

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

BHARTI AIRTEL LIMITED

(TRANSFEROR COMPANY 1)

AND

BHARTI AIRTEL SERVICES LIMITED

(TRANSFEROR COMPANY 2)

AND

HUGHES COMMUNICATIONS INDIA LIMITED

(TRANSFeree COMPANY 1)

AND

HCIL COMTEL LIMITED

(TRANSFeree COMPANY 2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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



PREAMBLE

(A) BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THIS SCHEME

1. This Scheme is presented pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the: (a) transfer of the VSAT Undertaking 1 of the Transferor Company 1 and vesting of the same with the Transferee Company 1; and (b) transfer of the VSAT Undertaking 2 of the Transferor Company 2 and vesting of the same with the Transferee Company 2, both on a going concern basis by way of a Slump Sale in accordance with section 2(42C) of the IT Act.

Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. **Bharti Airtel Limited**, the Transferor Company 1, is a public limited company incorporated on July 7, 1995 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L74899DL1995PLC070609 and having its registered office situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070. The equity shares of the Transferor Company 1 are listed on the Stock Exchanges.
3. The Transferor Company 1 is engaged in the business of providing global telecommunication services with operations in 17 (seventeen) countries across Asia and Africa. In India, the Transferor Company 1's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national and international long distance services to carriers. It has Unified License to operate in Punjab, Himachal Pradesh, Karnataka, Andhra Pradesh, Delhi and Kolkata and Unified Access Service License in remaining circles except in Rajasthan and North-Eastern Circle. In the rest of the geographies, it offers various services such as 2G, 3G and 4G wireless services and mobile commerce.
4. **Bharti Airtel Services Limited**, the Transferor Company 2, is a public limited company incorporated on December 5, 1997 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as U64201DL1997PLC091001 and having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070.
5. The Transferor Company 2 is, *inter alia*, engaged in the business of supplying hardware and related services for telecommunication networks including very small aperture terminal (VSAT) related telecommunication services in India.
6. **Hughes Communications India Limited**, the Transferee Company 1, is a public limited company incorporated on March 17, 1992 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as U64202DL1992PLC048053 and having its registered office situated at 1, Shivji Marg, Westend Greens, NH-8, New Delhi - 110037.
7. The Transferee Company 1 is one of India's premier networking companies and is India's largest satellite service operator, offering broadband services under the "Hughes" brand. Its customers include large enterprises and small and medium businesses across various verticals, and consumers. The solutions offered include networking, system integration, managed network services, security



transaction services, intranet, internet, broadband kiosks and interactive distance education.

8. **HCIL Comtel Limited**, Transferee Company 2, is a public limited company incorporated on September 13, 2007 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as U32204DL2007PLC168125 and having its registered office at 1, Shivji Marg, Westend Greens, NH-8, New Delhi - 110037.
9. The Transferee Company 2 is engaged in the business of supplying hardware and related services for telecommunication networks including very small aperture terminal (VSAT) related telecommunication services in India.

(B) RATIONALE AND BENEFITS OF THIS SCHEME

The rationale for, and the benefits of, the transfer of the VSAT Undertakings of the Transferor Company 1 and the Transferor Company 2 and vesting of the same with the Transferee Company 1 and the Transferee Company 2, respectively, both on a going concern basis by way of a Slump Sale as envisaged under this Scheme are, *inter alia*, as follows:

- (a) expanding the businesses of the Transferee Companies in the growing markets of India, thereby creating greater value for the shareholders/ stakeholders of the Transferee Companies;
- (b) consolidation of the VSAT businesses of the Transferor Companies with those of the Transferee Companies;
- (c) availability of increased resources and assets which can be utilized for strengthening the customer base of the Transferee Companies and servicing existing as well as prospective customers of the Transferee Companies, innovatively and efficiently;
- (d) the combination of the VSAT Undertakings with the Transferee Companies is a strategic fit for serving existing markets and for catering to additional volume linked to new consumers;
- (e) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the technologies and resources of the VSAT Undertakings and the Transferee Companies thereby significantly contributing to future growth and maximizing shareholder value of the Companies; and
- (f) increase in customer base and also acquisition of new customers by the Transferee Companies.

This Scheme is in the best interests of the shareholders, employees and creditors of each of the Companies.



(C) **PARTS OF THIS SCHEME**

This Scheme is divided into the following parts:

- | | | |
|---------------|---|--|
| PART A | - | Definitions and Share Capital; |
| PART B | - | Transfer of the VSAT Undertaking 1 of the Transferor Company 1 and vesting of the same with the Transferee Company 1, on a going concern basis by way of a Slump Sale; |
| PART C | - | Transfer of the VSAT Undertaking 2 of the Transferor Company 2 and vesting of the same with the Transferee Company 2, on a going concern basis by way of a Slump Sale; and |
| PART D | - | General Terms and Conditions. |



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PART A

1. DEFINITIONS

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1 “**Accounting Standards**” means the Indian Accounting Standards as notified under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and the other accounting principles generally accepted in India;
- 1.2 “**Act**” means the Companies Act, 2013 and shall include the provisions of the Companies Act, 1956, to the extent the corresponding provision in the Companies Act, 2013 has not been notified;
- 1.3 “**Applicable Law(s)**” means: (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any governmental authority; and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.4 “**Appointed Date**” means the commencement of the calendar day falling immediately after the Effective Date;
- 1.5 “**Asset(s)**” mean and include without limitation, all assets or properties of every kind, nature, character and description whether movable, immovable, tangible, intangible, whether owned or leased or otherwise acquired by and in lawful possession of the Transferor Companies, used in or pertaining to or relatable to the respective VSAT Undertakings or such assets as mutually agreed in writing between the Companies and including, without limitation, those listed in Schedule I of this Scheme;
- 1.6 “**Board**” or “**Board of Directors**” means the respective board of directors of the Companies and shall, unless repugnant to the context, include a committee of directors or any person authorized by the Board or such committee of directors;
- 1.7 “**Companies**” means the Transferor Company 1, the Transferor Company 2, the Transferee Company 1 and the Transferee Company 2, collectively;
- 1.8 “**DoS**” means the Department of Space, Government of India;
- 1.9 “**DoT**” means the Department of Telecommunications, Government of India;
- 1.10 “**Effective Date**” means the end of the day when the certified copy of the NCLT’s order sanctioning this Scheme is filed by all the Companies with the Registrar of Companies, National Capital Territory of Delhi & Haryana, or the end of the day mutually agreed in writing between the Companies upon the completion of all conditions precedent that are mutually agreed in writing



between the Companies, whichever is later;

