

**SCHEME OF ARRANGEMENT
BETWEEN
RELIANCE COMMUNICATIONS LIMITED
AND
RELIANCE TELECOM LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS**

**CERTIFIED TRUE COPY
FOR RELIANCE COMMUNICATIONS LIMITED**


**PRAKASH SHENOY
COMPANY SECRETARY**

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**SCHEME OF ARRANGEMENT
BETWEEN
RELIANCE COMMUNICATIONS LIMITED
AND
RELIANCE TELECOM LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

A. Purpose of the Scheme

This Scheme provides for demerger and vesting of the Telecom Undertaking (as defined hereinafter) of Reliance Telecom Limited (“RTL” or “the Transferor Company”) into Reliance Communications Limited (“RCom” or “the Transferee Company”) pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof), for the time being in force. It is hereby clarified and stated that upon the relevant Sections of the Companies Act 2013 pertaining to the Scheme of Compromise, Arrangement, or Amalgamation of companies being notified by the Ministry of Corporate Affairs (‘MCA’), this Scheme shall be deemed to have been formulated and presented under Sections 230 to 240 of the Companies Act, 2013 read with applicable Rules made there under.

B. Background of the Companies

1. Reliance Communications Limited, the Transferee Company, is a public listed company incorporated under the Companies Act 1956 under the corporate identity number L45309MH2004PLC147531. The registered office of the Transferee Company is situated at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India. Its shares are listed on BSE Limited and National Stock Exchange of India Limited.
2. The Transferee Company is engaged, inter alia, in the business of provision of telecom services, covering mobile and fixed line telephony, including broadband, national and international long distance services and data services along with an exhaustive range of value added services and applications..



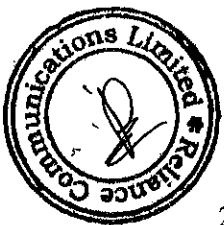
3. Reliance Telecom Limited, the Transferor Company is a public limited company incorporated under the Companies Act 1956 under the corporate identity number U51909MH2006PLC166165. The registered office of the Transferor Company is situated at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India.
4. The Transferor Company is a wholly owned subsidiary of the Transferee Company. It is engaged in the business of telecom services, data services along with an exhaustive range of value added services and applications, data center services.

C. Rationale for the Scheme

1. Reliance Telecom Limited (RTL) is a wholly owned subsidiary (WOS) of the Company. RTL holds Unified license (UL) in 7 License Service Area (LSA) namely, Assam, Bihar (including Jharkhand), Himachal Pradesh, Madhya Pradesh (including Chhattisgarh), Orissa, North East and West Bengal. RTL also holds Unified Access Service License (UASL) in LSA of Kolkata. UL and UASL are issued by Department of Telecommunication (DoT), Ministry of Communication & IT, Government of India.
2. RTL is demerging 5 LSA namely Bihar (including Jharkhand), Himachal Pradesh, Madhya Pradesh (including Chhattisgarh), Orissa and West Bengal including assets and liabilities of said Telecom Undertaking into the Company to enable seamless experience to customers by combining 3G and 4G / LTE Network resources and platform under single license per LSA as well as for compliance of applicable regulations. The Company will also benefit in maximization of synergies in operational process, logistics alignment leading to economies of scale and enhanced customer experience.

D. Operation of the Scheme

1. This Scheme provides for the demerger, transfer and vesting of the Telecom Undertaking from the Transferor Company to the Transferee Company on a going concern basis, in accordance with the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, SEBI Listing Regulations, Foreign Exchange Management Act, 1999 and such other approvals / permissions, as may be required under applicable law, regulations, listing agreements and guidelines issued by the regulatory authorities.
2. The Transferor Company will continue to pursue its interests in the Remaining Business



(as defined hereinafter) as is presently being carried out but with greater focus on growth opportunities in its field, subject to the regulatory requirements, risks, etc, specific to its Remaining Business (as defined hereinafter).

3. This Scheme also makes provisions for various other matters consequential or related hereto and otherwise integrally connected herewith.

