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IN THE HIGH COURT OF DELHI AT NEW-DELHI

COMPANY PETITION NO. 233 OF 2007

CONNECTED WITH

COMPANY APPLICATION (M) NO. 124 OF 2007

IN THE MATTER OF COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTION 391 AND 394

OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN

MEMO OF PARTIES

Bharti Airtel Limited, a company incorporated under the Companies Act 1956 and having its registered office at H-5/12, Mehrauli Road, New Delhi - 110030.

TRANSFEROR COMPANY/
PETITIONER COMPANY-I

WITH

Bharti Infratel Limited, a company incorporated under the Companies Act 1956 and having its registered office at H-5/12, Mehrauli Road, New Delhi - 110030.

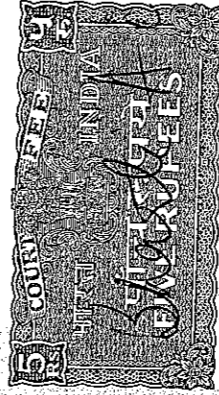
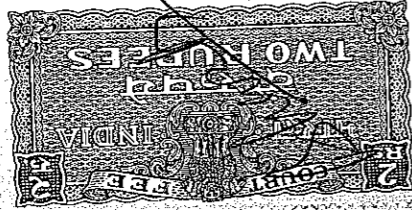
TRANSFEREE COMPANY/
PETITIONER COMPANY-II

THROUGH

Satwinder Singh
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10, Hailey Road
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PLACE: New Delhi
DATED: September 11, 2007

EXAMINED



TRUE COPY

Satwinder Singh
Examiner Judicial Department
High Court of Delhi,
Subscribed Under Section 17
of Evidence Act.

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORIGINAL JURISDICTION)
IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT
BETWEEN

COMPANY PETITION NO. 233/2007

CONNECTED WITH

COMPANY APPLICATION (M) NO. 124/2007

IN THE MATTER OF M/s. Bharti Airtel Ltd.,

having its Regd. Office at

H-5/12, Mehrauli Road, New Delhi-110030

Petitioner/Transferor Company

AND

IN THE MATTER OF M/s. Bharti Infratel Ltd.,

having its Regd. Office at

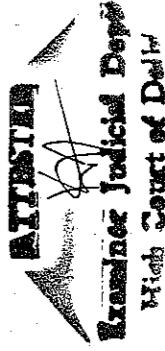
H-5/12, Mehrauli Road, New Delhi-110030

Petitioner/Transferee Company

**BEFORE HON'BLE MS. JUSTICE REKHA SHARMA
DATED THIS THE 26TH DAY OF NOVEMBER, 2007**

ORDER UNDER SECTION 394 OF THE COMPANIES ACT, 1956

The above petition coming up for hearing on 26/11/2007 for sanction of scheme of arrangement proposed to be made between M/s. Bharti Airtel Ltd. (hereinafter referred to as the Transferor Company) and M/s. Bharti Infratel Ltd. (hereinafter referred to as the Transferee Company), upon reading the said petition, the order dt. 17/7/2007 whereby the requirement of convening and holding the meetings of the equity shareholders and unsecured creditors of the Transferee Company was dispensed with and the meetings of equity shareholders, secured and unsecured creditors of the Transferor Company was ordered to be convened for the purpose of considering and if thought fit approving with or without modification, the Scheme of arrangement annexed to the affidavit of Sh. Jitin Wasan, authorised signatory of the petitioner companies filed on 19th day of September, 2007 and the publication in the newspapers namely (1) Times of India (English) and (2) Nav Bharat Times (Hindi) both dt. 13/8/2007 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dt. 17/7/2007, the affidavit of Sh. Gunwant Dara and Ms. Purnima Bat Kak, Chairpersons filed on 17/9/2007 and 31/8/2007 showing the publication and despatch of the notices convening the said meetings, the reports of the Chairperson of the said meetings as to the result of the said meetings and upon hearing Sh. Satwinder Singh, Advocate for the petitioners, Ms. Manisha Tyagi, Advocate for the Official Liquidator and Mr. R. D. Kashyap, Dy. Registrar