Any reference in this Scheme to “**upon this Scheme becoming effective**” or “**upon the effectiveness of this Scheme**” shall be a reference to the Effective Date;

- 1.11 “**Encumbrance**” means any restriction of any kind, mortgage, pledge, security interest, lien, charge, debenture, hypothecation, assignment by way of security, conditional sales contract, pre-emption right, option, title defect, adverse claim on title and any other encumbrance or third party right or claim of any kind or any agreement to create any of the above;
- 1.12 “**Excluded Liabilities**” means all Liabilities of the VSAT Undertakings as of the Effective Date, save and except VSAT Undertaking 1 Transferring Liabilities and VSAT Undertaking 2 Transferring Liabilities, as applicable, and Excluded Liabilities includes, without limitation, the following:
- (i) amounts designated as “Debt” in the Functional Balance Sheets of the VSAT Undertakings as of the Effective Date;
 - (ii) any litigation, arbitration proceeding, claim, action (including any proceedings and existing proceedings but other than Transferring Litigations) resulting from the business and operations of, or relating to, the VSAT Undertakings pertaining to a period prior to Effective Date;
 - (iii) all liabilities, including on account of taxes, pertaining to the VSAT Undertakings in respect of the period prior to the Effective Date; and
 - (iv) any liability on account of the Transferor Companies not having obtained the no-objection certificates, as contemplated in Section 281 of the Income Tax Act, 1961 in respect of the transfer of the VSAT Undertakings to the Transferee Companies.
- 1.13 “**Functional Balance Sheet**” means the balance sheet in accordance with the accounting policies and the general procedures, in each case as mutually agreed in writing between the Companies. For the avoidance of doubt, the Functional Balance Sheet of the VSAT Undertakings and the Transferee Companies shall be prepared using the audited standalone and consolidated financial statements/accounts prepared by respective external statutory auditors as at March 31, 2018 and will be replaced with actual numbers as at the Effective Date in accordance with terms mutually agreed in writing between the Companies;
- 1.14 “**Goodwill**” means the goodwill of the Transferor Companies in relation to the VSAT Undertakings together with the exclusive right for the Transferee Companies to carry on the business of the Transferor Companies pertaining to their VSAT Undertakings and all other commercial rights relatable thereto and to represent itself as carrying on the business of Transferor Companies pertaining to their VSAT Undertakings in succession to the Transferor Companies;
- 1.15 “**Intellectual Property**” means and includes all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, moral rights, confidential processes, patents, inventions and any other intellectual property or proprietary rights (including rights in computer software) to the extent being used in relation to the VSAT Undertakings, in each case whether registered or unregistered and including applications for the registration or grant of any such rights and any and all forms of protection having equivalent or similar effect anywhere in the world, excluding any and all intellectual properties owned by the Transferor Companies not exclusively pertaining to the VSAT



Undertakings;

- 1.16 “**IT Act**” means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.17 “**Liability(ies)**” means liabilities of every kind, nature and description, whether present or future, whether or not required to be reflected on a balance sheet in accordance with applicable accounting standards and includes contingent liabilities, secured loans, unsecured loans, borrowings, statutory liabilities (including those under taxation laws and stamp duty laws), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature;
- 1.18 “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 1.19 “**NCLT**” means the bench of the National Company Law Tribunal at New Delhi and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act;
- 1.20 “**Residual Undertaking 1**” means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company 1 subsequent to the transfer of the VSAT Undertaking 1 to the Transferee Company 1 in terms of and upon the effectiveness of this Scheme;
- 1.21 “**Residual Undertaking 2**” means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company 2 subsequent to the transfer of the VSAT Undertaking 2 to the Transferee Company 2 in terms of and upon the effectiveness of this Scheme;
- 1.22 “**Rs.**” means Rupees being the lawful currency of the Republic of India;
- 1.23 “**Scheme**” means this composite scheme of arrangement in its present form, or with any modification(s), as may be approved or directed by the NCLT;
- 1.24 “**SEBI**” means the Securities and Exchange Board of India;
- 1.25 “**SEBI Circular**” mean the circular dated March 10, 2017 issued by SEBI bearing No. CFD/DIL3/CIR/2017/21, including any amendments or modifications thereto;
- 1.26 “**Slump Sale**” means the sale of an undertaking on a going concern basis as defined under section 2(42C) of the IT Act, for a lump sum consideration without values being assigned to the individual assets and liabilities;
- 1.27 “**Stock Exchanges**” means the National Stock Exchange of India Limited and the BSE Limited, collectively;
- 1.28 “**Transferee Companies**” means the Transferee Company 1 and the Transferee Company 2, collectively;
- 1.29 “**Transferee Company 1**” means Hughes Communications India Limited, a public limited company incorporated on March 17, 1992 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as U64202DL1992PLC048053 and having its registered



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office situated at 1, Shivji Marg, Westend Greens, NH-8, New Delhi – 110037, India;