4. **Parts of the Scheme**

This Scheme is divided into the following parts:

- (i) **Part I** deals with the definitions of terms used in this Scheme and share capital of the Transferor Company and Transferee Company;
- (ii) **Part II** deals with demerger i.e. transfer and vesting of the Telecom Undertaking from the Transferor Company, consideration thereof and the manner of vesting of the Telecom Undertaking in the Transferee Company and matters incidental thereto;and
- (iii) **Part III** deals with General Clauses, Terms and Conditions;

PART I

DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

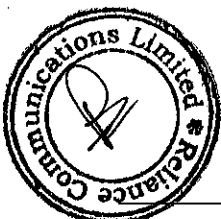
In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 to the extent of the provisions notified and the Companies Act, 1956 to the extent of its provisions in force and shall include any other statutory amendment or re-enactment or restatement and the rules and/or regulations and/or other guidelines or notifications under law, made thereunder from time to time;
- 1.2 **“Appointed Date”** means April 1, 2016 or such other date as may be approved by the Hon’ble High Court of Judicature at Bombay;
- 1.3 **“Board”** means the Board of Directors of the Transferor Company or the Transferee Company or both as the context may require and includes a committee duly constituted by



the Board of Directors and authorised thereby for the purpose on matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto;

- 1.4 **“Court” or “High Court”** means the Hon’ble High Court of Judicature at Bombay under the Companies Act, 1956 or such other Tribunal (i.e.) the National Company Law Tribunal (“NCLT”) & the National Company Law Appellate Tribunal (“NCLAT”) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 240 of the Companies Act, 2013;
- 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 date on which the certified copies of the Orders of High Court of Judicature at Bombay under Sections 391 to 394 of the Act or corresponding authority as per provisions of the Companies Act, 2013, sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company. References in this Scheme to the words “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;
- 1.7 **“The Transferee Company” or “RCom”** means Reliance Communications Limited, a public listed company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number L45309MH2004PLC147531, and whose registered office is situated at H Block, 1stFloor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai 400 710;
- 1.8 **“The Transferor Company” or “RTL”** means Reliance Telecom Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U51909MH2006PLC166165, and whose registered office is situated at H Block, 1stFloor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai 400 710;



- 1.9 **“Remaining Business”** means all the business, units, divisions, and their respective assets, licenses and liabilities of the Transferor Company, other than those forming part of the Telecom Undertaking pursuant to this Scheme;
- 1.10 **“Registrar of Companies”** means the Registrar of Companies, Mumbai;
- 1.11 **“Scheme”** or **“the Scheme”** or **“this Scheme”** or **“Scheme ofArrangement”** means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Judicature at Bombay or this Scheme with such modification(s), if any made, as per Clause 17 of the Scheme;
- 1.12 **“Stock Exchanges”** shall mean the BSE Limited and the National Stock Exchange of India Limited where the Equity Shares of RComare listed;
- 1.13 **“Telecom Undertaking”** means the telecom business undertaking of the Transferor Company on a going concern basis, consisting Licenses as set out in Schedule 1 and shall include;
- (a) the movable properties including plant and machinery, equipment, stocks and inventory, other movable properties, in possession or reversion, present of whatsoever nature belonging to the Transferor Company in relation to the Telecom Undertaking , powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc, all earnest monies and / or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the Telecom Undertaking and approvals of whatsoever nature and where-so-ever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company in relation to the Telecom Undertaking



as on the Appointed Date;

- (b) without prejudice to the generality of the clause (a) above, the assets of the Telecom Undertaking shall also include the following which relate to the Telecom Undertaking; all permits, licenses and Unified License issued by DoT as set out in Schedule I, access spectrum , microwave access, backhaul spectrum and other resources allocated in relation to the Telecom Undertaking, authorization and any other licenses, approvals, clearances, authorities, quotas, allocations granted to the Transferor Company, all municipal approvals, permission for establishing cellular towers (including cell site licences) or receiving stations or any broadband and / or approvals for bandwidth, authorizations, statutory rights, permissions, registrations, certificates, consents, authorities (including for the operation of bank accounts), powers of attorneys, if any, the concerned licensor and grantors of such approvals, clearances, permissions, approvals, arrangements, authorizations, benefits, concessions, rights and benefits of all contracts, agreements, allotments, consents, quotas, rights, easements, engagements, exemptions, entitlements, advantages of whatsoever nature and howsoever named, patents, copyrights, designs permits powers of every kind, nature and description whatsoever, properties, movable, in possession or reversion, present or contingent of whatsoever nature and where-so-ever situated, liberties, ownerships rights and benefits, earnest moneys, if any; all other rights and benefits, licenses, powers, privileges and facilities of every kind, nature and description whatsoever; right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipment, titles, all other utilities, benefits of all agreements, contracts, government contracts, memoranda of understanding, project service agreement, prequalification, applications, bids, tenders, letters of intent, concessions, agreements, non-possessory contractual rights or any other contracts, development rights, CENVAT Credit, allocated deferred tax, including deferred sales tax, funds belonging to, proposed to be utilised by the Telecom Undertaking and arrangements and all other interest in connection with or relating to the Telecom Undertaking on the Appointed Date (“Licenses”);
- (c) The debts, obligations and liabilities of the Transferor Company in relation to the Telecom Undertaking comprising of, only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date and, (a) which arise out of the activities or operations of the Transferor Company appertaining to or relating to the Telecom Undertaking and such other debts, liabilities, duties, (b) obligations