of Companies in person and it appearing from the reports that the proposed scheme of arrangement has been approved unanimously without any modification by the said equity shareholders, secured and unsecured creditors of the Transferor Company present and voting either in person or by proxy and upon reading the affidavit dated 31/10/2007 of Sh. Rakesh Chandra, Regional Director, Northern Region, Ministry of Company Affairs, Noida on behalf of Central Government stating that the individual assets and liabilities and values thereof pertaining to 'Telecom Infrastructure Undertaking' of the De-merged company proposed to be transferred to the resulting company are not mentioned in the scheme. In response, the Demerged/Transferee Company vide its letter dated 23/10/2007 has furnished the provisional details of assets and liabilities of the de-merged unit as on 30/9/2007. The Regional Director has further stated that the details furnished vide letter dated 23/10/2007 should have been part of the Scheme of arrangement for proper information to the shareholders and stakeholders. Responding to the above the petitioner companies have stated that the scheme of arrangement involves a reorganization of the operations regarding Telecom Infrastructure of the Transferor Company. It is further stated that the Transferee Company is a wholly owned subsidiary of the Transferor Company and through the scheme it is intended to restructure, within the group of companies controlled by the Transferor Company, the holding of the Telecom Infrastructure Undertaking in a more efficient manner consistent with diverse needs of business. There are no shares being issued or any consideration is being paid under the scheme by the Transferee Company to the Transferor Company or its shareholders. The scheme provides that the assets and liabilities relating to the Telecom Infrastructure shall stand transferred to the Transferee Company with effect from the appointed date. Having regard to the said fact, the objection raised by the Regional Director has no merit. The Regional Director has further taken an objection that on perusal of the report of the Chairman of the meeting of the unsecured creditors of the petitioner company-1/Transferor Company, it is observed that out of 43 unsecured creditors who participated in the meeting, one unsecured creditor entitled to unsecured debts of Rs.2,26,298/- voted against the scheme. In response to this objection the petitioner companies have stated that as per the Section 391(2) of the Act, the scheme should be approved by the majority in number representing three fourth in value of the class of the creditors present and voting at the meeting. It is further stated that the meeting of the unsecured creditors was attended by 43 unsecured creditors out of which 39 unsecured creditors entitled together to



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Rs.16,27,13,00,394/- representing majority in number and 99.73% of value of the unsecured creditors present voted in favour of the scheme. The Court ordered that in this view of the matter, the objection raised by the Regional Director stands satisfied; and considering the affidavit of Sh. A. K. Chaturvedi, Official Liquidator filed on 31/10/2007 stating therein that the affairs of the Transferor Company has not been conducted in a manner prejudicial to the interest of its shareholders or creditors or to public interest; and there being no investigation proceedings pending in relation to the petitioner companies under Section 235 to 251 of the Companies Act, 1956.

THIS COURT DOTH HEREBY SANCTION THE SCHEME OF ARRANGEMENT setforth in Schedule-I annexed hereto and DOTH HEREBY DECLARE the same to be binding on all the shareholders and creditors of the Transferor and Transferee Companies and all concerned and doth approve the said scheme of arrangement with effect from the appointed date i.e. the date on which a certified copy of the order of the Court, sanctioning the scheme, is filed with the Registrar of Companies, Delhi & Haryana.

AND THIS COURT DOTH FURTHER ORDER:

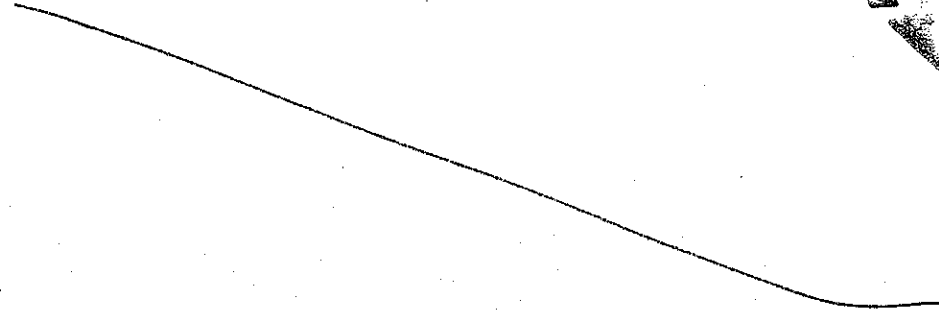
1. That all the property, rights and powers of the Telecom Infrastructure Undertaking of the Transferor Company specified in the First, Second and Third parts of the Schedule-II hereto and all other property, rights and powers of the Telecom Infrastructure Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company for all the estate and interest of the Telecom Infrastructure Undertaking of the Transferor Company therein but subject nevertheless to all charges now affecting the same; and
2. That all the liabilities and duties of the Telecom Infrastructure Undertaking of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the Transferee Company; and
3. That all the proceedings now pending by or against the Telecom Infrastructure Undertaking of the Transferor Company be continued by or against the Transferee Company;

and

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4. That the Transferee Company is a wholly owned subsidiary of the Transferor Company. The scheme is intended to restructure, within the group of companies controlled by the Transferor Company, the holding of the Telecom Infrastructure Undertaking in a more efficient manner consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by the Transferor Company. Hence, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company or to its shareholders; and
5. That the Transferor Company do within five weeks after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration. It is clarified that this order will not be construed as an order granting exemption from payment to stamp duty that if payable; and
6. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary; and
7. That the scheme of arrangement has been sanctioned and it has been ordered that the cost of Rs.20,000/- has to be paid by the petitioners to the Official Liquidator, which will be deposited in the Common Pool Fund of the Official Liquidator.



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High Court of Delhi

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ANNEXURE-P1
SCHEDULE-1

SCHEME OF ARRANGEMENT

BETWEEN

Bharti Airtel Limited

Transferor Company

AND


Bharti Infratel Limited

Transferee Company

AND

THEIR RESPECTIVE SHAREHOLDERS


For BHARTI INFRATEL LIMITED


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For BHARTI AIRTEL LIMITED


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High Court of Delhi

The Scheme is divided into the following parts:

- A) **PART I** deals with the Definitions, Share Capital, Preamble and Rationale for the Scheme;
- B) **PART II** deals with the Demerger of Telecom Infrastructure of the Transferor Company and merger thereof with the Transferee Company;
- C) **PART III** deals with the Issue of Shares and Accounting Treatment in Books of the Transferor Company and Transferee Company;
- D) **PART IV** deals with the General Clauses, Terms and Conditions; and
- E) **PART V** deals with Other Terms and Conditions.

For BHARTI INFRATEL LIMITED

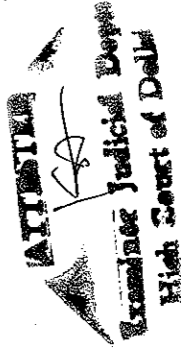


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**PART I DEFINITIONS, SHARE CAPITAL, PREAMBLE AND RATIONALE
FOR THE SCHEME**

1.1 DEFINITIONS

In this Scheme of Arrangement (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1.1 "Act" or "The Act" means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;

1.1.2 "Appointed Date" means the date on which a certified copy of the order of the Court, sanctioning the scheme, is filed with the Registrar of Companies, Delhi & Haryana;

1.1.3 "Court" means the High Court of Judicature at Delhi and shall include the National Company Law Tribunal, if applicable;

1.1.4 "Effective Date" means the date on which the last of the approvals / events specified under clause 5.3 of part V of the Scheme are obtained / have occurred;

1.1.5 "Free Reserves" means uncommitted reserves, not being capital reserves, available without limitation for all purposes including declaration of dividends and bonus shares;

1.1.6 "Telecom Infrastructure" means the undertaking / division of the Transferor Company which is inclusive of, but not limited to:

For BHARTI INFRA TEL LIMITED

For BHARTI ANTEL LIMITED

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(i) all present and future wireless and broadcast towers used for the purpose of hosting and assisting in the operation of plant and equipment ("transmission infrastructure") used for transmitting telecommunication signals, being towers owned and operated by the Transferor Company situated in India and includes, without limitation, the towers under construction or otherwise being transferred to the Transferee Company;