- 1.30 **“Transferee Company 2”** means HCIL Comtel, a public limited company incorporated on September 13, 2007 under the laws of India, having Corporate Identification Number (CIN) as U32204DL2007PLC168125 and having its registered office at 1, Shivji Marg, Westend Greens, NH-8, New Delhi – 110037, India;
- 1.31 **“Transferor Companies”** means the Transferor Company 1 and Transferor Company 2, collectively;
- 1.32 **“Transferor Company 1”** means Bharti Airtel Limited, a public limited company incorporated on July 7, 1995 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L74899DL1995PLC070609 and having its registered office situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070, India. The equity shares of the Transferor Company 1 are listed on the Stock Exchanges;
- 1.33 **“Transferor Company 2”** means Bharti Airtel Services Limited, a public limited company incorporated on December 05, 1997 under the laws of India, having Corporate Identification Number (CIN) as U64201DL1997PLC091001 and having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070, India;
- 1.34 **“VSAT”** means very small aperture terminal;
- 1.35 **“VSAT Undertaking 1”** means the entire VSAT business undertaking, activities and operations of the Transferor Company 1 comprising of and including, as deemed fit, the Transferor Company 1’s unified license granted by the DoT to provide VSAT services, to be transferred to the Transferee Company 1 on a going concern basis by way of a Slump Sale. Without prejudice and limitation to the generality of the above, the VSAT Undertaking 1 means and includes without limitation, the following items:
- (i) All Assets of the Transferor Company 1 wherever situated, including but not limited to, the past track record, experience, credentials and market share of the Transferor Company 1 relating to the VSAT Undertaking 1, free from all Encumbrances;
 - (ii) all rights and licenses, all assignments and grants thereof, all permits, clearances and registrations by whatever name called, whether under central, state or other laws and/ or rules or whether granted by any municipal body/ authority, panchayat body/ authority or any other authority including a development authority, all rights (including rights/obligations under agreement(s) entered into with various persons including independent consultants, subsidiaries/ associate/joint venture companies and other shareholders of such subsidiary/ associate/joint venture companies, contracts, applications, letters of intent, memorandum of understandings or any other contracts including all contracts/ purchase orders with customers and all contracts/ purchase orders with vendors), non-disposal undertakings, certifications and approvals, regulatory approvals, entitlements, other licenses, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), advances, recoverables, receivables, advantages, hire purchase and lease arrangements, funds belonging to or proposed to be utilised for the VSAT Undertaking 1, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the VSAT Undertaking 1;



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- (iii) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the VSAT Undertaking 1;
 - (iv) any and all earnest monies and/ or security deposits, or other entitlements in connection with or relating to the VSAT Undertaking 1;
 - (v) VSAT Undertaking 1 Employees;
 - (vi) only Transferring Litigations;
 - (vii) all VSAT Undertaking 1 Transferring Liabilities and no other Liabilities;
 - (viii) Goodwill; and
 - (ix) any other Asset specifically allocated by the Board of Directors of the Transferor Company 1 as relating to or belonging to the VSAT Undertaking 1.
- 1.36 **"VSAT Undertaking 1 Employees"** means the employees of the Transferor Company 1 that are engaged in or who relate to the VSAT Undertaking 1 and have been accordingly identified mutually in writing between the Companies;
- 1.37 **"VSAT Undertaking 1 Transferring Liability(ies)"** means all amounts designated as deferred revenue, trade and other payables (trade payables, accruals and provisions) in the Functional Balance Sheets of the VSAT Undertaking 1 as of the Effective Date but shall not include the Excluded Liabilities;
- 1.38 **"VSAT Undertaking 2 Transferring Liability(ies)"** means all amounts designated as deferred revenue, trade and other payables (trade payables, accruals and provisions) in the Functional Balance Sheets of the VSAT Undertaking 2 as of the Effective Date but shall not include the Excluded Liabilities;
- 1.39 **"Transferring Liabilities"** means the VSAT Undertaking 1 Transferring Liability(ies) and the VSAT Undertaking 2 Transferring Liability(ies), collectively;
- 1.40 **"Transferring Litigations"** means: (a) Union of India (through GoI, Antariksh Bhawan) v. Bharti Airtel Limited, (Telecom Petition 227 of 2018) before Telecom Disputes Settlement and Appellate Tribunal (including any Proceedings arising therefrom); and (b) DoT v. BPL Mobile Cellular Ltd. & Others (including Comsat Max Ltd.) (Civil Appeal No. 6664-6669 of 2010) before Supreme Court of India (including any Proceedings arising therefrom); and (c) such other litigations / Proceedings relating to DoT or DoS, as may be mutually agreed in writing between the Companies;
- 1.41 **"VSAT Undertaking 2"** means the entire VSAT business undertaking, activities and operations of the Transferor Company 2 comprising of supplying hardware and related services for VSAT telecommunications services in India of the Transferor Company 2 including all aspects constituting an undertaking, such as customers, contracts, personnel, IT system, other business infrastructures related to the VSAT Undertaking 2 and other items necessary for the Transferee Company 2 to operate the VSAT Undertaking 2 independently on a going concern basis by way of a Slump Sale and includes, without limitation, the following:



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- (i) All Assets of the Transferor Company 2 wherever situated, including but not limited to, the past track record, experience, credentials and market share of the Transferor Company 2 relating to the VSAT Undertaking 2, free from all Encumbrances;
 - (ii) all rights and licenses, all assignments and grants thereof, all permits, clearances and registrations by whatever name called, whether under central, state or other laws and/ or rules or whether granted by any municipal body/ authority, panchayat body/ authority or any other authority including a development authority, all rights (including rights/obligations under agreement(s) entered into with various persons including independent consultants, subsidiaries/ associate/joint venture companies and other shareholders of such subsidiary/ associate/joint venture companies, contracts, applications, letters of intent, memorandum of understandings or any other contracts including all contracts/ purchase orders with customers and all contracts/ purchase orders with vendors), non-disposal undertakings, certifications and approvals, regulatory approvals, entitlements, other licenses, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), advances, recoverables, receivables, advantages, hire purchase and lease arrangements, funds belonging to or proposed to be utilised for the VSAT Undertaking 2, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the VSAT Undertaking 2;
 - (iii) all books, records, files, papers, governance templates and process information, records of standard operating procedures, computer programmes along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the VSAT Undertaking 2;
 - (iv) any and all earnest monies and/ or security deposits, or other entitlements in connection with or relating to the VSAT Undertaking 2;
 - (v) VSAT Undertaking 2 Employees;
 - (vi) all VSAT Undertaking 2 Transferring Liabilities and no other Liabilities
 - (vii) Goodwill; and
 - (viii) any other Asset specifically allocated by the Board of Directors of the Transferor Company 2 as relating to or belonging to the VSAT Undertaking 2.
- 1.42 **“VSAT Undertaking 2 Employees”** means the employees of the Transferor Company 2 that are engaged in or who relate to the VSAT Undertaking 2 and have been accordingly identified mutually in writing between the Companies;
- 1.43 **“VSAT Undertakings”** means the VSAT Undertaking 1 and VSAT Undertaking 2, collectively; and

The expressions, which are used but are not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the rules, regulations made thereunder), the Depositories Act, 1996, the IT Act and



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other Applicable Laws.