arising of contracts and/or agreements of the Transferor Company relating to the Telecom Undertaking; and (c) general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-Tax Act, 1961 whether secured and unsecured and the specific contingent liabilities pertaining to or relating to the Telecom Undertaking;

- (d) all employees of the Transferor Company substantially engaged in the Telecom Undertaking as determined by the Board of Directors of the Transferor Company;
- (e) all necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer program, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details 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 relating to the Telecom Undertaking; and
- (f) all legal, tax, regulatory, quasi-judicial, administrative proceedings, suits, appeals, applications or other proceedings of whatsoever nature initiated by or against the Transferor Company in connection with the Telecom Undertaking.

It is clarified that the Telecom Undertaking does not include the assets, liabilities and obligations forming part of the Remaining Business;

Explanation: Whether any particular asset, liability or reserve should be included as asset, liability or reserve of the Telecom Undertaking or otherwise shall be decided mutually by the Directors or any committee thereof of the Transferor Company and the Transferee Company

- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification(s) or re-enactment(s) thereof from time to time.



2. SHARE CAPITAL

2.1 The share capital structure of the Transferor Company as on March 31, 2016 is as follows:

| Particulars | Amount in INR |
|-------------------------------------------------------------------------------------------------------|----------------------|
| Authorised Share Capital | |
| 120,000,000 Equity Shares of Rs 10 each | 120,00,00,000 |
| 100,000,000 Preference Shares of Rs 10 each | 100,00,00,000 |
| 280,000,000 Unclassified Shares of Rs 10 each | 280,00,00,000 |
| Total | 500,00,00,000 |
| Issued, Subscribed and Paid-Up | |
| 85,000,000 Equity Shares of Rs 10 each | 85,00,00,000 |
| 45,000,000 1% Non Convertible, Non Cumulative, Redeemable Preference Shares of Rs 10 each fully paid | 45,00,00,000 |
| 13,477,000, 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Rs 10 each fully paid | 13,47,70,000 |
| Total | 143,47,70,000 |

Subsequent to March 31, 2016, upto the date of the Scheme being approved by the Board of Directors of the Transferor Company there is no change in authorised, issued, subscribed and paid-up share capital of the Transferor Company.

The Transferor Company is a wholly owned subsidiary (WOS) of the Transferee Company. Entire equity share capital of Transferor Company is held by Transferee Company (78.80%) and its wholly owned subsidiary, Reliance Infocomm Infrastructure Limited ("RIIL") (21.20%). RIIL is also a wholly owned subsidiary of the Company. The Transferee Company also holds 100 % of 45,000,000 1% Non Convertible, Non Cumulative, Redeemable Preference Shares of Rs 10 each fully paid of the Transferor Company aggregating to Rs. 45 crores.

2.2 The share capital structure of the Transferee Company as on March 31, 2016 is as follows:

| Particulars | Amount in INR |
|-------------------------------------------|-----------------------|
| Authorised Share Capital | |
| 5,000,000,000 equity shares of INR 5 each | 25,000,000,000 |
| Total | 25,000,000,000 |
| Issued and Subscribed | |
| 248,89,79,745 equity shares of INR 5 each | 12,444,898,725 |
| Total | 12,444,898,725 |