(ii) all rights, titles, deposits, and interests over the land on which such towers have been or are proposed to be constructed or erected or installed;

(iii) all current assets and current liabilities (including contingent liabilities) relating to the towers (excluding any loan liabilities taken by the Transferor Company for acquiring the assets comprised in the Telecom Infrastructure undertaking) and related telecom assets/liabilities, whether movable, immovable or incorporeal; and;

(iv) all plant and equipment customarily treated by telecom operators worldwide as forming part of the Telecom Infrastructure including in particular the electrical power connections and such other rights, permissions or approvals, whether from government bodies or otherwise, which may be necessary or deemed to be necessary, utilities, engine alternators and power back up equipments, all associated civil and electrical structures, as also the mobile towers,

subject to the non-exclusive right of the Transferor Company to use the towers and other elements of the Telecom Infrastructure for the purposes of its business, at such terms and conditions as may be reasonable and acceptable to the Transferor Company and the Transferee Company.

Explanation: In case of any doubt regarding whether any particular asset or liability forms a part of the Telecom Infrastructure undertaking or otherwise, the same shall be resolved mutually by the Board of Directors of the Transferor Company and the Transferee Company;

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FOR BHARTI AIRTEL LIMITED

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 Chairman, Jointly Held Board
 High Court of India

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1.1.7 "Transferee Company" or "Infratel" means Bharti Infratel Limited, a company incorporated under the Companies Act 1956 and having its registered office at H-5/12, Mehrauli Road, New Delhi - 110030;

1.1.8 "Transferor Company" or "Airtel" means Bharti Airtel Limited, a company incorporated under the Companies Act 1956 and having its registered office at H-5/12, Mehrauli Road, New Delhi - 110030;

1.1.9 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement as set out herein and approved by the Board of Directors of the Transferor Company and the Transferee Company, subject to such modifications as the Court may impose or the Transferor Company and the Transferee Company may prefer and the Court may approve;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or reenactment thereof from time to time.

1.2 SHARE CAPITAL

1.2.1 The authorized and paid-up share capital of the Transferor Company as on December 31, 2006 is as under:

Authorised share capital:	Rs. 25,00,00,00,000
Paid up share capital:	Rs. 18,95,74,35,970

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1.2.2 The authorized and paid-up share capital of the Transferee Company as

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 Authorised share capital: Rs. 5,00,000

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Paid up share capital: Rs. 5,00,000

The Transferee Company is a wholly owned subsidiary of the Transferor Company.

PREAMBLE

(A) Background of the Transferor Company and the Transferee Company

1. Bharti Airtel Limited (the Transferor Company herein) was incorporated on 7th July, 1995 and obtained Certificate of Commencement of business on 18th January, 1996 from Registrar of Companies, NCT of Delhi & Haryana. Its name was changed from Bharti Tele-Ventures Limited to Bharti Airtel vide revised certificate of incorporation dated April 24, 2006. The Company had come out with its maiden IPO (Initial Public Offer) in February 2002 and is listed on National Stock Exchange and The Stock Exchange, Mumbai. The Transferor Company is the flagship Company of Bharti Group and is providing telecommunication services like mobile, fixed line, long distance and data services across the country.
2. Bharti Infratel Limited (the Transferee Company herein) was incorporated on 30th November 2006 and is in the process of obtaining a Certificate of Commencement of business from Registrar of Companies, NCT of Delhi & Haryana, and the same is expected shortly. It has been incorporated as a wholly owned subsidiary of the Transferor Company with a view to vest in it the Telecom Infrastructure to be managed and maintained by it. Going forward, the Transferee Company may consider inducting strategic partners into the Transferee Company to gain technical and competitive edge in the business of managing Telecom Infrastructure.