2. SHARE CAPITAL

2.1. Transferor Company 1

- 2.1.1. The Transferor Company 1 is a publicly listed company and its authorized, issued, subscribed and fully paid up share capital as on May 1, 2019 is as under:

Authorized share capital	Amount (Rs.)
29,50,60,00,000 equity shares of Rs. 5/- each	1,47,53,00,00,000
Total	1,47,53,00,00,000
Issued, subscribed and fully paid up share capital	Amount (Rs.)
3,99,74,00,107 equity shares of Rs. 5/- each	19,98,70,00,535
Total	19,98,70,00,535

2.2. Transferor Company 2

- 2.2.1. The authorized, issued, subscribed and fully paid-up share capital of Transferor Company 2 as on May 1, 2019 is as under:

Authorized share capital	Amount (Rs.)
10,00,000 equity shares of Rs. 10/- each	1,00,00,000
Total	1,00,00,000
Issued, subscribed and fully paid up share capital	Amount (Rs.)
1,00,000 equity shares of Rs. 10/- each	10,00,000
Total	10,00,000

2.3. Transferee Company 1

- 2.3.1. The authorized, issued, subscribed and fully paid-up share capital of the Transferee Company 1 as on May 1, 2019 is as under:

Authorized share capital	Amount (Rs.)
2,00,00,000 equity shares of Rs. 10/- each	20,00,00,000
Total	20,00,00,000
Issued, subscribed and fully paid up share capital	Amount (Rs.)
1,55,00,000 equity shares of Rs. 10/- each	15,50,00,000
Total	15,50,00,000



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2.4. **Transferee Company 2**

2.4.1. The authorized, issued, subscribed and fully paid-up share capital of the Transferee Company 2 as on May 1, 2019 is as under:

Authorized share capital	Amount (Rs.)
1,00,00,000 equity shares of Rs. 10/- each	10,00,00,000
Total	10,00,00,000
Issued, subscribed and fully paid up share capital	Amount (Rs.)
20,00,000 equity shares of Rs. 10/- each	2,00,00,000
Total	2,00,00,000



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PART B

TRANSFER OF THE VSAT UNDERTAKING 1 OF THE TRANSFEROR COMPANY 1 AND VESTING OF THE SAME WITH THE TRANSFeree COMPANY 1, ON A GOING CONCERN BASIS BY WAY OF A SLUMP SALE

1. Transfer and vesting of the VSAT Undertaking 1

- 1.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the VSAT Undertaking 1 of the Transferor Company 1 shall, free from all Encumbrances, stand transferred and vest in the Transferee Company 1, on a going concern basis by way of a Slump Sale without any requirement of a further act or deed so as to become as and from the Appointed Date, the undertaking of the Transferee Company 1, and to vest in the Transferee Company 1, all the Assets, VSAT Undertaking 1 Transferring Liabilities, rights, title or obligations of the VSAT Undertaking 1 therein, in the manner described hereunder.

2. Transfer of Assets

- 2.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all Assets relating to the VSAT Undertaking 1, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall, free from all Encumbrances, stand transferred to and vested in the Transferee Company 1 and shall become the property and an integral part of the Transferee Company 1. The vesting pursuant to this Clause 2.1 shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
- 2.2. Upon this Scheme becoming effective and with effect from the Appointed Date, all movable Assets of the Transferor Company 1 relating to the VSAT Undertaking 1, other than those specified in Clause 2.1 above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons shall without any requirement of a further act, instrument or deed become the property of the Transferee Company 1.
- 2.3. Upon this Scheme becoming effective and with effect from the Appointed Date, all Intellectual Property of the Transferor Company 1 to the extent being used in relation to the VSAT Undertaking 1 or as agreed between the Transferor Company 1 and Transferee Company 1 otherwise, shall without any requirement of any further act or deed stand transferred and vested in the Transferee Company 1. This Scheme shall serve as a requisite consent for use and transfer of Intellectual Property without requiring the execution of any further deed or document so as to transfer of the said Intellectual Property in favour of the Transferee Company 1.
- 2.4. Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferor Company 1 agrees to execute and deliver at the request of the Transferee Company 1, all papers and instruments required in respect of the Intellectual Property stated in Clause 2.3 above, to vest such rights, title and interest in the name of the Transferee Company 1 and in order to update the records of the respective registries to reflect the name and address of the Transferee Company 1 as the current owner of the Intellectual Property.



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- 2.5. Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to Assets, if any, belonging to the VSAT Undertaking 1, which require separate documents for vesting in the Transferee Company 1, or which the Transferor Company 1 and/ or the Transferee Company 1 otherwise desire to be vested separately, the Transferor Company 1 and the Transferee Company 1 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 2.6. It is hereby clarified that if any Assets (including but not limited to any estate, rights, title, interest in or authorities relating to such Assets) in relation to the VSAT Undertaking 1 which the Transferor Company 1 owns, cannot be transferred to the Transferee Company 1 for any reason whatsoever, the Transferor Company 1 shall hold such Asset in trust for the benefit of the Transferee Company 1.
- 2.7. Notwithstanding the above, it is further clarified that Transferor Company 1 shall immediately notify Transferee Company 1 if there are any Assets which constitute a part of the VSAT Undertaking 1 which have not been transferred to the Transferee Company 1 on the Effective Date. The Transferor Company 1 shall immediately transfer, assign and deliver any such Assets to the Transferee Company 1 for no additional consideration.

3. Transfer of Liabilities

- 3.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all VSAT Undertaking 1 Transferring Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company 1 so as to become from the Appointed Date, the Liabilities of the Transferee Company 1 in relation to the VSAT Undertaking 1 and the Transferee Company 1 undertakes to meet, discharge and satisfy the same.
- 3.2. Notwithstanding anything to the contrary stated herein, it is clarified that apart from the VSAT Undertaking 1 Transferring Liabilities, no other Liabilities that shall be attributable to and/or arising out of the activities or operations of the VSAT Undertaking 1 shall be transferred to the Transferee Company 1 as part of the VSAT Undertaking 1 and the same shall be borne by the Transferor Company 1. For the avoidance of doubt, it is hereby clarified that all tax Liabilities attributable to and/ or arising out of the activities or operations of the VSAT Undertaking 1 for a period up to the Appointed Date shall continue to be Liabilities of the Transferor Company 1 and shall be borne by the Transferor Company 1.

