxes deducted/paid against its tax/duty liabilities notwithstanding that the certificates/challans or other documents for payment of such taxes/duties are in the name of ABTL.



4.9 On and from the Effective Date, Idea shall be entitled to carry forward to its account and claim credit for any unutilized Modvat/Cenvat/ Service Tax Credit under the Modvat/Cenvat Credit Rules framed under Central Excise Act, 1944 or the Cenvat Credit Rules, 2004 framed under Finance Act, 1994 lying in the registers of or to the account of ABTL in relation to the De-merged Undertaking as on the Effective Date for the excise duty/customs duty (including CVD/ service tax paid on inputs, input services and capital goods.

4.10 Upon the Scheme being effective, ABTL and Idea shall file necessary particulars and/or modification(s) and/or satisfaction of charge, with the Registrar of Companies, Maharashtra at Mumbai and the Registrar of Companies, Gujarat at Ahmedabad, respectively, to give effect to the provisions of this Scheme.

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- 4.11 Upon coming into effect of the Scheme, the debts, liabilities and obligations of ABTL relating to the De-merged Undertaking shall without any further act, instrument or deed be and stand transferred to Idea and shall thereupon become the debts, liabilities and obligations of Idea which it undertakes to meet, discharge and satisfy to the exclusion of ABTL and to keep ABTL indemnified at all times from and against all such debts, liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.
- 4.12 Subject to the provisions of this Scheme and in so far as loans and borrowings of the De-merged Undertaking of ABTL are concerned, the loans and borrowings shall, without any further act or deed, become loans and borrowings of Idea, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against Idea as if it had entered into such loans and incurred such borrowings. From the Effective Date, Idea alone shall be liable to perform all obligations in respect of the liabilities of the De-merged Undertaking as the borrower/issuer thereof, and ABTL shall not have any obligations in respect of the said liabilities.
- 4.13 Where any of the liabilities and obligations of ABTL as on the Appointed Date deemed to be transferred to Idea have been discharged by ABTL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Idea and all loans raised and used and all liabilities and obligations incurred by ABTL for the operations of the De-merged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of Idea and to the extent they are outstanding on the Effective Date, shall also without any further act



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or deed be and stand transferred to Idea and shall become the liabilities and obligations of Idea which shall meet, discharge and satisfy the same.

- 4.14 It is hereby clarified that the assets and liabilities of the Remaining Business of ABTL shall continue to vest in ABTL.
- 4.15 The foregoing provisions insofar as they relate to the transfer of liabilities to Idea shall operate, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security documents, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

5. LEGAL PROCEEDINGS

- 5.1 Upon the coming into effect of this Scheme all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against ABTL under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the De-merged Undertaking shall be continued and enforced by or against Idea after the Effective Date. In the event that the legal proceedings referred to herein require ABTL and Idea to be jointly treated as parties thereto, Idea shall be added as party to such proceedings and shall prosecute and defend such proceedings in co-operation with ABTL. In the event of any difference or difficulty in determining as to whether any specific legal or other proceeding relates to the De-merged Undertaking or not, a certificate jointly issued by the Board of Directors of ABTL and Idea as to whether such proceeding relates to the De-merged Undertaking or not, shall be conclusive evidence of the matter.
- 5.2 If proceedings are taken against ABTL in respect of the matters referred to in Clause 5.1 above, it shall defend the same in accordance with the advice of Idea and at the cost of Idea, and the



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latter shall reimburse and indemnify ABTL against all liabilities and obligations incurred by ABTL in respect thereof.

- 5.3 Idea undertakes to have all legal or other proceedings initiated by or against ABTL referred to in Clause 5.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against Idea to the exclusion of ABTL.

6. CONTRACTS, DEEDS, ETC.

- 6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, if any, of whatsoever nature in relation to the De-merged Undertaking to which ABTL is a party or to the benefit of which ABTL is or may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of Idea, as the case may be, and may be enforced by or against Idea as fully and effectually as if, instead of ABTL, Idea had been a party or beneficiary or obligee thereto.

- 6.2 Idea may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which ABTL will, if necessary, also be a party, in order to give formal effect to the provisions of this Scheme. Idea shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of ABTL and to implement or carry out all formalities required on the part of ABTL to give effect to the provisions of this Scheme.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the De-merged Undertaking under Clause 4 hereof and the



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continuance of proceedings by or against Idea under Clause 5 hereof shall not affect any transaction or proceedings already completed by ABTL on and after the Appointed Date, to the end and intent that Idea accepts and adopts all acts, deeds and things done and executed by and/or on behalf of ABTL as acts, deeds and things done and executed by and on behalf of Idea.

8. EMPLOYEES OF THE DE-MERGED UNDERTAKING

8.1 Upon the Scheme being effective all employees of ABTL relating to the De-merged Undertaking, as identified by the Board of Directors of Idea, as on the Effective Date, shall become and be deemed to have become the employees of Idea on the terms and conditions not less favourable than those on which they are engaged by ABTL, without any break in their services and on the basis of continuity of services. Idea agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with ABTL shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

8.2 In so far as the existing provident fund, gratuity fund, pension and/or superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the De-merged Undertaking of ABTL shall become the trusts/funds of Idea, respectively, for all purposes whatsoever in relation to the administration or operation of such funds or trusts or in relation to the obligation to make contributions to the said funds or trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of ABTL in relation to such funds or trusts shall become those of Idea.

8.3 It is clarified that the services of the employees of the De-merged Undertaking will be treated as having been continuing for the purpose of the said fund or funds.