The equity shares of the Transferee Company are listed on the Stock Exchanges and its global depository receipts are listed on the Luxembourg Stock Exchange. The issued and paid-up share capital includes 10,791,853 (ten million seven hundred ninety one thousand eight hundred and fifty three) equity shares represented by the global depository receipts as on 31st March 2016. Subsequent to 31st March 2016, as on the date of the Scheme being approved by the Board of Directors of the Transferee Company there is no change in authorized, issued, subscribed and paid-up equity share capital of the Transferee Company.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme set out herein along with the modification(s) proposed, if any, by the High Court / appropriate authority, shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

4. DEMERGER AND VESTING OF THE TELECOM UNDERTAKING

4.1 With effect from the Appointed Date, the Telecom Undertaking shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other provisions of the Act and without any further act, deed, matter or thing be transferred and vested from the Transferor Company and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Transferee Company, on a going concern basis, such that the Telecom Undertaking shall without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, licenses, permits, registrations, quotas, allocations, investments and liabilities of the Transferee Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme.

4.2 Without prejudice to the generality of Clause 4.1 above and upon coming into effect of the Scheme, the entire business and undertaking of the Telecom Undertaking including the properties, claims, title, interest, assets of whatsoever nature such as Licenses, registrations, quotas, allocations and all other right, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and where-so-ever situated and forming part of the Telecom Undertaking, pursuant to the provisions of Section 394 of the Companies Act, 1956, and other applicable provisions, if any, of the Act and pursuant to



the order of the High Court sanctioning this Scheme and without any further act or deed or instrument, be and stand transferred to and vested in the Transferee Company as a going concern.

- 4.3 With effect from the Appointed Date, the demerger and vesting of the Telecom Undertaking under this Scheme has been proposed in compliance with the provisions of Section 2(19AA) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said Section. Such modification will however not affect the other parts of the Scheme.
- 4.4 With effect from the Appointed Date and upon the Scheme becoming effective, all the immovable properties of the Telecom Undertaking, whether freehold or leasehold and any documents of title and rights thereto shall stand transferred and vested in Transferee Company and shall become the property and integral part of the Transferee Company, without any further act, instrument or deed required by either of the Transferee Company or Transferor Company and without any approval or acknowledgement of any third party.
- 4.5 In respect of such of the assets and properties forming part of the Telecom Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and / or delivery, the same shall stand transferred by the Transferor Company upon coming into effect of the Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company.
- 4.6 In respect of assets other than those dealt with in Clause 4.5 above and forming part of the Telecom Undertaking, including but not limited to sundry debts, receivables, bills, credits, loans, advances and deposits if any, pertaining to the Telecom Undertaking, whether recoverable in cash or in kind or for value to be received, the same shall stand transferred to and vested in the Transferee Company without any notice or other intimation to any Person in pursuance of the provisions of the Sections 391 to 394 of the Companies Act, 1956, read with other relevant provisions of the Act to the end and intent that the right of the Transferor Company to recover or realise the same stands transferred to the Transferee



Company. The Transferee Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred and vested in the Transferee Company and that appropriate modification should be made in their respective books / records to reflect the aforesaid changes and the Transferor Company shall provide all necessary assistance required in this regard.

- 4.7 Upon the coming into effect of the Scheme, all debt, obligations and liabilities relating to the Telecom Undertaking which arose out of the activities or operations of the Telecom Undertaking and general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-Tax Act, 1961 shall without any further act or deed be and stand transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such reserves, debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

5. PERMITS AND REGULATORY APPROVAL

- 5.1 With effect from the Appointed Date, Licenses be transferred to and vested in the Transferee Company and the concerned licensor and grantors of such Licenses shall endorse where necessary, and record the Transferee Company on such Licenses so as to empower and facilitate the approval and vesting of the Telecom Undertaking of the Transferor Company in the Transferee Company and continuation of operations pertaining to the Telecom Undertaking of the Transferor Company in the Transferee Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The benefit of all Licenses, statutory and regulatory, including tax registrations, permissions or approvals or consents required to



carry on the operations of the Telecom Undertaking shall without any other order to this effect, vest into and become available to the Transferee Company pursuant to the sanction of this Scheme.