4. Contracts, Deeds, Bonds and Other Instruments

- 4.1. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, all contracts (including all contracts/ purchase orders with customers and all contracts/ purchase orders with vendors), deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/associate/joint venture companies and other shareholders of such subsidiaries/ associate/ joint venture companies, arrangements and other instruments of whatsoever nature in relation to the VSAT Undertaking 1, to which the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Transferee Company 1 and may be enforced as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company 1 had been a party or beneficiary or obligee thereto or thereunder.
- 4.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of



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the VSAT Undertaking 1 with the Transferee Company 1 occurs by virtue of this Scheme itself, the Transferee Company 1 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company 1 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 1 will, if reasonably necessary, also be a party to the above. The Transferee Company 1 shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 1 and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 1 to be carried out or performed.

- 4.3. Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company 1 in relation to the VSAT Undertaking 1 shall stand transferred to the Transferee Company 1 as if the same were originally given by, issued to or executed in favour of the Transferee Company 1, and the Transferee Company 1 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 1. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company 1 in relation to the VSAT Undertaking 1 are concerned, the same shall vest with and be available to the Transferee Company 1 on the same terms and conditions as applicable to the Transferor Company 1, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company 1.
- 4.4. It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the VSAT Undertaking 1 to which the Transferor Company 1 is a party, cannot be transferred to the Transferee Company 1 for any reason whatsoever, the Transferor Company 1 shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company 1.

5. Employees

- 5.1. Upon this Scheme becoming effective, the VSAT Undertaking 1 Employees, shall be deemed to have become employees of the Transferee Company 1, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company 1 on the Effective Date. The services of such employees, if any, with the Transferor Company 1 up to the Effective Date shall be taken into account for the purposes of all benefits and continuity to which the employees, if any, may be eligible under Applicable Law.
- 5.2. Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the employees of the VSAT Undertaking 1, if any, shall be made by the Transferee Company 1 in accordance with the provisions of such schemes or funds and Applicable Law.
- 5.3. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Transferor



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Company 1 for the employees of the VSAT Undertaking 1, if any, shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company 1 without any separate act or deed/approval. In relation to the employees of the VSAT Undertaking 1, if any, for whom the Transferor Company 1 is making contributions to the government provident fund, the Transferee Company 1 shall stand substituted for the Transferor Company 1, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, by laws, etc. in respect of such employees, if any.

6. Continuation of Legal Proceedings

- 6.1. Subject to Clause 6.2 of Part B below, no legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company 1 which may be pending on the Effective Date and relating to the VSAT Undertaking 1 would stand transferred, or be deemed to stand transferred to the Transferee Company 1.
- 6.2. Upon this Scheme becoming effective, the Transferring Litigations relating to the VSAT Undertaking 1 would stand transferred, or be deemed to stand transferred to the Transferee Company 1.
- 6.3. The Transferee Company 1 shall be replaced / added as party to the Transferring Litigations relating to the VSAT Undertaking 1 and each of the Companies shall make relevant applications in that behalf, as may be required.

7. Treatment of taxes and charges payable to DoT or DoS

- 7.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes, charges, fees, claims, amounts and duties payable by the Transferor Company 1 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws, claims raised by or amounts payable to DoT and/ or DoS and all other Applicable Laws), accruing and relating to the VSAT Undertaking 1, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims which may arise after the Effective Date and which relate to a period after the Effective Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferee Company 1. However, it is clarified that, all taxes, charges, fees, claims, amounts and duties payable by the Transferor Company 1 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws, claims raised by or amounts payable to DoT and/ or DoS and all other Applicable Laws), accruing and relating to the VSAT Undertaking 1, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims existing on the Effective Date and which may arise after the Effective Date but which relate to a period on or before the Effective Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferor Company 1.
- 7.2. Upon this Scheme becoming effective, all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the VSAT Undertaking 1 to which the Transferor Company 1 is entitled to, which may arise after the Effective Date and which relate to a period after the



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Effective Date shall be available to and vest in the Transferee Company 1, without any further act or deed. However, it is clarified that all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the VSAT Undertaking 1 to which Transferor Company 1 is entitled to, existing on the Effective Date and which may arise after the Effective Date but which relate to a period on or before the Effective Date shall be available to and remain with the Transferor Company 1, without any further act or deed.

- 7.3. The Transferor Company 1 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 VSAT Undertaking 1 shall stand transferred to and vested in the Transferee Company 1 and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the VSAT Undertaking 1, to the extent statutorily available, shall be claimed by the Transferee Company 1.

8. Conduct of Business

- 8.1. Subject to the effectiveness of this Scheme, with effect from the date of approval of this Scheme by the Board of Directors of the Transferor Company 1 and the Transferee Company 1, and up to and including the Effective Date, the Transferor Company 1 shall carry on the business of the VSAT Undertaking 1 with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.
- 8.2. The Transferee Company 1 shall also be entitled, pending the effectiveness of this Scheme, to apply to the central government, state government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company 1 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/granted under any Applicable Law for carrying on its business.

9. Consideration

- 9.1. Upon Part B and Part D of this Scheme coming into effect on the Effective Date and upon the transfer of the VSAT Undertaking 1 and vesting of the same in the Transferee Company 1, the Transferee Company 1 shall discharge, to the Transferor Company 1, the lump sum consideration of INR 663,210,000 (Indian Rupees Six Hundred Sixty Three Million Two Hundred Ten Thousand) in the form of cash through normal banking channels.

10. Residual Undertaking 1 of the Transferor Company 1

- 10.1. The Residual Undertaking 1 and all the assets, liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company 1 and the Transferee Company 1 shall have no right, claim or obligation in relation to the Residual Undertaking 1.
- 10.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company 1 under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking 1 shall be continued and enforced by or against the Transferor Company 1 after the Effective Date. The Transferee Company 1 shall in no event be



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responsible or liable in relation to any such legal or other proceeding against the Transferor Company 1.

