

COMPANY NO. SS-48085

**CARTIFICATE OF REGISTRATION ORDERS OF COURT CONFIRMING
AMALGNANTION OF COMPANIES.**

Section 391 (2) and 394 of the Companies Act, 1956

Certified that the certified copy of the Delhi High Court Order in C.P. No. 287/2004
dated 21/5/05 regarding the amalgamation of undermentioned company
/companies.

MIS Bharti cellular limited (Transferor)

With M/s. Bharti Tele-Ventures Ltd (Transferee)
has been registered under the Companies Act, 1956.

Given under my hand at NEW DELHI this 9th day of
June 2005 Two Thousand Five



(R. D. KASHYAP)
Dy./ASSTT. REGISTRAR OF COMPANIES
NCT OF DELHI & HARYANA

COMPANY NO. 88756

CERTIFICATE OF REGISTRATION OF ORDERS OF COURT CONFIRMING
AMALGAMATION OF COMPANIES.

Section 391 (2) and 394 of the Companies Act, 1956.

Certified that the certified copy of the Delhi High Court Order in

C.P.No. 287/04 288/04 dated 21/5/05 regarding the

amalgamation of undermentioned company /companies:

*Bharti Infotel Ltd. and
Bharti Cellular Ltd.*

with M/s. *Bharti Tele Ventures Ltd.* (Transferee Company)

has been registered under the Companies Act, 1956.

Given under my hand at NEW DELHI this *9th* day of June

Two Thousand Five.



[Signature]
9.6.05
(R.K. Sah)
(REGISTRAR)

ASSTT. REGISTRAR OF COMPANIES
NCT OF DELHI & HARYANA

COMPANY NO. SS-70609

**CARTIFICATE OF REGISTRATION ORDERS OF COURT CONFIRMING
AMALGNANTION OF COMPANIES.**

Section 391 (2) and 394 of the Companies Act, 1956

Certified that the certified copy of the Delhi High Court Order in C.P. No. 289/2004
dated 21-05-2005 regarding the amalgamation of undermentioned company
/companies.

M/s. Bharti Cellular Ltd. — SS-48085
M/s. Bharti Infotel Ltd. — SS-88756
~~M/s.~~ (Transferor Companies)

With M/s. Bhavi Tele-Ventures Limited, SS-70609
has been registered under the Companies Act, 1956. (Transferee Company)

Given under my hand at NEW DELHI this 09th day of
June Two Thousand Five



Amj
(D. R. Chaturvedi)
Dy./ASST. REGISTRAR OF COMPANIES
NCT OF DELHI & HARYANA

IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CP No. 287, 288 and 289/2004

DATE OF HEARING: 03.05.2005

DATE OF DECISION : 21.05.2005

In the matter of:

- | | |
|---|---------------------------------------|
| 1. Bharti Cellular Ltd./Transferor Company No.1 |Petitioner in
CP No. 287/2004 |
| 2. Bharti Infotel Ltd./Transferor Company No.2 |Petitioner in
CP No. 288/2004 |
| 3. Bharti Tele-Ventures Ltd./Transferee Company |Petitioner in
CP NO. 289/2004 |

Through Mr. Rajiv Nayar, Sr. Advocate
with Mr. Sandeep Sethi, Sr. Advocate,
Mr. Amar Gupta and Mr. Mansoor Ali
for the petitioners.

M. P.K. Batta, Dy. Registrar of Companies
for the Regional Director, NR, Ministry
of Company Affairs.

Mr. Rajiv Sawhney, Sr. Advocate with
Mr. Vineet Jhanji for the Objector.

CORAM :-

THE HON'BLE MR. JUSTICE A.K. SIKRI

1. Whether Reporters of Local papers may be allowed to see the Judgment?
2. To be referred to the Reporter or not?
3. Whether the judgment should be reported in the Digest?

A.K. SIKRI, J.

These petitions are filed by the petitioner companies under
Sections 391-394 of the Companies Act praying for sanction and approval of

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the Scheme of Amalgamation between Bharti Cellular Limited (hereinafter referred to as 'the Transferor Company No.1'), Bharti Infotel Limited (hereinafter referred as 'the Transferor Company No.2') and Bharti Tele-Ventures Limited (hereinafter referred as 'the Transferee Company').

2. The registered offices of the aforementioned companies are situated at H-5/12, Qutab Ambience, Mehrauli Road, New Delhi, which are within the territorial jurisdiction of this Court.

3. The Board of Directors of these companies have passed Resolutions approving the Scheme of Amalgamation.

4. It is stated that the Transferor Company No 1 was incorporated on 20th March, 1992 and was granted certificate for commencement of business on 24th April, 1992. The Transferor Company No.2 was incorporated on 8th November, 1993 and was granted certificate for commencement of business on 1st March, 1994. Likewise, the transferee company was incorporated on 7th July, 1995 and certificate for commencement of business was granted on 18th January, 1996. Although the Transferor Company No.2 had initially registered office in the State of Punjab, it was shifted to National Capital Territory of Delhi in July 1997 and Northern Region Bench of Company Law Board confirmed the shifting of its registered office on 4th July, 1997. The transferor company No.2 was initially incorporated with the name of Bharti Telenet

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Limited which was changed to its present name with effect from 15th September, 2003.

5. The present authorised share capital of the Transferor Company No.1 as on 31st March, 2004 is Rs.150,00,00,000 divided into 15,00,00,000 equity shares of Rs.10 each. The issued, subscribed and paid up share capital of this company is Rs.10,61,08,450 divided into 10,61,08,450 equity shares of Rs.10 each.

6. The present authorised share capital of the Transferor Company No.2 as on 31st March, 2004 is Rs.300,00,00,000 divided into 30,00,00,000 equity shares of Rs.10 each. The issued, subscribed and paid up share capital of this company is Rs.277,20,00,000 divided into 27,72,00,000 equity shares of Rs.10 each.

7. The present authorised share capital of the Transferee Company as on 31st March, 2004 is Rs.25,00,00,00,000 divided into 250,00,00,000 equity shares of Rs.10 each. The issued, subscribed and paid up share capital of this company is Rs.18,53,36,67,670 divided into 185,33,66,767 equity shares of Rs.10 each.

8. The main objects of these companies are stated in detail in the petitions.

9. The petitioner companies filed separate applications under Sections

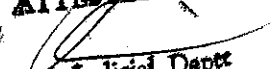
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391 to 394 of the Companies Act, 1956, which was registered as Co.Appl.(M) Nos. 100/2004, 101/2004 & 102/2004 seeking direction for dispensing with the meeting of the unsecured creditors being of the value of less than Rs.1 lac with direction for holding the meeting of that class of unsecured creditors being of Rs.1 lac and greater. Necessary direction is also sought for holding the meetings of equity shareholders and joint meeting of debenture holders and secured creditors of the transferor company No.1. The said applications were disposed of by this Court by order dated 10th August 2004 dispensing with the requirement of convening the meetings of the unsecured creditors of the value of less than Rs.1 lac as well as the shareholders of the transferor company No.2. The Court further directed to convene the meetings of unsecured creditors of the value of more than Rs.1 lac, shareholders and secured creditors of the Transferor Company No.1, unsecured creditors of the value of more than Rs.1 lac, creditors (both secured and unsecured) as well as shareholders of the Transferee Company. In compliance with the Court's orders these meetings have been convened on the date and time fixed for the purpose and reports of respective Chairpersons of the said meetings have been filed as per which the proposed Scheme of Amalgamation has been approved.

10. It is also stated that no proceedings under Sections 235 to 251 of the Companies Act or the MRTP act, 1969 are pending against any of the

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applicant companies.

11. Notices of these petitions were issued and were duly served on the Regional Director, Department of Company Affairs, Kanpur. Notices were also advertised in the newspapers in compliance with this Court's order dated 10th October 2004.

12. The Official Liquidator has filed report stating that he has no objection to the sanction of the proposed scheme. However, the Regional Director in his reply has raised certain objections. M/s. DSS Enterprises Pvt. Ltd., (hereinafter referred to as 'DSS'), a shareholder of Bharti Cellular Limited/Transferor Company No.1 has also filed objection to the scheme. The objector has .34% shareholding and 99.66% shareholders have approved the Scheme of Amalgamation. Counsel for the parties were heard on this objections. At this stage, therefore, I propose to deal with these objections. In the first instance, objection of Regional Director are dealt with.

13. The Regional Director has raised the following objections: (i) Para-2(a) of Part IV of the Scheme provides that the Transferee Company shall allot 15 equity shares of the face value of Rs.10/- each to the equity shareholders of Transferor Company No.1 for every two fully paid-up equity share of R.10/- each held by them. In support of the proposed ratio of exchange, the petitioner companies have furnished a copy of the valuation report prepared by M/s. Ernst

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& Young Pvt. Ltd., Chartered Accountants. The said Chartered Accountants have arrived at business valuation of both the Transferor and Transferee Companies on the basis of Discount Cash Flow Method (in short 'DCF' method). The objection is raised to adoption of DCF method on the ground that Transferee Company is a profit-making company and had reserves and surplus of Rs.2971.48 crores as at 31st March 2004 as against paid-up capital of Rs.1853.36 crores. On the other hand Transferor Company No.1 had accumulated losses of Rs.587.58 crores as against its paid-up capital of Rs.106.10 crores as at 31st March 2004. Therefore, this valuation is dubbed as grossly unrealistic in view of the following:-

- i. The Valuers have arrived at the business valuation of the Transferor Companies on the basis of estimated figures for another 9 years.
- ii. Whether similar basis has been adopted for valuation of shares of the transferee Company also, is not understandable from the Valuation Report.
- iii. The Valuers have suggested the ratio of exchange only on the basis of business valuation of the Transferor Companies for another nine years on discounted cash flow method and have completely ignored all other well recognized methods of valuation of shares of companies.
- iv. It is very surprising that the Valuers have arrived at the value of the shares of the Transferor Company No.1 which had accumulated losses of Rs.587.58 crores as against its Paid Up Capital of Rs.106.10 crores as at 31.3.2004, 7.5 times more than the value of shares of the

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transferee Company which is a profit making company having reserves and surpluses of Rs.2971.48 crores at 31.3.2004 as against its Paid Up Capital of Rs.1853.36 crores and the equity shares of Rs.10/- each of the said company (Transferee Company) are presently quoted at around Rs.211/- at various Stock Exchanges."

14. It is, thus, pointed out that DCF method was not proper method to be adopted in such a case for both the Transferor and Transferee Companies. It is also stated that relevant calculations in respect of Transferee Company are not furnished.

15. Learned counsel for the petitioners submitted that averment in the objection that calculations are not furnished, is factually incorrect as this information was duly supplied. In this behalf he referred to the letter dated 19th November 2004 addressed by the Company Secretary of the petitioners to the Regional Director in reply to Regional Director's letter dated 9th November 2004. In the letter dated 9th November 2004 the Regional Director had asked the companies to furnish information along with relevant documents in respect of various items mentioned therein, including copy of the valuation report along with accounting calculations as well as full utilisation thereof. Along with reply dated 19th November 2004 the Company Secretary had provided the information on all the items and in respect of the valuation report it was stated that a very important element in this model is the selection of discount rate that

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reflects the expected rate of return (adjusted for risks associated with the investment) to prospective investors in similar investment opportunities. The Weighted Average Cost of Capital (WACC), which reflects the opportunity cost to providers of capital, weighted by their relative contribution to the total capital of the company, is used as the best indicator of the relevant discount rate. The WACC is defined as the weighted combination of the Cost of Equity Capital (COEC) and the Cost of Debt Capital (CODC).

15. It was also explained that the DCF method is considered a scientific and accepted method of determining value as it addresses the question of additional capital expenditure and the additional working capital that would be required to operate at a higher level. Further, it takes into consideration the time value of money, which is to be received over future period of time. It was further pointed out that in the present case, the Company had recently launched services in the eight new circles and is in the process of stabilizing its operation in these circles and all the operating companies are witnessing significant growth, which will result in a significantly higher level of operations in the future. This justification was given for adopting the DCF methodology in evaluating the relative worth of the shares of the merging companies. We have been given to understand that the financial projections used by us for the purpose of valuation are the same as those provided to other external agencies

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like lenders etc.

16. It is clear from the above that the observation of the Regional Director that requisite information was not supplied, is not correct.

17. In so far as basis of valuation is concerned, the petitioners have annexed copy of communication dated 7th June 2004 written by M/s. Ernst & Young, Chartered Accountants, to the petitioner companies addressing the subject of "fair basis for the proposed merger of Bharti Cellular Ltd. Vs. Bhatri Televenture Ltd". This communication, in fact, is a detailed report of Ernst & Young on the proposed merger. After mentioning the scope and performance of the report, source of information, statement of limiting conditions and background of the merging companies, the said Chartered Accountants had narrated their approach for fair basis of merger. It is explained that the application of any particular method of valuation depends on the proposed scheme for which the valuation is made. Although different methods may exist for different purposes, it cannot be too strongly emphasised that a valuer can only arrive at one value for one purpose. Different valuation methods are described and it is also stated as to which methods are suitable for a particular purpose. For example, Net Asset Value Methodology is suitable where depreciated replacement cost of fixed assets or net realisable value (break-up or asset-by-asset sale basis) is required. It is usually not a good indicator of the

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value of a 'going concern' as it ignores business potential; does not take intangible into account; and impacted by accounting practices. It is useful only when other methods do not adequately reflect the fair value or there is threat to survival of the business. Reason for choosing Discounted Cash Flow Technique (DCF Technique) is also stated in this respect. The reason stated for choosing DCF Technique is that this method is one of the most scientific among all valuation methods in terms of conceptual framework. It is explained that as per this method value is defined as following:-

Value = present value of future cash flows that can be withdrawn from the company.

The adoption of this method, in the present case, is justified in the following words:-

"The value so derived is not impacted is not impacted by accounting practices (which are many a times non-uniform across companies/time), as it is based on cash flow and not book profits. The method incorporated all factors relevant to business (e.g. tangible and intangible assets, current and future competitive position, financial and business risks, etc.)