- 5.2 The Transferor Company in relation to the Telecom Undertaking may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Telecom Undertaking shall stand transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the consumer products business, to the extent statutorily available, shall be claimed by the Transferee Company.
- 5.3 In so far as the immovable properties pertaining to the Telecom Undertaking held by the Transferor Company is concerned, parties shall register the true copy of the order of the High Court approving the Scheme or if so required or advised conveyance deed(s) entered into by the Transferor Company and Transferee Company for the purpose of transferring the immovable properties, as the case may be, with the offices of the relevant sub-registrar of assurance or similar registering authority. All the rights of the Transferor Company in such immovable properties of the Telecom Undertaking shall on the Scheme becoming effective stand transferred to the Transferee Company and where required such authorities shall make necessary mutation entries and changes in the land or revenue or other applicable records to reflect the name of the Transferee Company as owner of the immovable properties.
- 5.4 The Transferee Company hereby undertakes that any demand raised for pre-demerger period of Transferor Company or Transferee Company shall be paid to DoT except for one time Spectrum Charges, AGR definition related charges (License Fee and Spectrum Usage Charges) or any other charge of Transferor Company and Transferee Company, stayed by the court of law shall be subject to outcome of decision of such litigation.

6. CONTRACTS

Save as provided under this Scheme, upon coming into effect of this Scheme and subject to the provisions of this Scheme, all Contracts, agreements, undertakings, arrangements



and understandings which relate exclusively to the Telecom Undertaking or of which any part exclusively relates, and which are expressly included in the Telecom Undertaking, in each case to the extent that on the Effective Date the same remain to be completed or performed, to which the Transferor Company is a party or to the benefits of which the Transferor Company may be eligible, shall be in full force and effect on and against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

- 6.2 The Parties acknowledge that upon the Scheme coming into effect, as a result of the approval of this Scheme by the High Courts, all the Contracts will be assigned, novated and/or transferred to the Transferee Company to the extent that such Contracts can be assigned, novated and/or transferred by the Transferor Company to the Transferee Company without Third Party Consent.

7. CONSIDERATION

The Transferor Company is a wholly owned subsidiary of the Transferee Company. Entire equity share capital of Transferor Company is held by Transferee Company (78.80%) and its wholly owned subsidiary, Reliance Infocomm Infrastructure Limited ("RIIL") (21.20%). RIIL is also a wholly owned subsidiary of the Transferee Company. The Scheme is intended to transfer the Telecom Undertaking from the wholly owned subsidiary to its holding company and does not involve any movement of assets or liabilities to any company outside the group. Upon the Scheme becoming effective, inter alia in recognition of the fact that the Act prohibits allotment of shares by a holding company to its subsidiary company, no shares of the Transferee Company shall be allotted in lieu or exchange of the holding of RIIL in the Transferor Company. Hence, the Transferee Company is not required to pay or provide for any consideration and therefore Transferee Company is not issuing any shares or paying any consideration, directly or indirectly, to either the Transferor Company or its shareholders.

8. ACCOUNTING TREATMENT

8.1 Accounting treatment in the books of the Transferor Company:

- 8.1.1 The Transferor Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Telecom Undertaking vested in the Transferee



Company pursuant to this Scheme at their respective book values as appearing on the close of business day immediately preceding the Appointed Date.

8.1.2 The difference between book value of assets and the book value of liabilities of the Telecom Undertaking and demerged from the Transferor Company pursuant to this Scheme shall be adjusted against capital reserves in the books of the Transferor Company.

8.2 In the books of the Transferee Company:

8.2.1 Upon the coming into effect of this Scheme, the Transferee Company shall record the assets and liabilities of the Telecom Undertaking at their respective book values as on the Appointed Date.

8.2.2 The difference between value of assets and liabilities of the Telecom and after adjusting for diminution, if any, in the value of investment (i.e. equity and preference) of the Transferee Company in the Transferor Company shall be deemed to comprise and be recorded, in its capital reserve..

8.2.3 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Telecom Undertaking of the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in its capital reserve.

9. CARRYING ON THE BUSINESS OF THE TELECOM UNDERTAKING UNTIL THE EFFECTIVE DATE

9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Telecom Undertaking for and on account of and in trust for the Transferee Company.

9.2 All profits accruing to the Transferor Company or losses including tax losses, arising or incurred by the Transferor Company in relation to the Telecom Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as profit or loss, as the case may be, of the Transferee Company.



- 9.3 All assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the Telecom Undertaking or pertaining to the Telecom Undertaking shall be deemed to have been acquired in trust for and on behalf of the Transferee Company, and shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.
- 9.4 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Telecom 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 the Transferee Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.
- 9.5 The Transferor Company hereby confirms that it shall continue, from the date of the filing of the Scheme and up to the Effective Date, to preserve and carry on the Telecom Undertaking with due diligence and prudence.

