

DCS/AMAL/MR/R37/887/2017-18

August 04, 2017

The Company Secretary  
**IDEA CELLULAR LTD.**  
Suman Tower, Plot No 18,  
Sector 11, Gandhi Nagar,  
Gujarat, 382011.

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement involving amalgamation of Vodafone Mobile Service Limited and Vodafone India Limited with Idea Cellular Limited.**

We are in receipt of Draft Scheme of Arrangement involving amalgamation of Vodafone Mobile Service Limited (VMSL) and Vodafone India Limited (VIL) with Idea Cellular Limited (ICL) and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated August 04, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "SEBI had received a complaint alleging that one of the promoters of ICL ('Purchasers') had purchased .23% of shares of ICL before the announcement of the instant draft scheme of amalgamation and these transactions by the purchasers were in violation of Securities laws. The said allegations are being examined by SEBI. In this respect, the purchasers have submitted a voluntary undertaking not to dispose of the aforesaid shares till further directions of SEBI and any liability eventually held to be valid against the purchaser shall be borne by them. ICL has also submitted a voluntary undertaking stating, inter-alia, that it will comply with the directions of SEBI in respect of the ongoing examination of the purchase of shares by the purchasers before the announcement of the proposed scheme. ICL has also undertaken that any liability eventually held to be valid against it shall be borne by ICL."
- "Further, the aforesaid complaint also alleged violation of Regulation 3(1) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 ('SAST') as the shareholding of ICL would increase from approx. 21% to approx. 26% pursuant to the instant scheme. The acquisition pursuant to draft scheme of arrangement is exempt from the obligation to make an open offer under regulation 3 and regulation 4 of SAST if the acquisition is pursuant to a scheme of arrangement. Inter-alia, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Thus, the said exemption is applicable only if National Company Law Tribunal (NCLT) approves the draft scheme."
- "Abridged prospectus as mandated under Clause 8 of SEBI Circular shall contain a risk factor no.1 detailing the risk associated with the outcome of the examination by SEBI of the allegations in the aforesaid complaint."
- "NSE to ensure that the scheme shall clearly provide for voting by public shareholder and that the scheme of arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in terms of Clause 9 of Annexure I to SEBI Circular dated March 10, 2017."
- "The explanatory statement to the notice to shareholders shall disclose prominently that SEBI is examining the allegations w.r.t transactions done by the purchasers in the shares of ICL before the announcement of the instant scheme."
- "All the above facts shall be brought to the notice of NCLT."

- "Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.


Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT. Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble NCLT, the listed company shall submit to the stock exchange the following:

- Copy of the NCLT approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed;
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

  
**Nitin Rajari**  
**Sr. Manager**