To estimate the cash flows available to stakeholders, projected income statement and balance sheet of the entity are prepared for certain future years (explicit forecast period) until the time when company's business (es) stabilize. These estimates are based on financial assumptions that are derived by the management of the Company from the integrated results of the economic outlook, industry, corporate analysis, historical, financial analysis and management's expectations.

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A very important element in this model is the selection of discount rate that reflects the expected rate of return (adjusted for risks associated with the investment) to prospective investors in similar investment opportunities. The Weighted Average Cost of Capital (WACC), which reflects the opportunity cost to providers of capital, weighted by their relative contribution to the total capital of the company, is used as the best indicator of the relevant discount rate. The WACC is defined as the weighted combination of the Cost of Equity Capital (COEC) and the Cost of Debt Capital (CODC)."

18. The Chartered Accountants have also defined another method, namely, 'Profit Earning Capacity Value'. Under this method value of shares of a company is arrived at by capitalizing its future maintainable profit per share, i.e. Earning Per Share (EPS) by an appropriate Price Earning Ratio. Such future maintainable profits are calculated based on the past working results of the company, usually for a period of 3-5 years after adjusting for non-recurring unusual or abnormal items of income and expenditure. Although, it is opined that past profits would be a relevant indicator for the purpose of determining the fair exchange ratio, however, reason given for not preferring this method is that this does not provide a fair indicator in case of high growth companies with limited track record of revenues and profits. In India both telecom industry in general and business of the merging company in particular, are witnessing significant growth and subscriber base and have substantial growth potential.

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The industry has been going through a process of consolidation and the telecom companies are valued on the basis of future growth proceeds. As such, value based on past profits is not reflective of the fair value of telecom companies in India. For this reason this method is considered to be inappropriate for the purpose of value exercise.

19. It is clear from this report that the Chartered Accountants had in mind all accepted techniques of valuation which are explained in detail and they have given specific reasons for preferring DCF Method over the other methods in the present case. The Discounted Cash Flow Method was found to be most suitable in view of the following:-

- (i) In telecommunication business, heavy initial investment is required to set up the network and other infrastructure and the revenue realisation is very low in the start. Therefore, it results in accumulated losses.
- (ii) As the business cycle matures, the revenue realisation enters into a high growth cycle, whereas there is low expenditure for maintenance of network. Hence in the subsequent years the profits grow at much faster rate.
- (iii) Therefore, it will be fair to consider and adopt the Discounted Cash Flow method based on revenue streams over a reasonable number of future years to capture the true enterprise value of company.
- (iv) The Discounted Cash Flow Method has been applied in calculating the enterprise valuation in Telecom industries."

It is submitted that while arriving at the swap ratio based on Market

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Price was applied for valuing the shares of Bharti Televentures Limited and Bharti Cellular Limited. While the market price was available for BTVL as it is the listed company, the market price was considered based on the average of market prices, weighted by volume, during the six months ended May 28, 2004. In case of BCL, the value of BCL was derived from the market value of BTVL.

20. It may be mentioned that this report of the Chartered Accountants was also supplied to the Regional Director. Vide his letter dated 10th December 2004 he asked the petitioners to furnish the calculations along with full justification thereon, which was given vide letter dated 14th December 2004. Detailed calculation sheet prepared by the said Chartered Accountants wherein the business valuation of the company had been done as per DCF Method spanning over a period of 9 years from 2004-2005 till 2012-2013 was also submitted. Admittedly, after receiving this information the Regional Director did not respond or asked for any other information. Learned counsel for the petitioner also explained that in the present case business was done only by the Transferor Company and Transferee Company was not having any business but licence only reserves were the only premium received from the shareholders. Losses in the Transferor Company were caused due to investments in the beginning but there were bright future prospects in the telecom industry as accepted by the Chartered Accountants as well.

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21. There are various methods of valuation of shares. Which method is to be adopted in a particular case is better known to the experts in the field. M/s. Ernst & Young are established Chartered Accountants and can easily be treated as experts. This legal principle stands firmly established by catena of pronouncements of the Apex court as well as the High Courts. Some of these judgments are:

(a) Miheer H. Mafatlal Vs. Mafatlal Industries Limited, AIR 1997 SC 506.

(b) Hindustan Lever Employee's Union Vs. Hindustan Lever Limited & Anr., (1995) 83 Comp Cas 30.

(c) Re. Jindal (India) Ltd., 1998 (93) Comp Cas 890.

(d) Aradhana Beverages and Foods Company Ltd., 1998 (93) Comp Cas 89.

22. It would be of some interest to note one observation of the Regional Director while questioning the DCL Method adopted by the Chartered Accountants. It is stated by the Regional Director that the shares of the Transferee Company are held widely by a large number of members of the public whereas Transferor Company No. 1 closely held company having two shareholders, namely, (i) Bharti Tele-Ventures Ltd. (along with its nominee); and (ii) DSS Enterprises Pvt. Ltd. (DSS). It is alleged that adoption of DCL Method would result in an unreasonable benefit of more than Rs.57 crores

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which is proposed to be passed on to M/s. DSS Enterprises Pvt. Ltd., which is a closely held company. Thus, while on one hand in this objection raised by the Regional Director motive imputed is that it is to benefit M/s. DSS Enterprises Pvt. Ltd., ironically, it is DSS whose offensive onslaught the petitioners have faced in these proceedings. DSS have objected to the proposed scheme of amalgamation itself and do not want this amalgamation at all. They have put fierce opposition to the sanction of the scheme. This conduct of DSS would clearly allay the fears of the Regional Director about the alleged motive behind DCF Method adopted.

For all these reasons I do not find any merit in this objection of the Regional Director.

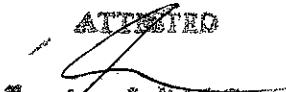
23. Other objection is to Para 2(a) Part IV of the scheme. It is stated that as per the aforesaid para various permissions, licences and authorisation to which the Transferor Companies No 1 and 2 are entitled shall stand vested in the Transferee Company consequent upon sanction of the scheme by this Court. However, permission of the authority which have issued the said licences, namely, Department of Telecommunication, having not been taken and, therefore views of the Department of Telecommunication be ascertained.

24. The Petitioners have placed on record circular letter dated 2nd January 2003 issued by the Government of India, Ministry of Communications,

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Department of Telecommunications, which is addressed to all licensees of cellular, mobile, telephone services as well as basic telephone service. This circular relates to amendment of licence with regard to Transfer/Assignment of licence and the said amendment is conveyed by this letter. Relevant portion of the amended clause reads as under:-

"Transfer of Licence:

The Licensee may transfer or assign the Licence Agreement with prior written approval of the Licensor to be granted on fulfillment of the following conditions and if otherwise, no compromise in competition occurs in the provisions of Telecom Services:-

- (i) xxxxx
- (ii) Whenever amalgamation or restructuring i.e. merger or demerger is sanctioned and approved by the High Court or Tribunal as per the law in force, in accordance with the provisions, more particularly of Sections 391 to 394 of Companies Act, 1956; and
- (iii) xxxxx
- (iv) xxxxx."

25. It is clear from the above that such transfer is permissible whenever there is amalgamation or restructuring sanctioned and approved by the High Court or the Tribunal of a scheme under Section 391-394 of the Companies Act. No doubt, prior written approval of the licensor is needed and before transferring the licence, licensor shall also satisfy itself that the

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Transferee/Assignee is fully eligible in accordance with the eligibility criteria contained in tender conditions or any other documents and shows its willingness in writing to comply with the terms and conditions of the Licence Agreement and further that all past dues are fully paid by the Transferor Company till the date of Transfer/Assignment. However, since amended clause makes it permissible for Transferee Company to get the licence transferred in its name on the basis of sanction and approval of the scheme of amalgamation, I do not think that it is necessary to issue notice to the Department of Telecommunication at this stage while considering the scheme of amalgamation. On sanctioning of the scheme, it would be for the Transferee Company to apply for transfer of licence in its favour and at that stage Department of Telecommunication would be entitled to verify as to whether Transferee Company fulfills all the conditions for the said transfer. Position would have been different had there been no such policy of the Government or provision for transfer of licences in favour of the Transferee Company. It may be mentioned, at this stage, that the petitioners have duly informed the Department of Telecommunication about the proposed merger vide letters dated 22nd April 2004 and 26th April 2004. It may also be noted that when Scheme of Arrangement between Bharti Mobinet Ltd. and Bharti Cellular Ltd. was sanctioned, the Department of Telecommunication had transferred licences

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in the name of M/s. Bharti Mobinet to M/s. Bharti Cellular Ltd. vide letter dated 24th March 2004. In the present fact situation and in view of the aforesaid policy of the Department of Telecommunication, the judgment in the case of Re. Skinner (deceased) reported as (1958) 3 All England Report 273, shall have no application.

26. Before dealing with the objections of M/s. DSS Enterprises Pvt. Ltd. (in short 'DSS') a background note needs to be stated. Earlier a Scheme of Arrangement between Bharti Telenet Ltd., Bharti Mobinet Ltd. and Bharti Cellular Ltd. was filed in this Court. When this scheme came up for approval, at that time also DSS had filed the objections. After considering those objections this Court did not find any merit in the same, which were rejected and the Scheme of Arrangement was approved vide order dated 29th July 2003 in CP 167/2003. DSS appealed to the Division Bench. This appeal has been dismissed by the Division Bench vide its judgment dated 12th May 2005 passed in Co. A. No. 30/2004.

27. When the present objections of DSS were being argued Mr. Rajiv Sawhney, the learned senior counsel appearing for DSS made a candid statement that objections of DSS were identical in so far as the present scheme is concerned. In fact, for this reason only learned counsel requested for postponement of hearing in this case to await the judgment of the Division

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bench, as he agreed that in case appeal of DSS is dismissed that would cover the objections raised to the scheme as well.

28. Therefore, with the dismissal of the appeal by the Division Bench these objections (except one as noted below) do not survive. The only objection which survives and needs consideration relates to the validity of the authority given to Mr. Narender Gupta, Group Company Secretary and his right to represent in the meetings. The Board of Directors of Bharti Tele-Venture Ltd. in their meeting held on 7th May 2001 passed resolution under Section 187 of the Companies severally authorising Mr. Rajan Bharti Mittal and Mr. Akhil Gupta, Directors of the Company and Mr. Narender Gupta, Group Company Secretary, to attend and vote on behalf of the company in all the shareholders' meetings. This resolution reads as under:-

"RESOLVED THAT pursuant to Section 187 of the Companies Act, 1956, Mr. Rajan Bharti Mittal and Mr. Akhil Gupta, Directors of the Company and Mr. Narender Gupta, Group Company Secretary be and are hereby severally authorised to attend and vote on behalf of the Company in all the shareholders meetings including adjournments thereof where Bharti Tele-Ventures Limited is a shareholder and exercise all rights and powers on behalf of Bharti Tele-ventures Limited at such meetings, provided that the prior approval of the Board of Directors of Bharti Tele-ventures Limited is obtained in relation to the General reserved matters in terms of the Shareholders agreement."

29. There is also a resolution passed by the Board of Directors of the

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same company in their meeting held on 23rd April 2004 and relevant portion thereof is as under:-

“RESOLVED FURTHER THAT Ms. Vijaya Sampath, Director-Legal, Mr. Narender Gupta, Company Secretary and Mr. Sanjeev Saxena-Group Financial Controller, be and are hereby severally authorised to appoint lawyers and legal advisors to complete the merger process under the provisions of Sections 391 to 394 of the Companies Act, 1956 and related applicable rules and regulations.”

30. Mr. Sawhney submitted that when a company is a shareholder in another company it can attend meeting either, (a) by proxy as provided under Section 176; or (b) through power of attorney executed in favour of a person; (c) by Board's resolution under Section 187 of the Companies Act authorising a particular person to attend. His submission was that each of the three is a different mode. He submitted that the words “any meeting appearing in Section 187” would mean a particular meeting. In the instant case, orders for convening the meeting of the shareholders was passed by this Court on 10th August 2004 and meeting of the shareholders was held on 8th October 2004. Mr. Narender Gupta participated in their meeting on behalf of Bharti Tele-Ventures Ltd. It was argued that Boards' Resolution dated 22nd April 2004 was before the first motion and, therefore, he had no authority to appear in the meeting held on 8th October 2004 on the basis of this Resolution. As far as Resolution dated 7th May 2001 is concerned, it was passed three years prior to

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the holding of the meeting in question, which was not under contemplation at that time and, therefore, this Resolution passed under Section 187 was not for the specific meeting in question, i.e. meeting held on 8th October 2004. Further this Resolution was conditional as well because of proviso contained therein. It was also argued that on both the Resolutions there was no seal of the company

31. This objection is hyper-technical, to say the least. In a desperate attempt, an enervative argument is advanced which is nothing but an unsuccessful attempt to drive a coach and horses. Vide Resolution dated 7th May 2001 passed under Section 187 of the Companies Act, along with two Directors Mr. Narender Gupta, Group Company Secretary was also authorised to attend and vote on behalf of Bharti Tele-Ventures Ltd. in all those shareholders meetings where that company is a shareholder. The meeting, which has been attended by him pursuant to this resolution, is the meeting of shareholders of M/s. Bharti Cellular Ltd. Thus, it is the scheme whereby Bharti Cellular Ltd. and Bharti Infotel are to be amalgamated with Bharti Tel-ventures Ltd. Bharti Tele-Ventures Ltd. is the shareholder in Bharti Cellular. Board of Directors of all three companies had passed necessary resolution approving this amalgamation. It is, thus, clear that Bharti Tele-Ventures Ltd., as Transferee Company, has agreed for merger of Bharti Cellular with it. It now authorises the persons named in the Resolution to vote in favour of the scheme, as it is the

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shareholder in that Transferee Company. Can it be said, in these circumstances, that Mr. Narender Gupta was not authorised to vote in the meeting of the shareholders where Bharti Tele-Ventures Ltd. is the Transferee Company when same Board of Directors have already approved the proposed merger? Once matter is viewed from this angle, the gloss sought to be created by the objector would vanish. In fact, it can be said that it was a mere formality, in so far as Bharti Tele-Ventures Ltd. as shareholder in Bharti Cellular to vote in favour of the scheme as a shareholder. If for this purpose Mr. Narender Gupta acted on the basis of Resolution dated 7th May 2001, which may have been passed three years ago, I do not find any infirmity in this action. It is also to be borne in mind that even when such a resolution under Section 187 of the Companies Act was passed on 7th May 2001 when the proposed scheme was not in contemplation, the Board of Directors of this company passed another Resolution dated 22nd April 2004 for the purpose of this specific scheme itself. Although this Resolution does not state that it is passed under Section 187 of the Companies Act, it specifically authorises Mr. Narender Gupta to "convey consent" of Bharti Tele-Ventures Ltd. to the Scheme of Amalgamation "as required in compliance with the provisions of Sections 391-394 of the Companies Act, 1956". A conjoint reading of the two Resolutions would make it amply clear that there was an authorisation in favour of Mr.