10.3. With effect from and beyond the Effective Date, the Transferor Company 1:

- (i) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Residual Undertaking 1 for and on its own behalf; and
- (ii) all profits accruing to the Transferor Company 1 thereon or losses arising or incurred by it relating to the Residual Undertaking 1 shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company 1.

11. Accounting treatment in the standalone books of the Transferor Company 1

11.1. Upon this Scheme becoming effective, with effect from the Appointed Date, the Transferor Company 1 shall account for the transfer and vesting of the VSAT Undertaking 1 in its books in accordance with the following principles:

- (i) The Transferor Company 1 shall, record transfer of all the assets (tangible and intangible) and liabilities of the VSAT Undertaking 1 ("net assets") to the Transferee Company 1 at their carrying amounts;
- (ii) The Transferor Company 1 shall record the consideration received (cash paid by the Transferee Company 1 pursuant to this Scheme); and
- (iii) The difference between consideration received and the net assets transferred, being excess/deficit arising pursuant to transfer of the VSAT Undertaking 1 shall be recognized in the 'Statement of Profit and Loss'.

12. Accounting treatment in the books of the Transferee Company 1

12.1 Upon this Scheme becoming effective, the Transferee Company 1 shall account for the acquisition of VSAT Undertaking 1 in its books of accounts with effect from the Appointed Date:

- (i) the Assets and VSAT Undertaking 1 Transferring Liabilities of the Transferor Company 1 transferred to and vested in the Transferee Company 1 pursuant to this Scheme shall be recorded at their fair values;
- (ii) Consideration discharged by Transferee Company 1 in excess of the value of the net assets of the Transferor Company 1 acquired by the Transferee Company 1 shall be adjusted in the Transferee Company 1's financial statements as goodwill. If the consideration discharged by the Transferee Company 1 is lower than the value of the net assets acquired, the difference shall be treated as capital reserve, however such treatment shall be also subject to purchase price allocation if applicable as per the applicable accounting standards;
- (iii) the inter-corporate deposits/loans and advances/balances pertaining to the VSAT Undertaking 1 outstanding between the Transferor Company 1 and the Transferee Company 1, if any, will stand cancelled and thereafter there shall be no obligation in that behalf; and
- (iv) any matter not dealt with in this Clause shall be dealt with in accordance with the applicable accounting standards and in accordance with Indian GAAP



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PART C

TRANSFER OF THE VSAT UNDERTAKING 2 OF THE TRANSFEROR COMPANY 2 AND VESTING OF THE SAME WITH THE TRANSFeree COMPANY 2, ON A GOING CONCERN BASIS BY WAY OF A SLUMP SALE

1. Transfer and vesting of the VSAT Undertaking 2

- 1.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the VSAT Undertaking 2 of the Transferor Company 2 shall, free from all Encumbrances, stand transferred and vest in the Transferee Company 2 on a going concern basis by way of a Slump Sale without any requirement of a further act or deed so as to become as and from the Appointed Date, the undertaking of the Transferee Company 2, and to vest in the Transferee Company 2, all the Assets, VSAT Undertaking 2 Transferring Liabilities, rights, title or obligations of the VSAT Undertaking 2 therein, in the manner described hereunder.

2. Transfer of Assets

- 2.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all Assets relating to the VSAT Undertaking 2, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall, free from all Encumbrances, stand transferred to and vested in the Transferee Company 2 and shall become the property and an integral part of the Transferee Company 2. The vesting pursuant to this Clause 2.1 shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
- 2.2. Upon this Scheme becoming effective and with effect from the Appointed Date, all movable Assets of the Transferor Company 2 relating to the VSAT Undertaking 2, other than those specified in Clause 2.1 above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons shall without any requirement of a further act, instrument or deed become the property of the Transferee Company 2.
- 2.3. Upon this Scheme becoming effective and with effect from the Appointed Date, all Intellectual Property of the Transferor Company 2 to the extent being used in relation to the VSAT Undertaking 2 or as agreed between the Transferor Company 2 and Transferee Company 2 otherwise, shall without any requirement of any further act or deed stand transferred and vested in the Transferee Company 2. This Scheme shall serve as a requisite consent for use and transfer of Intellectual Property without requiring the execution of any further deed or document so as to transfer of the said Intellectual Property in favour of the Transferee Company 2.
- 2.4. Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferor Company 2 agrees to execute and deliver at the request of the Transferee Company 2, all papers and instruments required in respect of the Intellectual Property stated in Clause 2.3 above, to vest such rights, title and interest in the name of the Transferee Company 2 and in order to update the



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records of the respective registries to reflect the name and address of the Transferee Company 2 as the current owner of the Intellectual Property.

- 2.5. Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to Assets, if any, belonging to the VSAT Undertaking 2, which require separate documents for vesting in the Transferee Company 2, or which the Transferor Company 2 and/ or the Transferee Company 2 otherwise desire to be vested separately, the Transferor Company 2 and the Transferee Company 2 will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 2.6. It is hereby clarified that if any Assets (including but not limited to any estate, rights, title, interest in or authorities relating to such Assets) in relation to the VSAT Undertaking 2 which the Transferor Company 2 owns, cannot be transferred to the Transferee Company 2 for any reason whatsoever, the Transferor Company 2 shall hold such Asset in trust for the benefit of the Transferee Company 2.
- 2.7. Notwithstanding the above, it is further clarified that Transferor Company 2 shall immediately notify Transferee Company 2 if there are any Assets which constitute a part of the VSAT Undertaking 2 which have not been transferred to the Transferee Company 2 on the Effective Date. The Transferor Company 2 shall immediately transfer, assign and deliver any such Assets to the Transferee Company 2 for no additional consideration.

3. Transfer of Liabilities

- 3.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all VSAT Undertaking 2 Transferring Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company 2 so as to become from the Appointed Date, the Liabilities of the Transferee Company 2 in relation to the VSAT Undertaking 2 and the Transferee Company 2 undertakes to meet, discharge and satisfy the same.
- 3.2. Notwithstanding anything to the contrary stated herein, it is clarified that apart from the VSAT Undertaking 2 Transferring Liabilities, no other Liabilities that shall be attributable to and/or arising out of the activities or operations of the VSAT Undertaking 2 shall be transferred to the Transferee Company 2 as part of the VSAT Undertaking 2 and the same shall be borne by the Transferor Company 2. For the avoidance of doubt, it is hereby clarified that all tax Liabilities attributable to and/ or arising out of the activities or operations of the VSAT Undertaking 2 for a period up to the Appointed Date shall continue to be Liabilities of the Transferor Company 2 and shall be borne by the Transferor Company 2.