10. LEGAL PROCEEDINGS

- 10.1 With effect from the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("**Proceedings**") by or against the Transferor Company under any statute, whether pending on the Appointed Date, relating to the Telecom Undertaking, shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company. In the event that such liability is incurred or such claim or demand is made upon the Transferor Company pertaining to the Telecom Undertaking (or any successor thereof), then the Transferee Company shall reimburse and



indemnify the Transferor Company (or any successor thereof) for any payments made in relation to the same.

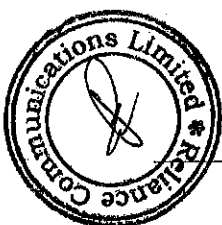
10.2 The Transferee Company undertake to have all respective legal or other proceedings initiated by or against the Transferor Company as referred above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Transferor Company

10.3 Any Proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date, 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 the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company.

11. **CONTRACTS, LICENSES, APPROVALS AND PERMITS**

11.1 With effect from the Appointed Date on coming into effect on the Effective Date and subject to the provisions of this Scheme, all licenses, approvals or permits, whether governmental or otherwise, contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Telecom Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of, as the case may be, vest in the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

11.2 Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Telecom Undertaking with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement, to which the Transferor Company is a party, or



any writings as may be necessary, to be executed merely in order to give formal effect to the above provisions. The Transferor Company shall, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

- 11.3 Any statutory and other licenses, registrations, permissions, approvals or consents to carry on the operations whether issued by statutory and other authorities of the Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory and other authorities concerned in favour of the Transferee Company upon the Scheme becoming effective. The benefit of all such statutory and regulatory permissions, and consents, shall vest in and become available to the Transferee Company pursuant to this Scheme. Since each of the statutory and other licenses, registrations, permissions, approvals or consents shall stand transferred by the order of the High Court to the Transferee Company, the Transferee Company shall file the relevant intimations for the record of the statutory and other authorities who shall take them on file pursuant to the vesting orders of the High Court.
- 11.4 It is hereby clarified that if any licenses, approvals, permits, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Telecom Undertaking to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company.
- 11.5 Any and all transactions between the Transferor Company and the Transferee Company between the Appointed Date and Effective Date which have the effect of being consummated only upon the Scheme coming into effect, shall accrue with effect from the Effective Date and any and all compliances with respect to such transactions shall be applicable from the Effective Date.



12. EMPLOYEES

- 12.1 All the employees of the Transferor Company who are exclusively part of the Telecom Undertaking shall stand transferred to the Transferee Company on terms and conditions which shall not be less favourable than the terms and conditions of employment offered by the Transferor Company and existing till the Appointed Date (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and/ or any other retirement benefits) without any interruption in service as a result of transfer of the Telecom Undertaking of the Transferor Company to the Transferee Company.
- 12.2 The Transferee Company agrees that the services of all such employees (as mentioned in Clause 12.1 above) with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity fund plans, provident fund plans, superannuation fund plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company who were part of the Telecom Undertaking.
- 12.3 The existing provident fund, superannuation and gratuity fund, incentives, if any, of which the aforesaid employees of the Transferor Company who are part of the Telecom Undertaking (being transferred under Clause 12.1 above to the Transferee Company), are members or beneficiaries, along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Transferee Company for the benefit of such employees on the same terms and conditions. All benefits and schemes being provided to the transferred employees will be treated as having been continuous and uninterrupted for the purpose of the aforesaid schemes. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Transferor Company, would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by the Transferee Company. In case necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Transferor Company as a trustee from the Effective Date till the date of actual transfer and on receiving the approvals, all the



accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company in accordance with the approvals that have been obtained.

13. SAVINGS OF CONCLUDED TRANSACTIONS

13.1 The demerger and vesting of the assets, liabilities and obligations of the Telecom Undertaking as per this Scheme, and the continuance of the proceedings by or against the Transferee Company under Clause 10 hereof shall not affect any transaction or proceedings already completed by the Telecom Undertaking on or after the Appointed Date but before the Effective Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

14. DIVIDEND

14.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividend, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

15. TREATMENT OF TAXES

15.1 All taxes (including income tax, sales tax, service tax, etc.) paid or payable by the Transferor Company, in respect of the operations and/ or the profits of the Telecom Undertaking before the Appointed Date, shall be on account of the Transferor Company, and insofar as it relates to the tax payment (including, without limitation, sales tax, income tax, service tax etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Telecom Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

15.2 Without prejudice to the generality of the foregoing on and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the Telecom Undertaking is received in the name of the Transferor Company, it shall be



deemed to have been received by the Transferee Company which alone shall be entitled to claim credit for such tax deducted or paid.