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Narender Gupta to attend the meeting of the shareholders of Bharti Cellular on behalf of Bharti Tele-Ventures Ltd. Therefore, I am not inclined to carry away such a submission of the objector and do not find any substance therein and reject the same.

32. There is nothing on record to show nor there is even an allegation that the scheme is not bona fide or is otherwise inequitable. No doubt, before sanctioning the scheme the Court is to satisfy itself that there is compliance with statutory requirements. This aspect is lucidly stated in an authoritative pronouncement of the Apex Court in Miheer H. Mafatlal v. Mafatlal Industries Ltd., (1996) 87 Comp Cas 792. Following summary of the scope and ambit of the jurisdiction of the Company Court is earmarked in the said judgment:-

"1. The sanctioning court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by section 391(1)(a) have been held.

2. That the scheme put up for sanction of the court is backed up by the requisite majority vote as required by section 391 sub-section (2).

3. That the concerned meetings of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of

CPs 287, 288 & 289/04

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that class.

4. That all necessary material indicated by section 393 (1)(a) is placed before the voters at the concerned meetings as contemplated by section 391 sub-section (1).
5. That all the requisite material contemplated by the proviso to sub-section (2) of section 391 of the Act is placed before the court by the concerned applicant seeking sanction for such a scheme and the court gets satisfied about the same.
6. That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the scheme with a view to be satisfied on this aspect, the court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.
7. That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting *bona fide* and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising the same class who they purported to represent.
8. That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.
9. Once the above said parameters about the requirement of a scheme for getting sanction of the court are found to have been met, the court will have

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no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval of the scheme even if in view of the court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction."

33. In Re. Anglo-Continental Supply Co. Ltd., (1922) 2 Ch. D. 723, the Court held that before giving a sanction to the scheme of arrangement, it would see "Firstly, that the provisions of the statute have been complied with. Secondly, that the class was fairly represented by those who attended the meeting and that the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent; and thirdly, that the arrangement is such as a man of business would reasonably approve". In the present case the aforesaid requirements have been satisfied.

34. In the aforesaid circumstances and having regard to the averments made in this petition and the materials placed on record and the affidavits filed by the Regional Director, Department of Company Affairs, Kanpur, and the Official Liquidator, I am satisfied that the prayer made in the petition deserves to be allowed. I also do not find any legal impediment to the grant of sanction

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to the Scheme of Amalgamation. Hence, sanction is hereby granted to the above-mentioned Scheme of Amalgamation under Section 391(2) read with Section 394 of the Companies Act, 1956. Consequent upon the amalgamation of the companies, the Transferor Companies No.1 and 2 shall stand dissolved without resorting to the process of winding up.

35. The petitions stand disposed of in terms of the aforesaid order.

DASTI.

May 21, 2005
hp.

Sd/-
(A.K. SIKRI)
JUDGE

TRUE COPY
[Signature]
EXAMINER

[Signature]
Certified to be True Copy
Examiner Judicial Department
High Court of Delhi.
Authorised Under Section 70
Indian Evidence Act.

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High Court of Delhi

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 AMALGAMATION
OF

COMPANY PETITION NO. 287/2004
CONNECTED WITH

COMPANY APPLICATION (M) NO. 100/2004
IN THE MATTER OF Bharti Cellular Limited,
having its Regd. Office at
H-5/12, Qutab Ambience,
Mehrauli Road, New Delhi-110030

....Petitioner/Transferor Company No. 1

COMPANY PETITION NO. 288/2004
CONNECTED WITH

COMPANY APPLICATION (M) NO. 101/2004
IN THE MATTER OF Bharti Infotel Limited,
having its Regd. Office at
H-5/12, Qutab Ambience,
Mehrauli Road, New Delhi-110030

....Petitioner/Transferor Company No. 2

WITH

COMPANY PETITION NO. 289/2004
CONNECTED WITH

COMPANY APPLICATION (M) NO. 102/2004
IN THE MATTER OF Bharti Tele-ventures Limited,
having its Regd. Office at
H-5/12, Qutab Ambience,
Mehrauli Road, New Delhi-110030

....Petitioner/Transferee Company

BEFORE HON'BLE MR. JUSTICE A.K. SIKRI
DATED THIS THE 21ST DAY OF MAY, 2005

ORDER UNDER SECTION 394 OF THE COMPANIES ACT, 1956

The above petitions coming up for hearing on 21/5/05 for sanction of scheme of amalgamation proposed to be made of Bharti Cellular Limited & Bharti Infotel Limited (hereinafter referred to as the Transferor Companies) with Bharti Tele-ventures Limited (hereinafter referred to as the Transferee Company), upon reading the said petitions, the order dated 10/8/04 & 3/9/04 whereby the meeting of unsecured creditors of petitioner company No.1 of less than Rs. 1 Lac was dispensed with whereas meetings of unsecured creditors of the value of more than Rs. 1 Lac of Transferor Companies No. 1 & 2, unsecured creditors of Transferee Company, secured creditors of Transferor Company No 1, joint meeting of secured creditors & debenture holders of Transferor Company No. 2, the secured creditors of Transferee Company, the shareholders of Transferor Company No.1 & Transferee Company were ordered to

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convene, for the purpose of considering, and if thought fit, approving, with or without modification, the scheme of Amalgamation annexed to the affidavits of Mr. Narender Gupta, Ms. Vijaya Sampath and Mr. Nikhil Kulsureshtra, authorised representative of the petitioner companies filed on the 9th day of August, 2004 and the publication in the newspapers namely (1) Statesman (English) (2) Jansatta (Hindi) both dt. 9/9/2004 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 10/8/04 & 3/9/04, the affidavits of Mr. Amit Bansal, Mr. Sandeep Aggarwal, Mr. P.P.S. Premi, Mr. P.C. Dhingra, Ms. Priya Kumar, Mr. Maneesh Goyal, Mr. Viraj R. Datar & Mr. K.K. Wadera, Chairpersons filed on 25/9/04 showing the publication and despatch of the notices convening the said meetings, the reports of Chairpersons of the said meetings as to the result of the said meetings and upon hearing Mr. Rajiv Nayar, Sr. Adv., Mr. Sandeep Sethi, Sr. Adv., Mr. Amar Gupta & Mr. Mansoor Ali, Advocates for the petitioner, Mr. P.K. Batta, Dy. Registrar of Companies for Regional Director, Northern Region, Department of Company Affairs, Kanpur and Mr. Rajiv Sawhney, Sr. Adv. With Mr. Vineet Jhanji for the objector and it appearing from the reports that the proposed scheme of Amalgamation has been approved by majority/unanimously without any modification by the said shareholders, secured and unsecured creditors and debenture holders of the Transferor and Transferee Companies present and voting either in person or by proxy and upon reading the affidavit dated 10/1/2005 of Sh. U.C. Nahta, Regional Director, Northern Region, Department of Company Affairs, Kanpur on behalf of Central Government whereby he has raised certain objections in respect of Para-2(a) of Part-IV of the scheme which have been overruled by Court as the Court did not find any merit in the objection of Regional Director. M/s DSS Enterprises Pvt. Ltd., a shareholder of Bharti Cellular Ltd./Transferor Company No. 1 has also filed objection to the scheme. The objector has .34% shareholding and 99.66% shareholders have approved the scheme of amalgamation. The Court did not find any substance in the said objection and rejected the same and the affidavit of Sh. Alok Samantarai, Official Liquidator dated 10/12/04 stating therein

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that the affairs of the Transferor Companies have not been conducted in a manner prejudicial to the interest of its shareholders or creditors or to public interest and Transferor Companies could be dissolved without process of winding up, there being no investigation proceedings pending in relation to the petitioner company under Section 235 to 251 of the Companies Act, 1956.

THIS COURT DOTH HEREBY SANCTION THE SCHEME OF AMALGAMATION set forth in Schedule-I annexed hereto and DOTH HEREBY DECLARE the same to be binding on all the shareholders, creditors and debenture holders of the Transferor and Transferee Companies and all concerned and doth approve the said scheme of amalgamation with effect from the appointed date i.e. 1.4.2007. *Mishra*

AND THIS COURT DOTH FURTHER ORDER:

1. That all the property, rights and powers of the Transferor Companies specified in the First, Second and Third parts of the Schedule-II hereto and all other property, rights and powers of the Transferor Companies 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 Transferor Companies therein but subject nevertheless to all charges now affecting the same; and
2. That all the liabilities and duties of the Transferor Companies 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 Transferor Companies be continued by or against the Transferee Company; and
4. That the Transferee Company do without further application allot to such members of the Transferor Company No. 1 as have not given such notice of dissent as is required by Part-V(1) given in the Scheme of Amalgamation herein the shares in the Transferee Company to which they are entitled under the said Amalgamation, whereas the Transferor Company No. 2 is a 100% subsidiary of the Transferee Company and hence the entire paid up

Mishra

capital of Transferor Company No. 2 i.e. 277,200,000 shares of the face value of Rs. 10/- each aggregating to Rs. 277.20 crores is held by the Transferee Company in the Transferor Company No.2. Since the provisions of the Act do not permit a company to hold its own shares, upon dissolution of the Transferor Company No. 2 under the terms of this Scheme, all the afore-stated 277,200,000 shares of the face value of Rs. 10/- each aggregating to Rs. 277.20 crores held by the Transferee Company in the Transferor Company No. 2 shall stand cancelled upon this Scheme becoming effective without any further act or deed; and

5. That the Transferor Companies do within 30 days after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Companies shall be dissolved, and the Registrar of Companies shall place all documents relating to the Transferor Companies and registered with him on the file kept by him in relation to the Transferee Company and the files relating to the said Transferor and Transferee Companies shall be consolidated accordingly; 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.

Cancelled

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Registrar, Judicial Deptt.
High Court of Delhi

Annex - A

SCHEME OF AMALGAMATION

BETWEEN

Bharti Cellular Limited

Transferor Company No.1

Bharti Infotel Limited

Transferor Company No. 2 .

AND

Bharti Tele-Ventures Limited

Transferee Company

AND

THEIR RESPECTIVE SHAREHOLDERS

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PART-I

A. Definitions

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

(i) "Act" means the Companies Act, 1956 and any amendments and/ or re-enactment or modifications thereof for the time being in force.

(ii) "The Appointed Date" means 1.4.2004

(iii) "The Effective Date" means the date on which the last of the approvals/ events specified in Clause 5 of Part VI of the Scheme are obtained/ have occurred

(iv) "CTMS" shall mean Cellular Mobile Telephone Service provided in a Circle.

(v) "Debentures" means the secured redeemable non-convertible debentures issued or acquired by the Transferor Company No 1 and Transferor Company No 2 from time to time

(vi) "Scheme" means the Scheme of Amalgamation as set out herein and approved by the Board of Directors subject to such modifications as the Hon'ble High Court of Delhi, at New Delhi may impose or the Transferor Company No.1, Transferor Company No. 2 and Transferee Company may prefer and the Hon'ble High Court of Delhi at New Delhi may approve.

(vii) Transferor Company No.1 or BCL means "Bharti Cellular Limited", a Company incorporated under the Act and having its Registered Office at H-5/ 12, Qutab Ambience, Mehrauli Road, New Delhi - 110030

(viii) Transferor Company No. 2 or BIL means "Bharti Infotel Limited", a Company incorporated under the Act and having its Registered Office at H-5/ 12, Qutab Ambience, Mehrauli Road, New Delhi - 110030.



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(ix) **Transferee Company** or BTVL means "Bharti Tele-Ventures Limited", a Company incorporated under the Act and having its Registered Office at H-5/ 12, Qutab Ambience, Mehrauli Road, New Delhi- 110 030.

(x) **"Transferred Undertaking of Transferor Company No. 1"** means and include all of the undertakings of Transferor Company No.1 as illustratively listed out and marked in **Schedule - I** hereto and shall mean and include -

(a) all the present and future assets including freehold and/ or leasehold assets and movable assets together with all investments, all present and future liabilities and debts and undertakings of the Transferor Company No.1, as per the records of Transferor Company No 1;

(b) all licenses, approvals, permissions, consents, registrations, and certifications, rights, entitlements, agreements and all other rights and facilities of every kind, nature and description whatsoever of the Transferor Company No 1, including those illustratively listed out and marked in **Part B of Schedule - I**;

(c) all application monies, advance monies, earnest monies and/or security deposits paid, payments against other entitlements of the Transferor Company No. 1;

(d) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company No 1 as on the Appointed date;

(e) All present and future immovable assets including all freehold, leasehold and any other title, interest or right in such immovable assets, of the Transferor Company No.1 including those comprised in the Transferred Undertaking of the



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Transferor Company No. 1 as per the Records of the Transferor Company No. 1, including those illustratively listed out and marked in **Part C Schedule - I**;

- (f) All present and future investments including long term, short term, quoted, unquoted investments in different instruments including shares, debentures, units, warrants, bonds etc. as per the Records of the Transferor Company No. 1 including those illustratively listed out and marked in **Part D Schedule - I**;



- (xi) "Transferred Undertaking of Transferor Company No. 2" means and include all of the undertakings of Transferor Company No. 2 as illustratively listed out and marked in **Schedule - II** hereto and shall mean and include -



- (a) all the present and future assets including freehold and/ or leasehold assets and movable assets together with all investments, all present and future liabilities and debts and undertakings of the Transferor Company No. 2, as per the records of Transferor Company No. 2;



- (b) all licenses, approvals, permissions, consents, registrations, and certifications, rights, entitlements, agreements and all other rights and facilities of every kind, nature and description whatsoever of the Transferor Company No. 2, including those illustratively listed out and marked in **Part B of Schedule - II**;

- (c) all application monies, advance monies, earnest monies and/or security deposits paid, payments against other entitlements of the Transferor Company No. 2;

- (d) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company No. 2 as on the

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Appointed date;

- (e) All present and future immovable assets including all freehold, leasehold and any other title, interest or right in such immovable assets, of the Transferor Company No.2 Including those comprised in the Transferred Undertaking of the Transferor Company No. 2 as per the Records of the Transferor Company No. 2, including those illustratively listed out and marked in **Para C Schedule - II**;
- (f) All present and future investments including long term, short term, quoted, unquoted investments in different instruments including shares, debentures, units, warrants, bonds etc. as per the Records of the Transferor Company No. 2 including those illustratively listed out and marked in **Part D Schedule - II**;



B. THE SCHEME

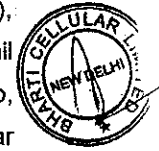
Transferee Company – Bharti Tele-Ventures Limited

Bharti Tele-Ventures Limited (the Transferee 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. The Company came out with its maiden IPO (Initial Public Offer) in February 2002 and is listed on National Stock Exchange, The Stock Exchange, Mumbai and Delhi Stock Exchange (Regional). BTVL is the flagship Company of Bharti Group and is providing telecommunication services like mobile, fixed line, long distance and data services through its Subsidiary Companies i.e. Bharti Cellular Limited Bharti Infotel Limited and Hexacom India Limited. BTVL has also applied for a unified access license to provide basic and cellular mobile services in the circle of Assam where it has been issued a letter of intent from the Government.