4. Contracts, Deeds, Bonds and Other Instruments

- 4.1. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, all contracts (including all contracts/ purchase orders with customers and all contracts/ purchase orders with vendors), deeds, bonds, lease deeds, agreements entered into with various persons including independent consultants, subsidiaries/associate/joint venture companies and other shareholders of such subsidiaries/ associate/ joint venture companies, arrangements and other instruments of whatsoever nature in relation to the VSAT Undertaking 2, to which the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Transferee Company 2 and may be enforced as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company 2 had been a party or beneficiary or obligee thereto or



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thereunder.

- 4.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the VSAT Undertaking 2 with the Transferee Company 2 occurs by virtue of this Scheme itself, the Transferee Company 2 may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company 2 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 2 will, if reasonably necessary, also be a party to the above. The Transferee Company 2 shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 2 and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 2 to be carried out or performed.
- 4.3. Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company 2 in relation to the VSAT Undertaking 2 shall stand transferred to the Transferee Company 2 as if the same were originally given by, issued to or executed in favour of the Transferee Company 2, and the Transferee Company 2 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 2. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company 2 in relation to the VSAT Undertaking 2 are concerned, the same shall vest with and be available to the Transferee Company 2 on the same terms and conditions as applicable to the Transferor Company 2, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company 2.
- 4.4. It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the VSAT Undertaking 2 to which the Transferor Company 2 is a party, cannot be transferred to the Transferee Company 2 for any reason whatsoever, the Transferor Company 2 shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company 2.

5. Employees

- 5.1. Upon this Scheme becoming effective, the VSAT Undertaking 2 Employees shall be deemed to have become employees of the Transferee Company 2, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company 2 on the Effective Date. The services of such employees, if any, with the Transferor Company 2 up to the Effective Date shall be taken into account for the purposes of all benefits and continuity to which the employees, if any, may be eligible under Applicable Law.
- 5.2. Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the employees of the VSAT Undertaking 2, if any, shall be made by the Transferee Company 2 in accordance with the provisions of such schemes or funds and Applicable Law.



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- 5.3. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Transferor Company 2 for the employees of the VSAT Undertaking 2, if any, shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company 2 without any separate act or deed/approval. In relation to the employees of the VSAT Undertaking 2, if any, for whom the Transferor Company 2 is making contributions to the government provident fund, the Transferee Company 2 shall stand substituted for the Transferor Company 2, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, if any.

6. Continuation of Legal Proceedings

- 6.1 Notwithstanding anything to the contrary stated herein, no legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company 2 which may be pending on the Effective Date and relating to the VSAT Undertaking 2 would stand transferred, or be deemed to stand transferred to the Transferee Company 2.

7. Treatment of taxes and charges payable to DoT or DoS

- 7.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes, charges, fees, claims, amounts and duties payable by the Transferor Company 2 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws, claims raised by or amounts payable to DoT and/ or DoS and all other Applicable Laws), accruing and relating to the VSAT Undertaking 2, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims which may arise after the Effective Date and which relate to a period after the Effective Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferee Company 2. However, it is clarified that, all taxes, charges, fees, claims, amounts and duties payable by the Transferor Company 2 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws, claims raised by or amounts payable to DoT and/ or DoS and all other Applicable Laws), accruing and relating to the VSAT Undertaking 2, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims existing on the Effective Date and which may arise after the Effective Date but which relate to a period on or before the Effective Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferor Company 2.
- 7.2. Upon this Scheme becoming effective, all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the VSAT Undertaking 2 to which the Transferor Company 2 is entitled to, which may arise after the Effective Date and which relate to a period after the Effective Date shall be available to and vest in the Transferee Company 2, without any further act or deed. However, it is clarified that all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the VSAT Undertaking 2 to which Transferor Company 2 is entitled to, existing on the Effective Date and which may arise after the Effective Date but which



relate to a period on or before the Effective Date shall be available to and remain with the Transferor Company 2, without any further act or deed.

- 7.3. The Transferor Company 2 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 VSAT Undertaking 2, shall stand transferred to and vested in the Transferee Company 2 and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the VSAT Undertaking 2, to the extent statutorily available, shall be claimed by the Transferee Company 2.

8. Conduct of Business

- 8.1. Subject to the effectiveness of this Scheme, with effect from the date of approval of this Scheme by the Board of Directors of the Transferor Company 2 and the Transferee Company 2, and up to and including the Effective Date, the Transferor Company 2 shall carry on the business of the VSAT Undertaking 2 with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.
- 8.2. The Transferee Company 2 shall also be entitled, pending the effectiveness of this Scheme, to apply to the central government, state government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company 2 may require including the registration, approvals, exemptions, reliefs, etc., as may be required/granted under any Applicable Law for carrying on its business.

9. Consideration

- 9.1. Upon Part C and Part D of this Scheme coming into effect on the Effective Date and upon the transfer of the VSAT Undertaking 2 and vesting of the same in the Transferee Company 2, the Transferee Company 2 shall discharge, to the Transferor Company 2, the lump sum consideration of INR 334,290,000 (Indian Rupees Three Hundred Thirty Four Million Two Hundred Ninety Thousand) in the form of cash through normal banking channels.

10. Residual Undertaking 2 of the Transferor Company 2

- 10.1. The Residual Undertaking 2 and all the assets, liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company 2 and the Transferee Company 2 shall have no right, claim or obligation in relation to the Residual Undertaking 2.
- 10.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company 2 under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking 2 shall be continued and enforced by or against the Transferor Company 2 after the Effective Date. The Transferee Company 2 shall in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company 2.
- 10.3. With effect from and beyond the Effective Date, the Transferor Company 2:

(i) shall be deemed to have been carrying on and to be carrying on all the business and



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activities relating to the Residual Undertaking 2 for and on its own behalf; and

- (ii) all profits accruing to the Transferor Company 2 thereon or losses arising or incurred by it relating to the Residual Undertaking 2 shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company 2.