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9. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR IDEA

With effect from the Appointed Date and up to and including the Effective Date:

- 9.1 ABTL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the De-merged Undertaking and stand possessed of all assets, properties, rights, title, interest, authorities, contracts, investments and strategic decisions of the De-merged Undertaking for and on account of, and in trust for Idea.
- 9.2 All profits or income accruing or arising to ABTL or all costs, charges, expenses or losses arising or incurred by ABTL (including the effect of taxes, if any, thereon), relating to the De-merged Undertaking shall, for all purposes, be treated as profits, income, costs, charges, expenses, taxes or losses, as the case may be, of Idea.
- 9.3 ABTL or Idea shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government(s) and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which Idea may require to carry on the business of the De-merged Undertaking.
- 9.4 ABTL hereby undertakes that it will preserve and carry on the De-merged Undertaking with diligence and utmost business prudence and agrees that it will not, without the prior written consent of Idea, alienate, charge, mortgage or encumber or otherwise deal with or dispose off the De-merged Undertaking or any part thereof or recruit new employees (in each case except in the ordinary course of business) or conclude settlements with union or employees without the concurrence of Idea or undertake substantial expansion



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or change the general character or nature of the business of the De-merged Undertaking.

10. ISSUE OF SHARES

- 10.1 ABTL is a wholly owned subsidiary of Idea. The Scheme is intended to consolidate the De-merged Undertaking with Idea in a more efficient manner consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by Idea. Hence, Idea shall not be required to issue any shares or pay any consideration to ABTL or to its shareholders or any other person.

11. ACCOUNTING TREATMENT

In the books of Idea

- 11.1 Upon the Scheme being effective, Idea shall record the assets and liabilities forming part of the De-merged Undertaking vested in it pursuant to the Scheme at their respective book values as appearing in the books of accounts of ABTL at the close of the business of the day immediately preceding the Appointed Date.
- 11.2 Idea shall credit amount equal to the net value at which the assets and liabilities forming part of De-merged Undertaking which is vested in it as per clause 11.1 above to General Reserve, which shall constitute Free Reserves available for all purposes as Idea at its own discretion considers appropriate.

In the books of ABTL

- 11.3 Upon the Scheme being effective, (a) ABTL shall revalue all or such of its existing investments, which continues to remain vested in ABTL, as it considers relevant and appropriate, including in particular investment in Indus Towers Limited at their respective fair values; and (b) ABTL shall recognize the difference between



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the book value of the investments and the fair value of the investments arising on account of clause 11.3(a) above, as Reserve for Business Restructuring, which would be available to meet increased depreciation, costs, expenses and losses, including on account of impairment of or write down of assets which may be suffered by ABTL, pursuant to this Scheme or otherwise in course of its business or in carrying out such restructuring of operations of ABTL or any of its subsidiary, as ABTL considers necessary or appropriate. It is clarified that such Reserve for Business Restructuring would be available for meeting loss incurred by ABTL on account of buyback and cancellation of its own shares and also for loss on account of sale/provision for diminution in the value of the investments held by ABTL. Such Reserve for Business Restructuring shall be arising out of this Scheme and shall not be considered as a Reserve created by ABTL.



- 11.4 ABTL shall transfer the book value of the assets/liabilities forming part of the De-merged Undertaking as at the close of the business of the day immediately preceding the Appointed Date to the Profit and Loss Account and the net balance in the Profit and Loss Account after taking into account the opening balance in the Profit and Loss Account as at the close of the business of the day immediately preceding the Appointed Date, shall be set off against the withdrawal of equal amount from the Reserve for Business Restructuring recognized as such under clause 11.3 above.

PART-III
Remaining Business

- 12.1 The Remaining Business shall continue to belong to and be vested in and be managed by ABTL subject to the provisions of the Scheme.

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12.2 All legal or other proceedings by or against ABTL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of ABTL in respect of the Remaining Business) shall be continued and enforced by or against ABTL. Idea shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against ABTL.

12.3 With effect from the Appointed Date and up-to and including the Effective Date, ABTL:

- (a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) all profits or income accruing or arising to ABTL or all costs, charges, expenses or losses arising or incurred by ABTL (including the effect of taxes, if any, thereon), relating to the Remaining Business shall, for all purposes, be treated as profits, income, costs, charges, expenses, taxes or losses, as the case may be, of ABTL.



PART-IV
Other Terms and Conditions

13. APPLICATION TO HIGH COURTS

13.1 ABTL and Idea shall, with all reasonable dispatch, make necessary applications/petitions under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Courts for seeking sanction of this Scheme and all matters ancillary or incidental thereto.

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14. MODIFICATION OR AMENDMENTS TO THE SCHEME

14.1 ABTL (by its Board of Directors) and Idea (by its Board of Directors) either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion assent to any alteration or modification to this Scheme or agree to any terms and/or condition that the High Courts or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them.

14.2 ABTL (by its Board of Directors) and Idea (by its Board of Directors) either by themselves or through a committee appointed by them in this behalf, may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, waive any of those (to the extent permissible under law) for bringing the Scheme into effect.

14.3 In the event of any of the conditions that may be imposed by the High Courts or other authorities which ABTL and Idea may find unacceptable for any reason, then ABTL and Idea are at liberty to withdraw the Scheme.

**15. CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

15.1 the approval by the respective requisite majorities of the members and/or creditors (where applicable) of ABTL and Idea as required

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under the Act and the requisite orders of the High Courts referred to in clause 13 hereof being obtained; and

15.2 certified copies of the Orders of the High Courts sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai and with the Registrar of Companies, Gujarat, at Ahmedabad.

16. COSTS, CHARGES & EXPENSES

16.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be paid and borne by Idea.



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