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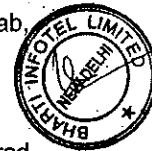
Transferor Company No.1 – Bharti Cellular Limited

Bharti Cellular Limited (the Transferor Company No.1 herein) was incorporated on 20th March, 1992 and obtained Certificate of Commencement of business on 24th April, 1992 from Registrar of Companies, NCT of Delhi & Haryana. BCL is part of the Bharti Group of Companies, which is engaged in the business of providing inter-alia cellular mobile telephone services (CMTS) in the service areas of Delhi, U.P. (West), Haryana, Madhya Pradesh, Himachal Pradesh, Kerala, Tamil Nadu, Chennai, Mumbai, Maharashtra, Kolkotta, Punjab, Karnataka and Andhra Pradesh and Gujarat. Bharti Cellular Limited has recently converted these cellular mobile licenses to Unified Access Services License effective April 27, 2004. Bharti Cellular Limited has also recently acquired Unified Access Services License in the states of Jammu & Kashmir, Bihar, Orrisa, West Bengal and UP (East) and is in the process of launching its services in these circles in terms of license agreements executed with the Government of India



Transferor Company No. 2 – Bharti Infotel Limited

Bharti Infotel Limited (hereinafter referred to as "the Transferor Company No.2") was incorporated on 8th November, 1993 under the name and style of "Bharti Telenet Limited". Thereafter it obtained Certificate of Commencement of business on 1st March, 1994 from Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.



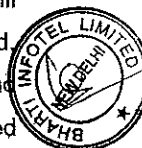
Subsequently, Bharti Infotel Limited changed its registered office from the state of Punjab to NCT of Delhi by an order of Hon'ble Northern Region Bench of Company Law Board vide its order C.P. No. 93/17/97-CLB dated 4th July, 1997.

Thereafter, the Transferor Company No 2 changed its name from Bharti Telenet Limited to Bharti Infotel Limited and a fresh Certificate of Incorporation consequent to change of name was issued by the Registrar of Companies, NCT of Delhi & Haryana on 15th September, 2003.

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Bharti Infotel Limited is a 100% subsidiary of Bharti Tele-Ventures Limited, and holds licenses for providing Fixed Line Services in circle areas of Delhi, Haryana, Tamil Nadu and Karnataka, Unified Access Service License for Madhya Pradesh, National and International Long Distance Services, Group Data and ISP & Broadband Services.

Recently, the Transferor Company No.2 has written and represented to the Government for surrendering its licences for providing Fixed Line telecommunication services in the circle areas of Delhi, Haryana, Tamil Nadu & Karnataka and the Unified Access License to provide Fixed Line and Cellular Services in the circle area of Madhya Pradesh, (collectively referred to as the 'Said Licenses') since the Said Licenses have been rendered redundant pursuant to a change in the Government policy which permitted an operator to provide both basic and cellular services under a common unified access services license. In all the circles of Delhi, Haryana, Tamil Nadu, Karnataka and Madhya Pradesh, Bharti Cellular Limited, the Transferor Company No.1 herein and a sister concern and company belonging to the same Bharti Group, having converted its Cellular Licenses to a Unified Access Services License is now competent to provide both Fixed Line and Cellular Services under the Unified License Regime, and consequently the Said Licenses of the Transferor Company No. 2 have been rendered surplus. In our various representations to the Department of Telecommunications, Transferor Company No.2 has sought, amongst others, a refund of the entry fees paid by Transferor Company No.2 for obtaining the Said Licenses, alongwith the requisite Bank Guarantees furnished by it for operating the Said Licenses. The Department of Telecommunications has written to the Transferor Company No. 2 informing it that the entry fees paid by it for the Said Licenses shall not be refunded. The Transferor Company No 2 is in the process of contesting the same before the appropriate authorities.



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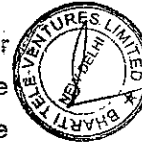
**Amalgamation of all undertakings of Transferor Company
No.1, Transferor Company No. 2 with Transferee Company**

The Government of India has introduced the unified license regime in the telecom industry, whereby any telecom operator can provide any type of telecom services. In line with the change in Telecom Policy and also to establish a simple corporate structure the Transferor Company No.1 and Transferor Company No. 2 now intend to merge their Transferred Undertaking No 1 & 2 respectively with the Transferee Company by vesting with the Transferee Company.

The amalgamation will consolidate the different platforms of technology into a common platform and enable the Transferee Company to provide single window integrated telecom solutions.



The amalgamation of Transferor Company No 1 and Transferor Company No. 2 into the Transferee Company shall facilitate consolidation of all the undertakings in order to enable effective management and unified control of operations.



The amalgamation would create economies in administrative and managerial costs by consolidating operations and will substantially reduce duplication of administrative responsibility and multiplicity of records and legal and regulatory compliances.



The amalgamation will also improve the financial structure and cash flow management of the merged entity.

PART-II

SHARE CAPITAL

The present capital structure of the Transferor Company No.1 Transferor Company No 2 and the Transferee company is as under: -

The present capital structure of the Transferor Company No.1 as at 31.3.2004 is as follows:

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Share Capital	As at 31.3.2004 (Amount in Rs.)
Authorized Capital	
150,000,000 Equity Shares of Rs	

10/- each	1500,000,000
Issued Subscribed and Paid Up Capital	
100,108,450 Equity Shares of Rs.10/- each, fully paid up	1061,084,500

The present capital structure of the Transferor Company No.2 as at 31.3.2004 is as follows:

Share Capital	As at 31.3.2004 (Amount in Rs.)
Authorized Capital	
300,000,000 Equity Shares of Rs. 10/- each	3,000,000,000
Issued Subscribed and Paid Up Capital	
277,200,000 Equity Shares of Rs.10/- each, fully paid up	2,772,000,000



The present capital structure of the Transferee Company as at 31.3.2004 is as follows:

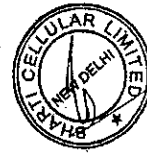
Share Capital	As at 31.3.2004 (Amount in Rs.)
Authorized Capital	
2,500,000,000 Equity Shares of Rs. 10/- each	25,000,000,000
Issued Subscribed and Paid Up Capital	
1,853,366,767 Equity Shares of Rs 10/- each, fully paid up	18,533,667,670

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IN CONSIDERATION OF THE RECIPROCAL PROMISES AND THE ARRANGEMENT, THE TRANSFEROR COMPANY NO 1 AND TRANSFEROR COMPANY NO. 2 AND ITS SHAREHOLDERS AND THE TRANSFEE COMPANY AND

ITS SHAREHOLDERS HAVE PROPOSED THE SCHEME OF
AMALAGAMATION AS SET OUT IN PARTS III TO VI BELOW.



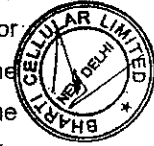
~~ATTORNEY~~

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PART - III

TRANSFER OF TRANSFERRED UNDERTAKING OF TRANSFEROR COMPANY NO.1

1 (a) With effect from the Appointed Date the Transferor Company No. 1 shall dissolve without winding-up and merge with the Transferee Company and all of the assets, investments, licenses, rights, title and interests comprised in the Transferred Undertaking No. 1 shall pursuant to Section 394(2) of the Act and without any further act or deed be transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, license, rights, title and interest of the Transferee Company subject to Clause 5, Part VI of the Scheme



(b) In respect of such of the assets of the Transferred Undertaking No 1 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 recordal 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.



2 (a) Upon the coming into effect of this Scheme all permits, registrations, approvals, consents, statutory licences, licences to set-up and operate any 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 Transferred Undertaking No.1 including those illustratively listed out in **Schedule - I** hereto, to which the Transferor Company No.1 is a party or to the benefit of which the Transferor Company No. 1 may be eligible and which are subsisting or having effect immediately before the Effective Date,

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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 No.1, the Transferee Company had been a party or beneficiary or obligee thereto.

- (b) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, agreements, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking No. 1 to which the Transferor Company No. 1 is a party or to the benefit of which the Transferor Company No 1 may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company No.1 the Transferee Company had been a party or beneficiary or obligee thereto

- (c) Any inter se contracts between the Transferor Company No 1 and the Transferee Company shall stand merged and vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective. 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 in the Transferred Undertaking of Transferor Company No. 1 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 the Transferred Undertaking of Transferor Company No 1, pursuant to this Scheme so as to empower and facilitate the continuation of operations of the Transferred Undertaking of Transferor Company No 1 in the Transferee Company without any hindrance or let from

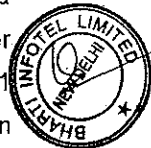


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the Appointed Date

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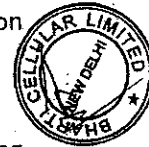
3. (a) Upon the coming into effect of this Scheme, the debts, advances, liabilities and obligations of the Transferor Company No. 1 shall, without any further act or deed be stand transferred to the Transferee Company and shall become the debts, liabilities and obligations of the Transferee Company which it undertakes to meet, discharge and satisfy.
- (b) All liabilities and obligations including those arising out of any guarantees executed by Transferor Company No. 1 will stand transferred and vested in the Transferee Company as part of the continuing contractual obligations vested in the Transferee Company.
- (c) With effect from the Appointed Date and upto and including the Effective Date, All legal or other proceedings by or against Transferor Company No.1 under any statute, or otherwise whether pending on the Appointed Date or which may be instituted in future in respect of any matter arising before the Effective Date shall be continued and enforced by or against Transferee Company after the Effective Date. If proceedings are taken against Transferor Company No.1 after the Appointed Date but before the Effective Date, the Transferor Company No.1 shall defend the same in accordance with the advice of Transferee Company in respect thereof
- (d) The Transferor Company No.1 has merged it's 100% subsidiary Bharti Mobile Limited through a Scheme of Amalgamation which was approved/ sanctioned by the Hon'ble High Court of Delhi at New Delhi vide it's order dated 12th July, 2004. Through the said scheme of amalgamation the Transferor Company No.1 acquired the following Secured Non Convertible Redeemable Debentures of Bharti Mobile Limited, which are outstanding



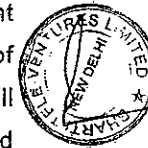
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- 13.5% 200 Non-convertible redeemable debentures of Rs. 1 crore each The redemption of these Debentures has started from 1st October 2003 in 20 quarterly instalments and ending on 1st January 2010.

Since the redemption of these Debentures has already commenced prior to the Scheme becoming effective, the Transferor Company No.1 shall continue to pay the quarterly instalments on schedule as per its contractual obligation.



Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the said Debentures (to the extent of outstanding face value) as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company No 1 The interest of Debenture Holders shall not be affected in any manner whatsoever.



Upon the Scheme of Amalgamation becoming Effective as per Clause 5 of Part VI the Transferee Company shall pay all quarterly instalment of redemption of Debenture succeeding the Effective Date.

With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of the said Debenture as per the details mentioned in Schedule III.

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- 10.55% 60 Non-convertible redeemable debentures of Rs. 1 crore, 10.90% 90 Non-convertible redeemable debentures of Rs. 1 crore and 11.45% 60 Non-convertible redeemable debentures of Rs. 1 crore.

The redemption of the above debentures is commencing from 1st December 2004 and ending on 1st June 2011 i.e. the 10th Anniversary Date of the Date of Allotment.

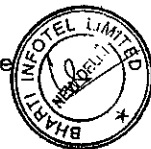
Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the outstanding face value of Debentures as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company No.1. The interest of Debenture Holders shall not be affected in any manner whatsoever.



With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of the said Debenture as per the details mentioned in Schedule III



The said Debentures are also secured by the Guarantee given by IFC(W).



- Floating interest rate 125 Non-convertible redeemable debentures of Rs. 1 crore issued in favour of Citibank NA.

The redemption of the above debentures has commenced from 31st October, 2003 and ending on 31st December 2009.

Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the outstanding face value of Debentures as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company No.1.

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The interest of Debenture Holders shall not be affected in any manner whatsoever.

With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of the said Debenture as per the details mentioned in Schedule III

- 8.65% 95 Non-convertible redeemable debentures of Rs. 1 crore The above debentures are due for redemption in May, 2007

Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the outstanding face value of Debentures as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company No.1.

The interest of Debenture Holders shall not be affected in any manner whatsoever.

With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of the said Debenture as per the details mentioned in Schedule III

The said Debentures are also secured by the Guarantee given by IDFC.

- (e) The Transferor Company No 1 has availed of Secured Loans, Secured Guarantees, and Secured Hedge/Swaps as detailed in Schedule III. With effect from the Effective Date, the Transferee Company shall secure the said Secured Loans, Secured Guarantees, and Secured Hedge/Swaps as per the details mentioned in Schedule III The Transferor Company No. 1 shall ensure payment of interest payments and other servicing charges prior

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to the Effective Date and after the Effective Date the same shall be done by the Transferee Company.