11. Accounting treatment in the standalone books of the Transferor Company 2

11.1. Upon this Scheme becoming effective, with effect from the Appointed Date, the Transferor Company 2 shall account for the transfer and vesting of the VSAT Undertaking 2 in its books in accordance with the following principles:

- (i) The Transferor Company 2 shall record transfer of all the assets (tangible and intangible) and liabilities of the VSAT Undertaking 2 ("**net assets**") to the Transferee Company 2 at their carrying amounts;
- (ii) The Transferor Company 2 shall record the consideration received (cash paid by the Transferee Company 2 pursuant to this Scheme); and
- (iii) The difference between consideration received and the net assets transferred, being excess/deficit arising pursuant to transfer of the VSAT Undertaking 2 shall be recognized in the 'Statement of Profit and Loss'.

12. Accounting treatment in the books of the Transferee Company 2

12.1. Upon this Scheme becoming effective, the Transferee Company 2 shall account for the acquisition of VSAT Undertaking 2 in its books of accounts with effect from the Appointed Date:

- (i) the Assets and VSAT Undertaking 2 Transferring Liabilities of the Transferor Company 2 transferred to and vested in the Transferee Company 2 pursuant to this Scheme shall be recorded at their fair values;
- (ii) Consideration discharged by Transferee Company 2 in excess of the value of the net assets of the Transferor Company 2 acquired by the Transferee Company 2 shall be adjusted in the Transferee Company 2's financial statements as goodwill. If the consideration discharged by the Transferee Company 2 is lower than the value of the net assets acquired, the difference shall be treated as capital reserve, however such treatment shall be also subject to purchase price allocation if applicable as per the applicable accounting standards;
- (iii) the inter-corporate deposits/loans and advances/balances pertaining to the VSAT Undertaking 2 outstanding between the Transferor Company 2 and the Transferee Company 2, if any, will stand cancelled and thereafter there shall be no obligation in that behalf; and
- (iv) any matter not dealt with in this Clause shall be dealt with in accordance with the applicable accounting standards and in accordance with Indian GAAP.



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PART D

GENERAL TERMS AND CONDITIONS

1. Application to the NCLT

- 1.1. Each of the Companies shall jointly make the requisite company applications/ petitions under sections 230 to 232 and other applicable provisions of the Act to the NCLT for seeking sanction of this Scheme.

2. Modification or Amendment to this Scheme

- 2.1. Each of the Companies (acting through their respective Board) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, in part or in whole, which the NCLT and/ or any other authorities may deem fit to direct, approve or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out this Scheme, including any individual part thereof, or if the Board are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme, in part or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.
- 2.2. If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

3. Revocation, Withdrawal of this Scheme

- 3.1. Either of the Companies acting through their respective Board shall each be at liberty to withdraw this Scheme.
- 3.2. In the event of revocation under Clause 3.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* to the Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with Applicable Law.



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- 3.3. In the event of revocation under Clause 3.1 above, the Companies shall take all necessary steps to withdraw this Scheme from the NCLT and any other authority and to make all necessary filings/ application as may be required to withdraw this Scheme.

4. Effect of non-receipt of approvals

- 4.1. In case this Scheme is not sanctioned by the DoT and/ or the DoS and/ or NCLT and/ or is not approved by SEBI or the Stock Exchanges, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme are not obtained or complied with or for any other reason, if this Scheme cannot be implemented on or before June 30, 2020 or such other extended date as may be mutually agreed in writing between Companies, then, this Scheme shall become null and void.

5. Costs, charges, expenses

- 5.1. Each of the Companies shall bear its own costs in relation to the negotiations leading up to the transactions contemplated hereunder and to the preparation, execution and carrying into effect of this Scheme.
- 5.2. Any stamp duty and court fees that may be payable in connection with implementation of the Scheme shall be borne by the Transferee Companies.
- 5.3. It is clarified that capital gains tax, if any, that may arise on account of payment of the consideration under this Scheme shall be the sole responsibility of the Transferor Company 1 in relation to the transfer of VSAT Undertaking 1 to the Transferee Company 1 and the Transferor Company 2 in relation to the transfer of VSAT Undertaking 2 the Transferee Company 2.
- 5.4. It is also clarified that fees/ charges levied by DoT for providing the approval/permission for the transfer and vesting of the VSAT Undertakings as envisaged in this Scheme, shall be borne by the company on whom such fees/charges are levied for the operations and activities of such company.

6. Compliance with Applicable Laws

- 6.1. The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of any statutory or regulatory authority, which by Applicable Law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.
- 6.2. Since the Transferor Company 1 is a listed company, this Scheme is subject to the compliances of the applicable requirements under the Listing Regulations, SEBI Circular and all other statutory directives of SEBI, as applicable.



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SCHEDULE I TO THE SCHEME ASSETS

Brief description of Assets is set out below:

1. VSAT Hub:

1.1 Situated at Bengaluru with address - SNG HUB at Bharti Airtel Ltd.- Bangalore, 3B Kadugudi Indl. Area, Sadaramangala, Whitefield Bangalore-560067; and

1.2 Situated at Mumbai with address - SNG HUB at Bharti Airtel Ltd., D222/24, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706.

1.3 VSAT hub and router, switch, data centre equipment associated with running the VSAT hub.

2. VSAT sites:

2.1 Transfer of all VSAT sites of the VSAT Undertakings as of the Effective Date under the agreement and related Customer Premise Equipment ("CPE") owned by the Transferor Companies at these sites. For reference, it is noted that that the VSAT Undertakings have 79,138 VSAT sites as at March 31, 2019;

2.2 CPE primarily comprises of VSAT electronics and accessories (satellite modem (indoor unit), routers, switches, UPS, monkey cage, block up convertor, radios (outdoor unit) and low-noise block down convertor), antenna and inter facility cables (connecting cables), wherever installed;

3. Other Assets:

3.1 Plant and machinery and other assets such as furniture & fixtures, office equipment and other equipment used materially in connection with the operations of the VSAT Hub.

4. Fixed asset register as of the March 31, 2018 is annexed to this Scheme.