(B) Purpose of the Scheme

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1. This Scheme of Arrangement is presented under Sections 391 to 394 of the Companies Act, 1956 and other applicable laws for vesting of the Telecom Infrastructure undertaking of the Transferor Company in the Transferee Company, pursuant to the relevant provisions of the Companies Act, 1956 and other applicable laws. The Transferee Company is a wholly owned subsidiary of the Transferor Company. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(C) Rationale for the Scheme

1. Telecommunications and other information and communication technologies play an increasingly important role in the growth of an economy. Considering this, various countries have put in place mechanisms to lower barriers of entry, so that the customers can choose among competing telecommunications service providers.
2. In order to do so, the telecommunications service providers should be in a position to access certain key infrastructure facilities at reasonable terms, so that they can roll out their networks quickly and efficiently. Furthermore, duplication of these facilities is uneconomic or undesirable. There has been increasing resistance regarding the duplication of support structures. It is not in the public interest to have multiple sets of poles or towers on streets or to have roads being dug up continually to accommodate multiple sets of underground ducts. It is also more economically efficient to share the costs of existing support structures than to duplicate this investment. In view of this the Ministry of Communications and Information Technology ("the Ministry") of the Government of India may make the sharing of infrastructure between various operators mandatory.

For BHARTI AIRTEL LIMITED

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3. In the interim, the Ministry has recently announced that certain mobile operators can commence sharing of their infrastructure, particularly, the Wireless and Broadcast Towers ("Towers"). This has been an outcome of a joint project viz. Project MOST (Mobile Operators' Shared Towers) launched by certain GSM and CDMA mobile service providers (including Airtel) operating in India. The project aims to substantially bring down costs of setting up new towers, de-clutter the country's skyline and reduce call-drops.

4. To evolve a structure for more effective participation in Project MOST, it is considered appropriate to consolidate the Telecom Infrastructure undertaking, in a distinct company and, thereby, create distinct corporate identity for carrying on the business of providing Telecom Infrastructure.

5. Accordingly, it has been decided that the Telecom Infrastructure undertaking, currently owned by the Transferor Company be demerged and vested in the Transferee Company, subject to a non-exclusive right of the Transferor Company to use the Telecom Infrastructure for the purposes of its business, without any obligation to pay for the same or on payment of such charges as may be reasonable and acceptable to the Transferor Company and the Transferee Company. The main objects of the Transferee Company are to provide full array of infrastructure services to various telecommunication operators, which would include the construction, maintenance, and leasing out of the Telecom Infrastructure.

6. The above demerger of the Telecom Infrastructure undertaking from the Transferor Company and merger thereof with the Transferee Company reflects the global trend of segregating the telecommunication services and telecommunication infrastructure business, with a view of adopting the

best management practices, establish highest operational standards, provide best **FORSHART INFRASTRUCTURE LIMITED** other telecommunication

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operators and also to identify separately the actual economic value arising out of Telecom Infrastructure business and telecommunication services businesses.

7. The management of the Transferor Company and the Transferee Company believe that the Scheme of Arrangement would benefit the respective companies and other stake holders of respective companies on account of the following reasons:

- a) Reduced set-up and operating costs resulting in cost efficiency coupled with a greater financial flexibility;
- b) Segregation of the business of providing telecommunication services and the business of providing the Telecom Infrastructure facilities, thereby enabling the companies to concentrate on its core business activities;
- c) Improved quality of services to its customers by establishing highest service standards through operational agreements; and
- d) To increase speed of roll-out and to increase efficiency and to improve sharing of infrastructure.

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For BHARTI INFRA TEL LIMITED



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**PART II DEMERGER OF TELECOM INFRASTRUCTURE UNDERTAKING
OF THE TRANSFEROR COMPANY AND MERGER THEREOF
WITH THE TRANSFEREE COMPANY**

**2 TRANSFER AND VESTING OF TELECOM INFRASTRUCTURE
UNDERTAKING OF THE TRANSFEROR COMPANY INTO THE
TRANSFEREE COMPANY**

2.1 With effect from the Appointed Date, the undertaking comprising of the Telecom Infrastructure of the Transferor Company shall under the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company, so as to become the business, assets & properties and liabilities of the Transferee Company along with all the rights, titles, and interests of the Transferor Company therein, free from any charges and encumbrances, subject however to the rights retained by the Transferor Company and accepted by the Board of Directors of the Transferee Company.