15.3 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company are expressly permitted to revise their respective tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Transferee Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or any other tax related compliances or filings of forms.

15.4 The service tax paid by the Transferor Company under the Finance Act, 1994 in respect of services provided by the Telecom Undertaking for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Transferee Company, and credit for such service tax shall be allowed to the Transferee Company notwithstanding that challans for service tax payments are in the name of the Transferor Company and not in the name of the Transferee Company.

16. SECURITY CHARGE AGAINST LOANS

It is provided that unless otherwise determined by the Board of Directors of the Transferor Company and the Transferee Company, the security or charge relating to existing loans, borrowings or debentures of the Transferor Company, in relation to the Transferred Divisions shall without any further act or deed continue to relate to the existing security, whether forming part of the Transferred Divisions or not after the Effective Date irrespective of the fact that the asset being offered as security may be part of the Transferor Company or the Transferee Company.

PART III

GENERAL TERMS & CONDITIONS

17. APPLICATION TO HIGH COURT

The Transferor Company and the Transferee Company shall as may be required make applications and/or petitions under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court of Judicature at Bombay for sanction of this Scheme and all matters ancillary or incidental thereto.



18. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

- 17.1 Subject to approval of High Court, the Transferee Company and the Transferor Company with the approval of their respective Boards of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that the Hon'ble Court or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of the Transferee Company and the Transferor Company to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards of Directors or any person authorised in that behalf by the concerned Board of Directors subject to approval of the Hon'ble Court or any other authorities under applicable law.

19. CONDITIONALITY OF THE SCHEME

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

- 19.1 The Scheme being approved by the requisite majorities in number and value of the members and / or creditors of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable;
- 19.2 The Scheme being approved by the Bombay Stock Exchange and National Stock Exchange under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 19.3 Receipt of written approval from the Department of Telecommunications ("DoT"), either unconditionally or in a form and substance satisfactory to the Transferor Company and Transferee Company (each acting reasonably) with respect to the transactions envisaged under this Scheme and any conditions contained in such approval required to be met taking place whether through the action of the Transferee Company or the Transferor Company;



- 19.4 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, other than as mentioned above in this Clause, which by law or otherwise may be necessary for the implementation of this Scheme;
- 19.5 The sanction of the High Court under Sections 391 to 394 of the Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order under Section 394 of the Act being obtained;
- 19.6 Certified copies of the Orders of the High Court of Judicature at Bombay sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company.

20. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the Bombay High Court or such other competent authority and / or the Order not being passed as aforesaid before March 31, 2017 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

21. REPEALS AND SAVINGS

Any matter filed with Registrar of Companies, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under the Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar of Companies, Regional Director or the Central Government, as the case may be, in terms of the Act. Any direction or order given by the Hon'ble High



Court under the provisions of the Act and any act done by the Transferee Company and the Transferor Company, based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the Companies Act, 2013. Accordingly, the provisions of the Companies Act, 2013, shall not apply to acts done by the Transferee Company and the Transferor Company and as per direction or order of the Hon'ble High Court sanctioning the Scheme.

22. SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

23. COSTS, CHARGES AND EXPENSES

23.1 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 borne by the Transferor Company and the Transferee Company respectively.



Schedule 1 - Telecom Licenses

| Sr No | Name of License/ Service authorisation (Type of Service) | Service area | No. and date of license/ authorisation |
|--------------|-----------------------------------------------------------------|---------------------|-----------------------------------------------|
| 1. | Unified License | | 20-473/2015 AS-I/ dated 17th August' 2015 |
| a. | Authorisation for Access Service | Bihar | 12.12.2015 |
| b. | Authorisation for Access Service | West Bengal | 12.12.2015 |
| c. | Authorisation for Access Service | Orissa | 12.12.2015 |
| d. | Authorisation for Access Service | Madhya Pradesh | 12.12.2015 |
| e. | Authorisation for Access Service | Himachal Pradesh | 12.12.2015 |