4. With effect from the Appointed Date and upto and including the Effective Date:

(i) Transferor Company No 1 shall be deemed to have been carrying on all operations and activities relating to the Transferred Undertaking of Transferor Company No 1 on behalf of Transferee Company and stand possessed of the properties so to be transferred for and on account of and in trust for Transferee Company; and

(ii) all profits accruing to Transferor Company No.1 (including taxes, if any, thereon) or losses arising or incurred by it relating to the Transferred Undertaking of Transferor Company No. 1 shall for all purposes, be treated as the profits, taxes or losses as the case may be of Transferee Company.

5 The transfer and vesting of the Assets/ Investments and liabilities of the Transferred Undertaking of Transferor Company No.1 to the Transferee Company and the continuance of any proceedings by or against the Transferee Company hereof shall not affect any transaction or proceedings already completed by the Transferor Company no. 1 on and from the Appointed Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company No. 1 as acts, deeds and things done and executed by and on behalf of the Transferee Company. For the consolidation of the accounts of Transferor Company No.1 with the Transferee Company after the Scheme becoming effective, the opening balances under various head of the Transferor Company No.1 as on Appointed Date shall be considered by the Transferee Company.

6. (a) All employees of the Transferor Company No 1 as on the Effective Date, shall as from such date, become



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employees of the Transferee Company with the benefit of continuity of service on same terms and conditions being not unfavorable with the terms and conditions applicable to such employees and without any breach or interruption of service. In regard to Provident Fund, Gratuity Fund, Superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company No 1, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company No 1 for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds, and applicable acts in the respective Trust Deeds or other documents.



It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company No.1 in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company No.1 will be treated as having been continuous for the purpose of the aforesaid schemes, fund, Trusts etc.



- (b) In the event that the Trustees are constituted as holders of any securities, Trust funds or Trust monies, in relation to any Provident Fund Trust, Gratuity Trust or Superannuation Trust of the Transferor Company No.1, such funds shall be transferred by such Trustees of the Trusts of the Transferor Company No 1 to Trusts managed by the Trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of Trustees to another set of Trustees in accordance with the provisions of the relevant labour laws, Indian Trust Act, and the Indian Income Tax Act 1961 and relevant Stamp Legislations as applicable. Appropriate Deeds of Trusts and/or documents for transfer of Trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the Trustees of such Trusts in favour of the Trusts of the

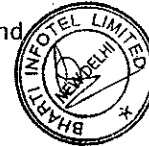
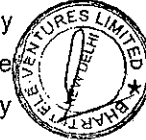
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Transferee Company so as to continue the benefits of the employees. The Provident Fund Trust, Gratuity Trust or Superannuation Trusts of the Transferor Company No.1 shall continue to hold such securities, Trust Funds and/or Trust monies as hitherto, till such time as the transfer to the Trustees of the Transferee Company Employee's Trusts is made.



- (c) The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company No.1 with any Labour union(s)/employees of the Undertaking of the Transferor Company No.1. The Transferee Company agrees that for the purpose of payment of any retrenchment, compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company No.1 shall also be taken into account, and agrees and undertakes to pay the same as and when payable



7. Upon the coming into effect of the Scheme, all Motor Vehicles of any nature whatsoever comprised in or relating to the Transferred Undertaking of Transferor Company No.1 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.
8. In accordance with the Modvat/ Cenvat Rules framed under the Central Excise Act, 1944, or the Service Tax Credit Rules framed under the Finance Act, 1994 as are prevalent at the time of the sanction of the Scheme, the unutilised credits relating to Excise duties paid on inputs/capital goods lying to the account of the Transferred Undertaking of Transferor Company No.1 in the RG23A and RG23C Registers as well as the unutilised credits relating to Service Tax paid on input services consumed by the Transferor Company No.1 shall be permitted to be transferred to the Credit of the Transferee Company, as if, all such Modvat/ Cenvat/ Service Tax Credits were lying in the RG

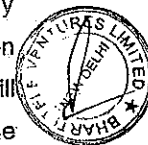
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23A and RG 23C Registers of the Transferee Company. The Transferee Company shall be entitled to set off all such unutilised Modvat/ Cenvat/ Service Tax Credits, as aforesaid against the Excise duty / Service Tax payable by it.



9. The Transferee Company shall be entitled to use all packaging material relating to the Transferred Undertaking of Transferor Company No.1 lying unused and which Transferor Company No.1 is entitled to use under any statutes/ Regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging material are exhausted. The Transferee Company is authorised to advise the statutory authorities of the sanction of the Scheme, even prior to its becoming effective for enabling the change to be made/ noted with effect from the Effective Date.



10. The Transferor Company No.1 is entitled to various benefits under Incentive Schemes and Policies relating to the Transferred Undertaking of Transferor Company No.1 and pursuant to this Scheme it is declared that the benefits under all of such Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company



11. The Transferor Company No.1 is entitled to various benefits under Vendor Approvals from various clients enabling the Transferor Company No.1 to do business with such clients pursuant to such Vendor Approvals and pursuant to this Scheme it is declared that the benefits under Vendor Approvals from various clients enabling the Transferor Company No.1 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 No.1 by such clients.

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PART - IV

TRANSFER OF TRANSFERRED UNDERTAKING OF TRANSFEROR COMPANY NO.2

1. (a) With effect from the Appointed Date the Transferor Company No. 2 shall dissolve without winding-up and merge with the Transferee Company and all of the assets, investments, licenses, rights, title and interests comprised in the Transferred Undertaking No. 2 shall pursuant to Section 394(2) of the Act and without any further act or deed be transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, license, rights, title and interest of the Transferee Company subject to Clause 5, Part VI of the Scheme.
 - (b) In respect of such of the assets of the Transferred Undertaking No. 2 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 recordal 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.
2. (a) Upon the coming into effect of this Scheme all permits, registrations, approvals, consents, statutory licences, licences to set-up and operate any 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 Transferred Undertaking No 2 including those illustratively listed out in **Schedule - II** hereto, to which the Transferor Company No.2 is a party or to the benefit of which the Transferor Company No. 2 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



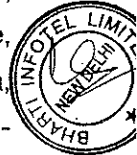
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against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company No.2, the Transferee Company had been a party or beneficiary, or obligee thereto.

(b) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, agreements, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking No. 2 to which the Transferor Company No. 2 is a party or to the benefit of which the Transferor Company No. 2 may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company No.2 the Transferee Company had been a party, or beneficiary or obligee thereto.



(c) Any inter se contracts between the Transferor Company No.2 and the Transferee Company shall stand merged and vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective. 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 in the Transferred Undertaking of Transferor Company No. 2 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 the Transferred Undertaking of Transferor Company No. 2 pursuant to this Scheme so as to empower and facilitate the continuation of operations of the Transferred Undertaking of Transferor Company No. 2 in the Transferee Company without any hindrance or let from the Appointed Date.



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- 3. (a) Upon the coming into effect of this Scheme, the debts, advances, liabilities and obligations of the Transferor Company No. 2 shall, without any further act or deed be and 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.
- (b) All liabilities and obligations including those arising out of any guarantees executed by Transferor Company No. 2 will stand transferred and vested in the Transferee Company as part of the continuing contractual obligations vested in the Transferee Company.
- (c) With effect from the Appointed Date and upto and including the Effective Date, All legal or other proceedings by or against Transferor Company No.2 under any statute, or otherwise whether pending on the Appointed Date or which may be instituted in future in respect of any matter arising before the Effective Date shall be continued and enforced by or against Transferee Company after the Effective Date. If proceedings are taken against Transferor Company No.2 after the Appointed Date but before the Effective Date, the Transferor Company No.2 shall defend the same in accordance with the advice of Transferee Company in respect thereof.



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The Transferor Company No.2 has issued following Secured Non Convertible Redeemable Debentures, which are outstanding on the Appointed Date:

- > 14% 75 Non-convertible redeemable debentures of Rs. 1 crore each. The redemption of these Debentures had started from 1st October 2002 in 28 quarterly instalments and will be ending on 1st July 2009.

Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the outstanding face value of Debentures as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company No.2. The interest of Debenture Holders shall not be affected in any manner whatsoever.



Upon the Scheme of Amalgamation becoming Effective as per Clause 5 of Part VI the Transferee Company shall pay all quarterly instalment of redemption of Debenture succeeding the Effective Date.



With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of said Debenture as per the details mentioned in **Schedule III**.



- 15% 125 *Non-convertible redeemable debentures of Rs. 1 crore each.* The redemption of these Debentures had started from 1st October 2002 in 28 quarterly instalments and will be ending on 1st July 2009.

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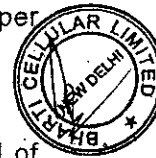
Upon the Scheme of Amalgamation becoming Effective and without any further act, instrument or deed the outstanding face value of Debentures as on Effective Date shall become Debentures of Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall, be exercised by or against the Transferee Company as if it were the Transferor Company

No.2. The interest of Debenture Holders shall not be affected in any manner whatsoever.

Upon the Scheme of Amalgamation becoming Effective as per Clause 5 of Part VI the Transferee Company shall pay all quarterly instalment of redemption of Debenture succeeding the Effective Date.

With effect from the Effective Date, the Transferee Company shall secure the outstanding amount of said Debenture as per the details mentioned in **Schedule III**.

- (e) The Transferor Company No. 2 has availed of Secured Loans and Secured Working Capital Facilities as detailed in **Schedule III**. With effect from the Effective Date, the Transferee Company shall secure the said Secured Loans and Secured Working Capital Facilities as per the details mentioned in **Schedule III**. The Transferor Company No. 2 shall ensure payment of interest payments and other servicing charges prior to the Effective Date and after the Effective Date the same shall be done by the Transferee Company



4. With effect from the Appointed Date and upto and including the Effective Date:

- (i) Transferor Company No. 2 shall be deemed to have been carrying on all operations and activities relating to the Transferred Undertaking of Transferor Company No 2 on behalf of Transferee Company and stand possessed of the properties so to be transferred for and on account of and in trust for Transferee Company; and

- (ii) all profits accruing to Transferor Company No 2 (including taxes, if any, thereon) or losses arising or incurred by it relating to the Transferred Undertaking

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of Transferor Company No. 2 shall for all purposes, be treated as the profits, taxes or losses as the case may be of Transferee Company.

5. The transfer and vesting of the Assets/ Investments and liabilities of the Transferred Undertaking of Transferor Company No.2 to the Transferee Company and the continuance of any proceedings by or against the Transferee Company hereof shall not affect any transaction or proceedings already completed by the Transferor Company no: 2 on and from the Appointed Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company No. 2 as acts, deeds and things done and executed by and on behalf of the Transferee Company. For the consolidation of the accounts of Transferor Company No.2 with the Transferee Company after the Scheme becoming effective the opening balances under various head of the Transferor Company No.2, as on Appointed Date shall be considered by the Transferee Company



6. (a) All employees of the Transferor Company No.2 as on the Effective Date, shall as from such date, become employees of the Transferee Company with the benefit of continuity of service on same terms and conditions being not unfavorable with the terms and conditions applicable to such employees and without any breach or interruption of service. In regard to Provident Fund, Gratuity Fund, Supperannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company No.2, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company No.2 for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds, and applicable acts, in the respective Trust Deeds or other documents.

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It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor

Company No.2 in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company No.2 will be treated as having been continuous for the purpose of the aforesaid schemes, fund, Trusts etc.

(b) In the event that the Trustees are constituted as holders of any securities, Trust funds or Trust monies, in relation to any Provident Fund Trust, Gratuity Trust or Superannuation Trust of the Transferor Company No.2, such funds shall be transferred by such Trustees of the Trusts of the Transferor Company No.2 to Trusts managed by the Trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of Trustees to another set of Trustees in accordance with the provisions of the relevant labour laws, Indian Trust Act, and the Indian Income Tax Act 1961 and relevant Stamp Legislations as applicable. Appropriate Deeds of Trusts and/or documents for transfer of Trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the Trustees of such Trusts in favour of the Trusts of the Transferee Company so as to continue the benefits of the employees. The Provident Fund Trust, Gratuity Trust or Superannuation Trusts of the Transferor Company No.2 shall continue to hold such securities, Trust Funds and/or Trust monies as hitherto fore, till such time as the transfer to the Trustees of the Transferee Company Employee's Trusts is made.



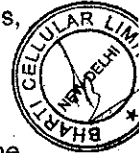
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The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company No.2 with any Labour union(s)/employees of the Undertaking of the Transferor Company No.2. The Transferee Company agrees that for the purpose of payment of any retrenchment, compensation, gratuity and other terminal benefits, the past services of such employees...

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also be taken into account, and agrees and undertakes to pay the same as and when payable.

7. Upon the coming into effect of the Scheme, all Motor Vehicles of any nature whatsoever comprised in or relating to the Transferred Undertaking of Transferor Company No.2 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.



8. In accordance with the Modvat/ Cenvat Rules framed under the Central Excise Act, 1944, or the Service Tax Credit Rules framed under the Finance Act, 1994 as are prevalent at the time of the sanction of the Scheme, the unutilised credits relating to Excise duties paid on inputs/capital goods lying to the account of the Transferred Undertaking of Transferor Company No.2 in the RG23A and RG23C Registers as well as the unutilised credits relating to Service Tax paid on input services consumed by the Transferor Company No.2 shall be permitted to be transferred to the Credit of the Transferee Company, as if, all such Modvat/ Cenvat/ Service Tax Credits were lying in the RG 23A and RG 23C Registers of the Transferee Company. The Transferee Company shall be entitled to set off all such unutilised Modvat/ Cenvat/ Service Tax Credits, as aforesaid, against the Excise duty / Service Tax payable by it.



9. The Transferee Company shall be entitled to use all packaging material relating to the Transferred Undertaking of Transferor Company No.2 lying unused and which Transferor Company No.2 is entitled to use under any statutes/ Regulations as on the Appointed Date and implemented from the Effective Date till such time as all of such packaging material are exhausted. The Transferee Company is authorised to advise the statutory authorities of the sanction of the Scheme, even prior to its becoming effective for enabling the change to be made/ noted with effect from the Effective Date.