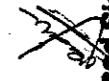
2.2 In respect of such of the assets comprised in the Telecom Infrastructure as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery, or transfer by vesting and recording pursuant to this Scheme the same shall stand transferred and vested with effect from the Appointed Date and shall become the property of the Transferee Company.

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2.3 Upon the coming into effect of this Scheme all permits, registrations, Approvals, consents, statutory licences, licences to set-up and operate any

Approvals, consents, statutory licences, licences to set-up and operate any
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FOR BHARTI AIRTEL LIMITED

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business, quotas, rights, entitlements, any other licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Telecom Infrastructure, 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 & remain in full force and effect in favour of or against the Transferee Company, as the case may be, 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.

2.4 Any inter se contracts between the Telecom Infrastructure undertaking of Transferor Company and the Transferee Company shall vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective. The Transferor Company has entered into site sharing agreements with other operators in respect of some of the towers owned by it. Upon the Scheme being effective, such agreements shall be assigned in favor of the Transferee Company without any further act or deed. Any statutory licenses, authorizations, statutory rights, permissions, approvals, sales tax, service tax, excise, provident fund, ESI, DGFT, Reserve Bank of India, Importer-Exporter Code etc. or other registrations, no-objection certificates or consents to carry on the operations pertaining to the Telecom Infrastructure shall stand transferred and vested in the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting and transfer of Telecom Infrastructure pursuant to this Scheme so as to empower and facilitate the continuation of operations pertaining to the Telecom Infrastructure undertaking of Transferor Company in the

Transferee Company without any hindrance from the Appointed Date.

For BHARTI AIRTEL LIMITED

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2.5 Upon the coming into effect of this Scheme, the debts, advances, liabilities and obligations pertaining to the Telecom Infrastructure of Transferor Company shall, without any further act or deed be stand transferred to the Transferee Company and shall become the debts, liabilities and obligations of the Transferee Company which it undertakes to meet, discharge and satisfy, save any liabilities pertaining to loans taken by the Transferor Company for acquiring the assets comprised in the Telecom Infrastructure undertaking, which shall continue to be the liability of the Transferor company.

2.6 Upon the coming into effect of the Scheme, all motor vehicles of any nature whatsoever comprised in or relating to the Telecom Infrastructure undertaking of the Transferor Company shall vest in the Transferee Company and the appropriate Governmental and Registration Authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee company without levying or imposing any fees, charges, taxes or levy whatsoever.

2.7 The Transferor Company is entitled to various benefits under vendor approvals from various clients enabling the Transferor Company to do business with such clients pursuant to such vendor approvals and pursuant to this Scheme it is declared that the benefits under such vendor approvals from various clients, pertaining to the Telecom Infrastructure, enabling the Transferor Company to do business with such clients pursuant to such vendor approvals, shall stand and be transferred to and vested in the Transferee Company as if all such vendor approvals were in fact issued/given to the Transferee Company instead of the Transferor Company by such clients.

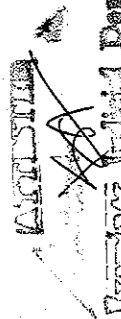
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PART III ISSUE OF SHARES AND ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY

3.1 ISSUE OF SHARES

3.1.1 The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Scheme is intended to restructure, within the group of companies controlled by the Transferor Company, the holding of the Telecom Infrastructure undertaking in a more efficient manner consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by the Transferor Company. Hence, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company or to its shareholders.

3.2 ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY

3.2.1 Upon the Scheme becoming effective, the Transferee Company shall record the Telecom Infrastructure at their respective fair values as on the Appointed Date.

3.2.2 The Transferee Company will credit an amount equal to the fair values of Telecom Infrastructure as general reserve, which shall constitute Free Reserves available for all purposes as the Transferee Company at its own discretion considers proper including in particular for off-setting any additional depreciation that may be charged by the Transferee Company.

Explanation: Additional depreciation means depreciation provided, charged or suffered by the Transferee Company on the assets transferred by the Transferor Company under the Scheme in excess of what would be

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chargeable on the original book value of these assets as if there had been no revaluation on transfer of these assets and basing the cost of these assets on the historical cost as appears in the books of the Transferor Company. The reserve as above shall be treated as arising from this Scheme and shall not be treated as a reserve created by the Transferee Company.

3.3 IN THE BOOKS OF THE TRANSFEROR COMPANY

3.3.1 Upon the Scheme becoming effective (a) the Transferor Company shall revalue all or such of its existing investments, as it considers relevant and appropriate, including in particular the investment in the Transferee Company, at its fair value; and (b) the Transferor Company shall recognize the difference between the book value of the investments and the fair value of the investments, arising on account of Clause 3.3.1(a) above, as Reserve for Business Restructuring, available to meet the increased depreciation, costs, expenses, and losses, including on account of impairment of or write down of assets which may be suffered by the Transferor Company, pursuant to this Scheme or otherwise in course of its business or in carrying out such restructuring of operations of the Transferor Company or any of its subsidiaries, as the Transferor Company consider necessary or appropriate. Such Reserve for Business Restructuring shall be withdrawn and will be credited to the profit & loss account prepared for the quarter in which the Scheme becomes effective. Such Reserve for Business Restructuring shall be arising out of this Scheme and shall not be considered as a reserve created by the Transferor Company. The value of investment in the Transferee Company shall be recorded in the books of the Transferor Company after taking into consideration the fair values of the assets comprised in the Telecom Infrastructure undertaking, vested with the Transferee Company pursuant

AGREED
Dated this 14th day of
1998
Hon'ble Justice D.K. Das
High Court of Delhi

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3.3.2 The Transferor Company shall reduce from its accounts, the book value of the demerged Telecom Infrastructure undertaking. The value of Telecom Infrastructure undertaking reduced as above shall be debited by the Transferor Company to its Profit and Loss Account prepared for the quarter in which the Scheme becomes effective.

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PART IV GENERAL CLAUSES, TERMS AND CONDITIONS

4.1 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

4.1.1 With effect from the date of filing the Scheme with the High Court and up to and including the Effective Date except in the ordinary course of business the Transferor Company shall not, without the prior written consent of the Board of Directors of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the Telecom Infrastructure undertaking or any part thereof.

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4.2 LEGAL PROCEEDINGS


4.2.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date and relating to Telecom Infrastructure undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

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4.2.2 After the Effective Date, if any proceedings are taken against the Transferor Company in respect of the matters referred to in sub-clause 4.2.1 above, the Transferor Company shall defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

4.2.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in

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Clauses 4.2.1 or 4.2.2 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.

4.3 CONTRACTS, DEEDS, ETC.

4.3.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Telecom Infrastructure undertaking of the Transferor Company, shall continue in full force and effect against or in favour of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

4.3.2 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of 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 in order to give formal effect to the above provisions. The Transferee Company shall 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 required for the purposes referred to above on the part of the Transferor Company.

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4.4 STAFF, WORKMEN & EMPLOYEES

4.4.1 Upon the coming into effect of this Scheme, all employees of the Transferor Company engaged in or in relation to the undertaking comprised of the Telecom Infrastructure of the Transferor Company (hereinafter referred to as "the employees related to the Telecom Infrastructure") and who are in such employment as on the Effective Date shall become the employees of the Transferee Company, and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by the Transferor Company and without any interruption of or break in service as a result of the transfer of **FOR BHARTI INFRA TEL LIMITED** the Telecom Infrastructure undertaking.



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4.4.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the employees related to the Telecom Infrastructure (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to the Telecom Infrastructure being transferred to the Transferee Company in terms of Clause 4.4.1 above shall be transferred to the Transferee Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees related to Telecom Infrastructure or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of

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contributions pertaining to the employees related to Telecom Infrastructure shall be transferred to the funds created by the Transferee Company.