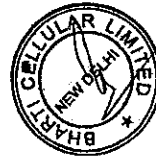
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under Incentive Schemes and Policies relating to the Transferred Undertaking of Transferor Company No.2 and pursuant to this Scheme it is declared that the benefits under all of such Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company.

- 11 The Transferor Company No.2 is entitled to various benefits under Vendor Approvals from various clients enabling the Transferor Company No.2 to do business with such clients pursuant to such Vendor Approvals and pursuant to this Scheme it is declared that the benefits under Vendor Approvals from various clients enabling the Transferor Company No.2 to do business with such clients pursuant to such Vendor Approvals 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 No.2 by such clients.

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PART - V

ISSUE OF SHARES

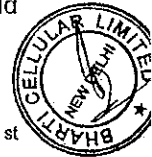
1. Upon coming into effect of the Scheme and upon the vesting and transfer of the Transferred Undertaking of the Transferor Companies No 1 into the Transferee Company herein, the Transferee Company shall fix a record date for completion of allotment to the shareholders of the Transferor Company No.1 with effect from the Effective Date, as may be applicable, existing as on the record date as provided herein and without any further act or deed, issue and allot 15 (Fifteen) equity shares of the face value of Rupees 10/- each at par credited as fully paid up as on the Effective Date for every 2 (Two) fully paid shares held by the shareholders of Transferor company No.1;

The total paid up capital of Transferor Company No.1 as on 31st March 2004 is Rs.106,10,84,500/- comprising of 10,61,08,450 Equity Shares of Rs.10/- each.

Out of the above stated total Paid up Capital of Transferor Company No.1, the Transferee Company is holding 10,57,45,500 Equity Shares of Rs.10/- each aggregating to Rs.105,74,55,000/- amounting to 99.66% of the total paid up capital of Transferor Company No.1 as on 31st March, 2004.

Since the provisions of the Act do not permit a Company to hold its own shares, upon dissolution of the Transferor Company No 1 under the Terms of this Scheme, all the afore-stated 10,57,45,500 shares of the face value of Rs. 10/- each aggregating to Rs.105.745 Crores held by the Transferee Company in the Transferor Company No.1 shall stand cancelled upon this Scheme becoming effective without any further act or deed.

3. The Transferor Company No.2 is a 100% subsidiary of the Transferee Company and hence the entire Paid up Capital of Transferor Company No.2 i.e. 277,200,000 shares of the face value of Rs. 10/- each aggregating to Rs.277.20 Crores is held



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Since the provisions of the Act do not permit a Company to hold its own shares, upon dissolution of the Transferor Company No.2 under the Terms of this Scheme, all the afore-stated 277,200,000 shares of the face value of Rs. 10/- each aggregating to Rs.277.20 Crores held by the Transferee Company in the Transferor Company No.2 shall stand cancelled upon this Scheme becoming effective without any further act or deed.

Part VI

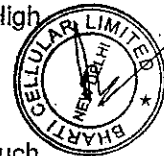
GENERAL TERMS AND CONDITIONS

- 1 (a) The amalgamated Transferee Company shall draw up and finalise a consolidated Balance Sheet post-merger as on the Appointed Date (hereinafter the "Consolidated Balance Sheet") which shall be the opening Balance Sheet of the amalgamated Transferee Company as on the Appointed Date.
 - (b) The accounts of the Transferee Company as on the Appointed Date, as reconstructed in accordance with the terms of the Scheme shall be finalized on the basis of the Consolidated Balance Sheet as on the Appointed Date pursuant to this Scheme.
 - (c) The Transferee Company is expressly permitted to revise its Income Tax & loss returns and related TDS certificates and to claim refunds, advance tax credits etc., on the basis of the combined accounts of the companies as reflected in the Consolidated Balance Sheet as on the Appointed Date pursuant to the terms of this Scheme and its right to make such revisions in the Income Tax & loss returns and related Tax Deducted at Source (TDS) certificates and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.
- 2 (a) Upon coming into effect of the Scheme, all permissions,



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licenses, approvals, incentives, remissions, tax-incentives, licence fee, incentives, licences, consents, sanctions, and other authorizations to which the Transferor Company No.1 and Transferor Company No.2 are entitled to and also which are comprised in the Transferred Undertaking (s), 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 Hon'ble High Court of Delhi at New Delhi.



- (b) The Transferee Company is authorised to take all such steps on behalf of the Transferor Company No 1 & Transferor Company No. 2 as may be necessary to give effect to the provisions contained in sub-clause (a) above.



- (c) Upon the Scheme becoming effective the Transferee Company shall do all such acts, deeds or things as may be necessary, incidental or consequential to ensure allotment of Debentures to the Debentures Holders of Transferor Companies as well as to securitize the said Debentures. The Transferee Company may also enter into such additional documentation/arrangement as may be agreed mutually between the Transferee Company and the Debenture Holders with respect to securitisation of the Debentures to be issued as well as appointment/replacement of the Debenture Trustees for such Debentures.



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3. The Transferor Company No.1, Transferor Company No. 2 and the Transferee Company shall file the necessary applications/petitions before the Hon'ble High Court of Delhi at New Delhi for sanction of this Scheme under the provisions of Sections 391 and 394 of the Act. All disputes and differences arising out of this Scheme shall be subject to the jurisdiction of the Hon'ble High Court of Delhi at New Delhi only.

4. Upon the Scheme being sanctioned the Transferor Company No.1 and Transferor Company No. 2 shall stand dissolved without being wound up as on the Appointed Date.
5. This Scheme shall be deemed to be effective upon the occurrence of the last of the following events: -

(a) The approval of the Scheme by the requisite majority of the members and creditors of the Transferor Company No.1, Transferor Company No. 2 and the Transferee Company, as the case may be, as required under Sections 391-394 of the Act.



(b) The sanction of the Scheme by the Hon'ble High Court of Delhi at New Delhi under Sections 391 to 394 of the Act and other applicable provisions of the Act, Rules and Regulations, as the case may be.



(c) Certified copies of the orders being filed with the Registrar of Companies, NCT of Delhi and Haryana for registration thereof.



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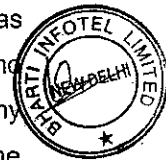
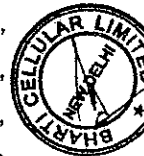
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SCHEDULE - I

Part - A

Illustrative (and not exhaustive) descriptive list of the Transferred Undertaking(s) of the Transferor Company No.1

- A. All of the business and undertakings of the Transferor Company No.1 comprised in the circles of Delhi, U.P. (West), Haryana, Madhya Pradesh, Himachal Pradesh, Kerala, Tamil Nadu, Chennai, Mumbai, Maharashtra, Kolkotta, Punjab, Karnataka, Andhra Pradesh Gujarat, Jammu & Kashmir, Bihar, Orrisa, West Bengal and UP (East) relating to the Telecommunication and IT industry, business along with all rights, title and interest in all immovable, movable and incorporeal assets, whether free hold, leasehold or licensed and also all rights and entitlements comprised in the businesses of the Transferor Company including all statutory licenses, approvals and registrations (as may be necessary to operate the businesses or otherwise) and all rights in any licences/permissions issued by any Governmental authority/regulatory bodies including the Department of Telecommunication (DoT) to set up and operate any of the businesses of the Transferor Company either directly or indirectly through its subsidiary or group companies or through any other person or entity and also all rights of ownership, whether owned or licensed in relation to any tradename, trading style and any other intellectual property of any nature whatsoever.



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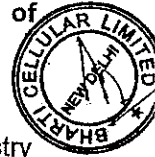
SCHEDULE I

Part B

Illustrative (and not exhaustive) descriptive list of licenses, approvals, permissions, consents, registrations, and certifications, rights, entitlements, agreements etc. of the Transferor Company No. 1

Section A (licenses, approvals, permissions, consents, etc. of Transferor Company No.1)

1. License issued by Department of Telecommunication, Ministry of Communication Government of India, for Cellular Mobile Telephone Services, dated 12th December, 1995, bearing No. 842-66/95-VAS/66B. (*Himachal Pradesh License*)
2. Letter issued by Department of Telecommunication, Ministry of Communication Government of India being the amendment to the License Agreement bearing No. No. 842-66/95-VAS/66B as a consequence of Migration to Revenue Sharing under the New Telecom Policy, 1999. (*Himachal Pradesh License amendment*)
3. License issued by Department of Telecommunication, Ministry of Communication Government of India, for Cellular Mobile Telephone Services, dated 30.11.1994, bearing No. 842-19/93-TM. (*Chennai License*)
4. Letter No. 842-47/2000-VAS dated 28.12.2000 issued by Department of Telecommunication, Ministry of Communication Government of India being the amendment to the License Agreement bearing No. 842-19/93-TM as a consequence of Migration to Revenue Sharing under the New Telecom Policy, 1999. (*Chennai License amendment*)
5. License Agreement bearing No. 842-18/93-TM dated 29.11.1994 issued by Department of Telecommunication, Ministry of Communication Government of India. (*Service Area Kolkatta*)
6. Letter No. issued by Department of Telecommunication, Ministry of Communication Government of India being the amendment to the License Agreement bearing No. 842-18/93-TM dated 29.11.1994 as a consequence of Migration to Revenue Sharing under the New Telecom Policy, 1999. (*Kolkatta*)
7. License Agreement bearing No. 842-381/2001-VAS/Mumbai dated 28-09-2001. (*Service Area Mumbai & State of Maharashtra*)
8. License Agreement bearing No. 842-381/2001-VAS/Maharashtra dated 28-09-2001. (*Service Area State of Maharashtra*)



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9. License Agreement bearing No. 842-381/2001-VAS/Haryana dated 28-09-2001. (Service Area State of Haryana)
10. License Agreement bearing No. 842-381/2001-VAS/Madhya Pradesh dated 28-09-2001. (Service Area State Madhya Pradesh)
11. License Agreement bearing No. 842-381/2001-VAS/U.P. (West) dated 28-09-2001. (Service Area Uttar Pradesh (West))
12. License Agreement bearing No. 842-381/2001-VAS/Tamilnadu dated 28-09-2001. (Service Area State of Tamilnadu)
13. License Agreement bearing No. 842-381/2001-VAS/Kerala dated 28-09-2001. (Service Area State of Kerala)
14. License Agreement bearing No. 842-381/2001-VAS/Gujarat dated 28-09-2001. (Service Area State of Gujarat)
15. License issued by Department of Telecommunication, Ministry of Communication Government of India, for Cellular Mobile Telephone Services, dated 22nd Dec. 1995 bearing no. 842-52(A)/95-VAS for Andhra Pradesh Circle & 842-47/2000-VAS/Vol.IV dated Jan. 29, 2001 (Amendment in the License Agreement.)
16. License issued by Department of Telecommunication, Ministry of Communication Government of India, for Cellular Mobile Telephone Services, dated 26th Dec. 1995 bearing no. 842-65(A)/95-VAS for Punjab Circle & 842-47/2000-VAS/Vol.IV dated Sept. 25, 2001 (Amendment in the License Agreement.)
17. Licence issued by Department of Telecommunication, Ministry of Communication Government of India, for Cellular Mobile Telephone Services, dated 18th Oct. 1996 bearing no. 842-53(A)/96-VAS for Karnataka Circle & 842- 47/2000-VAS/Vol.IV dated Jan. 29, 2001 (Amendment in the License Agreement.)
18. General amendment for Transfer of Licenses dated 2nd June, 2003 bearing no. 842-398/2002-VAS
19. License Agreement bearing No. 20-208/2003-BHARTI/BS-III dated February 10, 2004. (Service Area State of Jammu & Kashmir)
20. License Agreement bearing No 20-219/2003-BHARTI/BS-III dated February 10, 2004. (Service Area State of Uttar Pradesh East)
21. License Agreement bearing No 20-204/2003-BHARTI/BS-III dated February 10, 2004. (Service Area State of Bihar)
22. License Agreement bearing No. 20-214/2003-BHARTI/BS-III dated February 10, 2004. (Service Area State of Orissa)
23. License Agreement bearing No. 20-201/2003-BHARTI/BS-III dated February 11, 2004. (Service Area State of West Bengal)
24. All approvals, sitting clearances, test certificates and permissions received from the Department of



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the DoT in respect of the aforestated license, particularly from the Standing Advisory Committee on Frequency Allocation and the Wireless and Planning Commission.

25. All permissions and approvals received from statutory and municipal bodies in the NCT of Delhi and States of U.P. (West), Haryana, Madhya Pradesh, Himachal Pradesh, Kerala, Tamil Nadu, Maharashtra, Gujarat, Punjab, Karnataka, Andhra Pradesh, Jammu & Kashmir, Bihar, Orissa, West Bengal and UP.(East) and Cities of Kolkotta, Chennai, Mumbai, in respect of the carrying on of the business of providing cellular telephone services.
26. All registrations received from statutory and regulatory authorities in the NCT of Delhi and States of U.P. (West), Haryana, Madhya Pradesh, Himachal Pradesh, Kerala, Tamil Nadu, Maharashtra, Gujarat, Punjab, Karnataka, Andhra Pradesh, Jammu & Kashmir, Bihar, Orissa, West Bengal and UP (East) and Cities of Kolkotta, Chennai, Mumbai, including from the sales tax department, entry tax department, excise and professional & service tax departments and the labour departments.