4.5 TAX CREDITS

4.5.1 The Transferee Company will be the successor of the Transferor Company vis-à-vis the Telecom Infrastructure undertaking. The unutilised credits relating to Excise duties paid on inputs/capital goods lying to the account of the Telecom Infrastructure undertaking of Transferor Company in the as well as the unutilised credits relating to Service Tax paid on input services consumed by the Transferor Company shall be permitted to be retained by the Transferor Company to be utilized while discharging its service tax liability or any Excise duty / Service Tax payable by it, including but not limited to in connection with output service rendered by it. As the Scheme does not contemplate removal of Telecom Infrastructure by the Transferee Company from the premises in which it is installed, no reversal of CENVAT (Central Value Added Tax) credits need to be made or is required to be made by the Transferor Company.

4.5.2. If the Transferor Company is entitled to any benefits under Incentive Schemes and Policies relating to the Telecom Infrastructure undertaking, it is declared that the benefits under all of such Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company.

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PART V OTHER TERMS AND CONDITIONS

5.1 APPLICATION TO COURT

5.1.1 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 Court for sanction of this Scheme and all matters ancillary or incidental thereto.

5.2 MODIFICATION OR AMENDMENTS TO THE SCHEME

5.2.1 The Transferor Company and the Transferee Company, through their respective Boards (which shall include any committee constituted by the Board) may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Transferor Company and the Transferee Company – acting through their respective authorized representatives be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.


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5.3 CONDITIONALITY OF THE SCHEME


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

5.3.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Transferor Company and the Members and / or Creditors of the

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Transferee Company as may be directed by the Court or any other competent authority, as may be applicable.

5.3.2 The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 of the Act.

5.3.3 Certified copies of the Orders of the Court sanctioning the Scheme being filed with the Registrar of Companies, Delhi & Haryana by the Transferor Company and the Transferee Company.

5.4 EFFECT OF NON-RECEIPT OF APPROVALS

5.4.1 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 Court or such other competent authority, 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. In such an event, each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

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5.5 COSTS, CHARGES & EXPENSES

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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 Transferee Company.

5.6 The Transferor Company and the Transferee Company are expressly permitted to file/revise their Income Tax, Wealth Tax, Service Tax, Excise

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and other statutory returns, consequent to the scheme becoming effective, notwithstanding that the period for filing /revising such returns may have lapsed,. The Transferor Company and the Transferee Company are expressly permitted to amend TDS/TCS or other statutory certificates and shall have the right to claim refunds, advance tax credits, set offs, adjustments etc., relating to their respective incomes/transactions from the Appointed Date. It is specifically declared that the taxes / duties paid by the Transferor Company relating to the period on or after the Appointed Date whether by way of deduction at source or advance , which pertains to the Telecom Infrastructure, shall be deemed to be the taxes/duties paid by the Transferee Company and the Transferee Company shall be entitled to claim credit for such taxes deducted/paid against its tax/duty liabilities notwithstanding that the certificates/challans or other documents for payment of such taxes/duties are in the name of the Transferor Company. Further any tax/duty payments not directly relatable to the Telecom Infrastructure shall be apportioned between the Transferor Company and the Transferee Company on the appropriate basis as the Board of the Transferor Company and the Transferee Company mutually in their discretion deem fit and proper.

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5.7 Upon coming into effect of the Scheme, all permissions, licenses, approvals, incentives, remissions, tax-incentives, consents, sanctions, and other authorizations, pertaining to the Telecom Infrastructure undertaking, to which the Transferor Company is entitled to shall stand vested and permitted or continued by the order of sanction of this Hon'ble Court in the Transferee Company, therefore the Transferee Company shall file the Scheme, for the record of the statutory authorities who shall take it on file, pursuant to the sanction orders of the Court. The Transferee Company is authorised to take all such steps on behalf of the Transferor Company as may be necessary to give effect to the provisions contained above.

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5.8 Upon the Scheme being sanctioned the Telecom Infrastructure undertaking of the Transferor Company shall vest with Transferee Company with effect from the Appointed Date.

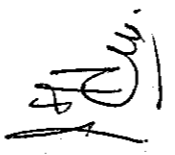
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ATTORNEY

Advocate Jitendra Bhai
High Court of Delhi