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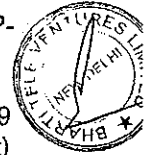
SCHEDULE I

PART C

Illustrative (and not exhaustive) descriptive list of all immovable assets including any other title, interest or right in such immovable assets, of the Transferor Company No.1

Section A (List of properties of Transferor Company No.1)

1. Property situate at Block No. 11-A, Commercial Complex, Kasumpti Zonal Centre, Shimla allotted by the Himachal Pradesh Vikas Pradhikaran vide allotment letters Nos. HP-NVP-Admn(b) 2nd -SFS/Commr/9082-6175-77 dated 3.9.96 and HP-NVP-Admn(b) 2nd -SFS/Commr/2925-28 dated 13.5.97.
2. All that piece and parcel of vacant house site in extent 4,949 sq.ft. (Four thousand nine hundred and forty nine square feet) bearing Plot No.397 (three hundred and ninety seven) comprised in S.No.62/1 (sixty-two/one) in Manikkapuram in 195 Kuthanur Village, Sriperumbudur Taluk, Chingleput MGR District within the sub-registration District of Guduvancheri, Registration District of madras layout approved by No. CSAR/DTCPM/86-172/LP vide RC No.9254/85/A6 dated 14-8-1986 registered as 2005 of 1995 of Book I volume 457 pages 21 to 26, registered in the office of the Sub- Registrar of Guduvancheri on 1st August 1995.
3. All that piece and parcel of Dry land comprised in Survey No.270/1-C, measuring 11 cents situated in Vichur village, Ponneri Taluk, Chengai M G R District and Registered as No.2472 of 1995 of book no.1074 volume page 347 to 350 on 26th July 2002 and presented in the office of the Sub Registrar of Thiruvottiyur.
4. All that piece and parcel of Vacant Punja Land situate in Kazhipattur Village, Tirupporur Taluk, Chengai- MGR District, comprised in Survey No.155/2, (Survey number one hundred fifty five/two), measuring about 3600 square feet (three thousand and six hundred square feet) or thereabouts and Registered as No.2060 of 1995, Book No.1, Volume 988 page 109 to 113, registered in the Office of the Sub-Registrar of Thirupporur on 1st August 1995.
5. All that piece and parcel of vacant land situate at No.111, Karunguzhipallam Village, Chinglepettu Taluk, Chengalpattu M G R District, comprised in Old Survey No.50/1 Part, Now as per Patta New "Survey No.50/IA/IA/16 and measuring 0.05 cents and registered as 2061 of 1995, Book No. 1, Volume no.988, page No. 115 to 119 in the Office of the Sub-Registrar of Tirupporur on 28-7-1995 and further rectified by Rectification Deed being Document No.2518 of 1995 of Book No. 1, Volume 988 page 203 -204
6. All that piece and parcel of vacant land situate at No. 117, Karunguzhi Pallam Village, Chinglepet Taluk, Chennai MGR



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District bearing Plot No.16, comprised in survey No.50/1 (fifty/one) measuring an extent of 2400 sq/ft. (two thousand and four hundred square feet) or thereabouts Registered as No. 161 of 1995, Book No. 1, Volume 989 page 79-82, registered in the Office of the Sub- Registrar of Thirupporur on 10th August 1995.

7. All that piece and parcel of property situated at 2&3 floor, Spectrum Tower, Mind space, Malad, Mumbai II.
8. All that piece and parcel of property situated at 265,266, Peninsula Chambers, Lower Parel, Mumbai
9. All that piece and parcel of property situated at Plot No.401/1 TPS No.3 Shankarsheth Road, Gultekdi Pune
10. All that piece and parcel of property situated at Plot No 107/2 Ellisbridge TPS.
11. All that piece and parcel of property situated at Infinity Building, (5th to 7th floor) Salt Lake, Calcutta.
12. All that piece and parcel of property situated at Infinity Building, (1st floor) Salt Lake, Calcutta.
13. All that piece and parcel of property situated at SDF Module Nos.305, 308,309,319,320,321 & 322.
14. All that piece and parcel of property situated at 674/1,674/3 Diamond Plaza, Village Ernakulam Cochin
15. All that piece and parcel of property situated at S.No.612/1B Krishnarayapuram Village Coimbatore
16. All that piece and parcel of property situated at Mangal Pandey Nagar, Meerut.
17. All that piece and parcel of property situated at Ramgarhi, Meerut (Plot)
18. All that piece and parcel of property situated at D-184 Okhla Indl. Area Phase I, New Delhi.
19. All that piece and parcel of property situated at Plot No.28 Block G Community Center, Vikaspuri, New Delhi
20. All that piece and parcel of property situated at A-14, Sector 62 Noida (UP)
21. All that piece and parcel of property situated at Block No. 11, SDA Complex, Kasumpti, Shimla-9 and Adjoining Plot of Block No. 11, SDA Complex, Kasumpti, Shimla-9
22. All that piece and parcel of property situated at Plot No(s) 111&112 Sy Nos151, EPIP area (Whitefield) Indl Area, Vil.Hoodi Hobli Krishnarajapuram, Tal. Bangalore



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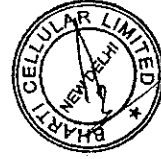
Leasehold Properties

Sl. No	Place	Property No.
--------	-------	--------------

- 1 Hyderabad Deccan Godown Complex, 7-20/19, NDR Godown Complex, Moosapet, Sanath Nagar, Hyderabad
- 2 Hyderabad Commissioner, MCH Complex, 8th Floor, Abids, Hyderabad
- 3 Visakhapatnam Veritas Aquatic Infrastruture, GK Towers, Visakhapatnam
- 4 Hyderabad My Home Tycoon, 2nd Floor, KundanBagh Begumpet, Hyderabad

Freehold Properties

Sl. No	Place	Property No
1)	Samalkot	Door No. 7-10-29, Plot No. 168, Jaggammagaripet, Samalkota, EG district
2)	Bollaram, Hyd	Plot 54 & 55, Survey No. 491, Bachupalli Village, Kothubullapur Mandal, RR district
3)	Vijayawada	64-9-8, Opp: Sumalatha Apartments, Eenadu Road, Patamatalanka, Vijayawada-520 010
4)	Rajahmundry	S No.401/2A2, Rajahmundry Rural under Pidungoyya Panchayat, Rajahmundry, EG Dist
5)	Kukatpally, Hyd	Plot no.22 & 23, SY No. 172/20, Hydernagar Village, Kukatpally Municipality, Balanagar Mandal, RR district, AP
6)	Kakinada, EGDist	Door No 12-5-3, Ramaswamiyajulu Street, Kakinada. EG district
7)	Patancheru, Hyd	Plot No. 24, SY No. 891 & 892, Gautham Nagar Colony, Patancheru, Medak District
8)	Hayathnagar, Hyd	Plot No. 103A, Survey No. 233-236, Bagh Hayathnagar, LB Nagar Municipality, RR District
9)	Amalapuram, EG Dist	SY No.377/12, Opp. Kinetic Showroom, General Hosipital Road, Moberla peta, Amalapuram
10)	Tirupathi	Door No. 13-3-344, Ward No. 13, Nawab peta, Tirupati.
11)	Mohali, Punjab	Plot C - 25, Phase II Industrial Area Mohali Punjab
12)	Mohali, Punjab	Plot C - 34, Phase II Industrial Area Mohali Punjab



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SCHEDULE I

PART D

Illustrative (and not exhaustive) list of all investments comprised in the Transferor Company No. 1

Section A (List of investments of Transferor Company No.1)

- | | | |
|----|--------------------------------|-------------------|
| 1. | Short Term Quoted Investments | |
| | ➤ Government Securities | Rupees 24,040,000 |
| | ➤ Mutual Funds & Bonds | 41,382,613 |
| 2. | Long Term Unquoted Investments | |
| | | Nil |



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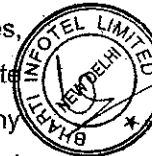
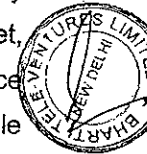
SCHEDULE II

Part - A

Illustrative (and not exhaustive) descriptive list of the Transferred Undertaking(s) of the Transferor Company No.2



- A. All of the business and undertakings of the Transferor Company No.2 relating to the Telecommunication and IT industry, internet, V-SAT business, basic, national and international long distance along with all rights, title and interest in all immovable, movable and incorporeal assets, whether free-hold, leasehold or licensed and also all rights and entitlements comprised in the businesses of the Transferor Company including all statutory licenses, approvals and registrations (as may be necessary to operate the businesses or otherwise) and all rights in any licences/permissions issued by any Governmental authority/regulatory bodies including the Department of Telecommunication (DoT) to set up and operate any of the businesses of the Transferor Company either directly or indirectly through its subsidiary or group companies or through any other person or entity and also all rights of ownership, whether owned or licensed in relation to any tradename, trading style and any other intellectual property of any nature whatsoever



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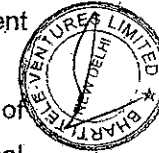
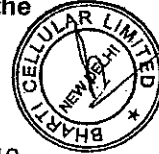
SCHEDULE II

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Part B

Illustrative (and not exhaustive) descriptive list of licenses, approvals, permissions, consents, registrations, and certifications, rights, entitlements, agreements etc. of the Transferor Company No. 2

1. Infrastructure Provider Category - I Registration No. 10-29/2000-BS-1 issued by the Government of India, Department of Communications.
2. License No. 10-25/2001-BS-1(01) issued by the Government of India, Department of Communications for providing of National Long Distance Telecommunication Services.
3. License No. 10-07/2002-BS-1(ILD-02) issued by the Government of India, Department of Communications for providing of International Long Distance Telecommunication Services.
4. License No. 820/595/2201-LR issued by the Government of India, Department of Communications for internet Services (CAT-A).
5. License No. 820-595/2002-ILR issued by the Government of India, Department of Communications for providing Internet Telephony.
6. License No. 820-58/98-LR dated 3.3.1999 issued by the Government of India Department of Communications for provisioning of Internet services.
7. Amendment No. 820-58/2002-LR dated 26.6.2002 to License No. 820-58/98-LR dated 3.3.1999 issued by the Government of India Department of Communications including Internet Telephony in the scope of services.
8. License No. 815-15/93 dated 15.9.1994 issued by the Government of India Department of Communications for operation of VSAT Services and amendment dated 14.1.2002 for change in license fees from fixed license fees to revenue share. All approvals, siting clearances, test certificates and permissions received from the Department of Telecommunications and concerned departments and wings of



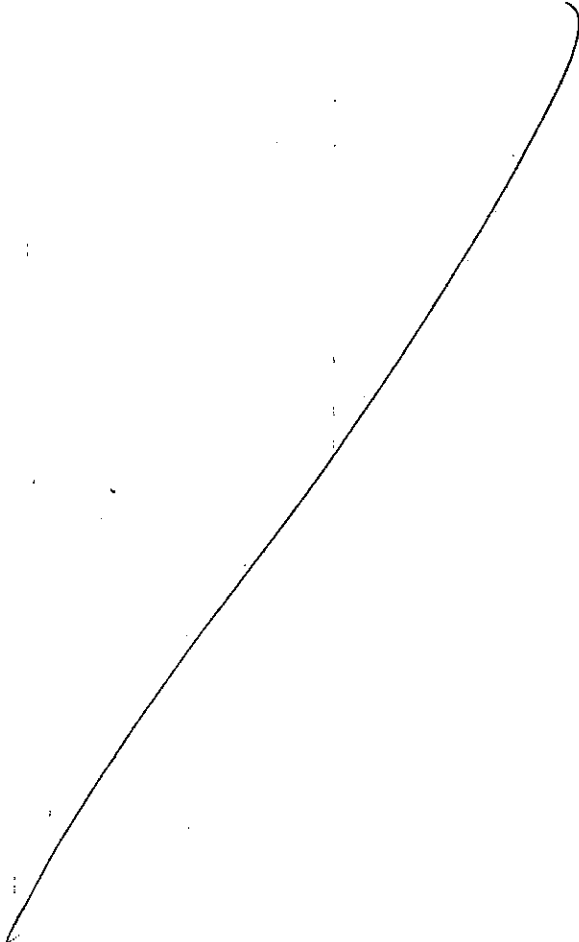
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the DoT in respect of the aforesaid licenses, particularly from the Standing Advisory Committee on Frequency Allocation and the Wireless and Planning Commission.

- 9. All permissions and approvals received from statutory and municipal bodies in respect of the carrying on of the business of providing Internet, VSAT services and telecommunication services in terms of the aforesaid licenses.
- 10. All registrations received from statutory and regulatory authorities including from the sales tax department, excise and service tax departments and the labour departments.



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SCHEDULE II

Part - C

Illustrative (and not exhaustive) descriptive list of all Immovable assets including any other title, interest or right in such immovable assets, of the Transferor Company No.2

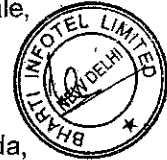


1. Property bearing No. 234, Okhla Industrial Estate, Phase - III, New Delhi.



2. Property bearing No. 224, Okhla Industrial Estate, Phase - III, New Delhi.

3. Property bearing Plot No. 7, Gat No. 539, Village Kedawale, Taluka, Bhor, District Pune, Maharashtra



4. Property bearing Plot No. C-79, Block 588, Moje Palaswada, Taluka Dabhoi, District, Vadodra

5. All that parcel of property bearing Plot No. 3B, Kadugodi Sadamangala, Kadugodi, K.R.Puram, Bangalore South, Bangalore in terms of lease deed dated 31.12.1996.

6. All that piece and parcel of property situated at 42, City Centre, Gwalior.

7. All that piece and parcel of property situated at 47-49 Electronic Complex, Pardesipura, Indore

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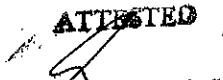
8. All that piece and parcel of property situated at 152-153, Scheme No.5, Vijaynagar, Jabalpur.

9. All that piece and parcel of property situated at Kh No.224/7, 225/3, 224/3 Mouja Telibandha, Raipur

10. All that piece and parcel of property situated at SCO 20 Sector 12 Faridabad

11. All that piece and parcel of property situated at 4 Udyog Vihar,
Phase I, Gurgaon.
12. All that piece and parcel of property situated at 201-211&301-
311 Akshay Park, Gokul Road, Hobli, **Bangalore.**
13. All that piece and parcel of property situated at No.1106/10&11,
Garvebhavipalaya, Hongasandra, Group Panchayat Begur Hobli
- **Bangalore.**
14. All that piece and parcel of property situated at No 1106/12,
Garvebhavi palaya, Hongasandra, Group Panchayat, Begur
Hobli, **Bangalore.**
15. All that piece and parcel of property situated at 101, Santhome
High Road, Chennai.



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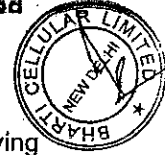
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SCHEDULE II

PART D

Illustrative (and not exhaustive) list of all investments comprised
in the Transferor Company No. 2

1. 12,75,000 equity shares of M/s Bharti Aquanet Limited having its registered office at H-5/12, Qutab Ambience, Mehrauli Road, New Delhi – 110030
2. 100,000 equity shares of M/s Bharti Comtel Limited having its registered office at H-5/12, Qutab Ambience, Mehrauli Road, New Delhi – 110030 - Cost in the books – Rs. 1,000,000



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Schedule III

New Security Structure (Post Merger of Bharti Cellular Limited and Bharti Infotel Limited with Bharti Tele-Ventures Limited)

Transferor Company No. 1- Bharti Cellular Limited			
A Non Convertible Debentures			
Sl. No.	Description	Amount (Rs. Min)	New Security
Primary Security to Debentureholders - Category - 1			
1	13.50% NCD Issued to IDFC	1,880.00	1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of the Bharti Tele-Ventures Limited
2	Floating rate Debentures Issued to Citibank	1,183.75	
3	10.55% NCD - IFC (W) Guaranteed	600.00	
4	10.90% NCD - IFC (W) Guaranteed	900.00	
5	11.45% NCD - IFC (W) Guaranteed	600.00	
Additional Security to Debentureholders			
1	10.55% NCD - IFC (W) Guaranteed		1) Guarantee from IFC(W) for the Principal and Interest
2	10.90% NCD - IFC (W) Guaranteed		
3	11.45% NCD - IFC (W) Guaranteed		
Primary Security to Debentureholders - Category - 2			
1	8.65% NCD - IDFC Guaranteed	950.00	1) Second Charge over movable assets Bharti Tele-Ventures Limited 2) IDFC guarantee for Principal and one Interest payment
Primary Security to Guarantors			
1	IFC (W) as Guarantor		1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited
2	IDFC as Guarantor		2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
B Secured Loans			
Local Currency Loans			
1	Rabo India Finance Pvt. Ltd	2,680.00	1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
2	HDFC Ltd	2,500.00	
3	Development Credit Bank Ltd	360.00	
4	HDFC Bank Ltd	1,000.00	
5	UTI Bank Ltd	775.00	
6	IDBI Bank Ltd	400.00	
Foreign Currency Loans			
		US \$ mln	
1	ABN Amro Bank - EKN guaranteed	187.40	1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
2	ABN Amro Bank - Syndicated Loan	125.00	
3	NIB, Finland	30.00	
4	FMO, Netherlands	10.00	
5	OEG, Germany	12.00	
6	Citibank - Hermes Guarantee	17.12	
C Secured Guarantees			
		US \$ mln	
1	Guarantee from ICICI Bank Ltd favouring Tella AB	28.88	1) First pari-passu charge the present and future movable assets of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
D Secured Hedge / Swap			
1	ABN Amro Bank N V.		1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
Transferor Company No. 2- Bharti Infotel Limited			
A Non Convertible Debentures			
Primary Security to Debentureholders			
1	14% NCD Issued to IDBI	562.50	1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
2	15% NCD Issued to IDBI	937.50	
B Secured Loans			
Local Currency Loans			
1	Infrastructure Development Finance Company Ltd.	3,000.00	1) First pari-passu charge on present and future movable and freehold immovable properties of Bharti Tele-Ventures Limited 2) First pari-passu charge on the operating cash flows, book debts, and insurance policies of Bharti Tele-Ventures Limited
Foreign Currency Loans			
		US \$ mln	
1	Canara Bank	41.67	
C Secured Working Capital Facility (Sanctioned Limit)			
1	IDBI Bank Ltd.	250.00	Pari passu charge on movable assets / receivables of Bharti Tele-Ventures Limited
2	UTI Bank Ltd.	40.00	
3	UTI Bank Ltd.	100.00	
Transferee Company*			
Local Currency Loans			
	Infrastructure Development Finance Company Ltd.	2,000.00	1) First Pari passu charge on movable assets of Bharti Tele-Ventures Limited
The following shall be excluded from securities as mentioned above :			
1) Intellectual property rights of Bharti Tele-Ventures Limited			
2) Investment in subsidiaries of Bharti Tele-Ventures Limited			
3) Licenses issued by DoT to operate various telecom services			

APPROVED
by the Hon'ble Justice
of the Hon'ble Court of



SCHEDULE I

Illustrative (and not exhaustive) descriptive list of all freehold immovable assets including any other title, interest or right in such freehold immovable assets, of Transferor Company No. 1 i.e. Bharti Cellular Limited

Section A (List of Freehold Properties of Transferor Company No.1)

1. All that piece and parcel of vacant house site in extent 4,949 sq.ft. (Four thousand nine hundred and forty nine square feet) bearing Plot No.397 (three hundred and ninety seven) comprised in S.No.62/1 (sixty-two/one) in Manikkapuram in 195 Kuthanur Village, Sriperumbudur Taluk, Chingleput MGR District within the sub-registration District of Guduvancheri, Registration District of madras layout approved by No. CSAR/DTCPM/86-172/LP vide RC No.9254/85/A6 dated 14-8-1986 registered as 2005 of 1995 of Book I volume 457 pages 21 to 26, registered in the office of the Sub- Registrar of Guduvancheri on 1st August 1995.
2. All that piece and parcel of Dry land comprised in Survey No.270/1-C, measuring 11 cents situated in Vichor village, Ponneri Taluk, Chengai M G R District and Registered as No.2472 of 1995 of book no.1074 volume page 347 to 350 on 26th July 2002 and presented in the office of the Sub Registrar of Thiruvottiyur.
3. All that piece and parcel of Vacant Punja Land situate in Kazhipattur Village, Tirupporur Taluk, Chengai- MGR District, comprised in Survey No.155/2, (Survey number one hundred fifty five/two), measuring about 3600 square feet (three thousand and six hundred square feet) or thereabouts and Registered as No.2060 of 1995, Book No.1, Volume 988 page 109 to 113, registered in the Office of the Sub-Registrar of Thirupporur on 1st August 1995.
4. All that piece and parcel of vacant land situate at No.111, Karunguzhipallam Village, Chinglepettu Taluk, Chengalpattu M G R District, comprised in Old Survey No.50/1 Part, Now as per Patta New "Survey No.50/IA/IA/16 and measuring 0.05 cents and registered as 2061 of 1995, Book No. 1, Volume no.988, page No. 115 to 119 in the Office of the Sub-Registrar of Tirupporur on 28-7-1995 and further rectified by Rectification Deed being Document No.2518 of 1995 of Book No. 1, Volume 992 page 203 -204.
5. All that piece and parcel of vacant land situate at No. 117, Karunguzhi Pallam Village, Chinglepet Taluk, Chengai MGR District bearing Plot No.16, comprised in survey No.50/1 (fifty/one) measuring an extent of 2400 sq/ft. (two thousand and four hundred square feet) or thereabouts/ Registered as No. 161 of 1995, Book No. 1, Volume 989 page 79-82, registered in the Office of the Sub- Registrar of Thirupporur on 10th August 1995.

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6. All that piece and parcel of property situated at 2&3 floor, Spectrum Tower, Mind space, Malad, Mumbai II.
7. All that piece and parcel of property situated at 265,266, Peninsula Chambers, Lower Parel, Mumbai.
8. All that piece and parcel of property situated at Plot No.401/1 TPS No.3 Shankarsheth Road, Gultekdi Pune.
9. All that piece and parcel of property situated at Plot No.107/2 Ellisbridge TPS.
10. All that piece and parcel of property situated at 674/1,674/3 Diamond Plaza, Village Ernakulam Cochin.
11. All that piece and parcel of property situated at S.No.612/1B Krishnarayapuram Village Coimbatore
12. All that piece and parcel of property situated at Mangal Pandey Nagar, Meerut.
13. All that piece and parcel of property situated at Ramgarhi, Meerut (Plot)
14. All that piece and parcel of property situated at D-184 Okhla Indl. Area Phase I, New Delhi.
15. All that piece and parcel of property situated at Plot No.28 Block G Community Center, Vikaspuri, New Delhi
16. All that piece and parcel of property situated at Plot No(s) 111&112 Sy Nos151, EPIP area (Whitefield) Indl Area, VII.Hoodi Hobli Krishnarajapuram, Tal. Bangalore
17. Dag No. 20/794, R S Khaitan No. 336, Nouza Kalipahari, Asansol
18. Door No. 7-10-29, Plot No. 168, Jaggammaripet, Samalkota, EG district
19. Plot 54 & 55, Survey No. 491, Bachupalli Village, Kothubullapur Mandal, RR district
20. 64-9-8,Opp: Sumalatha Apartments, Eenadu Road, Patamatalanka, Vijayawada-520 010
21. S No.401/2A2, Rajahmundry Rural under Pidungoyya Panchayat, Rajahmundry, EG Dist
22. Plot no.22 & 23, SY No. 172/20, Hydernagar Village, Kukatpally Municipality, Balanagar Mandal, RR District, AP
23. Door No. 12-5-3, Ramaswamiyajulu Street, Kakinada. EG District
24. Plot No. 24, SY No. 891 & 892, Gautham Nagar Colony, Patancheru, Medak District
25. Plot No. 103A, Survey No. 233-236, Bagh Hayathnagar, LB Nagar Municipality, RR District

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26. SY No.377/12, Opp. Kinetic Showroom, General Hosipital Road, Moberla peta, Amalapuram
27. Door No. 13-3-344, Ward No. 13, Nawab peta, Tirupati.
28. Plot C - 25, Phase II Industrial Area Mohali Punjab
29. Plot C - 34, Phase II Industrial Area Mohali Punjab

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SCHEDULE I

illustrative (and not exhaustive) descriptive list of all freehold immovable assets including any other title, interest or right in such freehold immovable assets, of Transferor Company No. 2 i.e. **Bharti Infotel Limited**

Section B (List of Freehold Properties of Transferor Company No.2)

1. Property bearing No. 234, Okhla Industrial Estate, Phase – III, New Delhi.
2. Property bearing No. 224, Okhla Industrial Estate, Phase – III, New Delhi.
3. Property bearing Plot No. 7, Gat No. 539, Village Kedawale, Taluka, Bhor, District Pune, Maharashtra.
4. Property bearing Plot No. C-79, Block 588, Moje Palaswada, Taluka Dabhoi, District, Vadodra.
5. All that parcel of property bearing Plot No. 3B, Kadugodi Sadarmangala, Kadugodi, K.R.Puram, Bangalore South, Bangalore in terms of lease deed dated 31.12.1996.
6. All that piece and parcel of property situated at 42, City Centre, Gwallor.
7. All that piece and parcel of property situated at 152-153, Scheme No.5, Vijaynagar, Jabalpur.
8. All that piece and parcel of property situated at Kh No.224/7, 225/3, 224/3 Mouja Telibandha, Raipur
9. All that piece and parcel of property situated at SCO 20 Sector 12 Faridabad.
10. All that piece and parcel of property situated at 201-211&301-311 Akshay Park, Gokul Road, Hobli, Bangalore.

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11. All that piece and parcel of property situated at No.1106/10&11, Garvebhavipalaya, Hongasandra, Group Panchayat Begur Hobli – Bangalore.
12. All that piece and parcel of property situated at No.1106/12, Garvebhavi palaya, Hongasandra, Group Panchayat, Begur Hobli, Bangalore.
13. All that piece and parcel of property situated at 101, Santhome High Road, Chennai.

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SCHEDULE II

Illustrative (and not exhaustive) descriptive list of all leasehold immovable assets including any other title, interest or right in such freehold immovable assets, of Transferor Company No. 1 i.e. Bharti Cellular Limited

Section A (List of Leasehold Properties of Transferor Company No.1)

1. Property situate at Block No. 11-A, Commercial Complex, Kasumpti Zonal Centre, Shimla allotted by the Himachal Pradesh Vikas Pradhikaran vide allotment letters Nos. HP-NVP-Admn(b) 2nd -SFS/Commr/9082-6175-77 dated 3.9.96 and HP-NVP-Admn(b) 2nd -SFS/Commr/2925-28 dated 13 5.97.
2. All that piece and parcel of property situated at Infinity Building, (5th to 7th floor) Salt Lake, Calcutta.
3. All that piece and parcel of property situated at Infinity Building, (1st floor) Salt Lake, Calcutta.
4. All that piece and parcel of property situated at SDF Module Nos.305, 308,309,319,320,321 & 322.
5. All that piece and parcel of property situated at A-14, Sector 62 Noida (UP)
6. All that piece and parcel of property situated at Block No. 11, SDA Complex, Kasumpti, Shimla-9 and Adjoining Plot of Block No. 11; SDA Complex, Kasumpti, Shimla-9
7. Plot 24, Sector A, Scheme I, Jamalpura, Bhopal
8. Plot 583A, Sector 3, Pitampura Industrial Area, Pitampura
9. Deccan Godown Complex, 7-20/19, NDR Godown Complex, Moosapet, Sanath Nagar, Hyderabad
10. Commissioner, MCH Complex, 8th Floor, Abids, Hyderabad
11. Veritas Aquatic Infrastruture, GK Towers, Visakhapatnam
12. My Home Tycoon, 2nd Floor, KundanBagh Begumpet, Hyderabad

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SCHEDULE II

Illustrative (and not exhaustive) descriptive list of all leasehold immovable assets including any other title, interest or right in such freehold immovable assets, of Transferor Company No. 2 i.e. Bharti Infotel Limited

Section B (List of Leasehold Properties of Transferor Company No.2)

1. All that piece and parcel of property situated at 47-49 Electronic Complex, Pardesipura, Indore
2. All that piece and parcel of property situated at 4 Udyog Vihar, Phase I, Gurgaon.

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SCHEDULE III

Illustrative (and not exhaustive) list of all investments comprised in the Transferor Company No. 1 i.e. Bharti Cellular Limited

Section A (List of investments of Transferor Company No.1)

- 1. Short Term Quoted Investments

	Rupees
➤ Government Securities	24,040,000
➤ Mutual Funds & Bonds	41,382,613

- 2. Long Term Unquoted Investments

Nil

Illustrative (and not exhaustive) list of all investments comprised in the Transferor Company No. 2 i.e. Bharti Infotel Limited

Section B (List of investments of Transferor Company No.2)

- 1. 12,75,000 equity shares of M/s Bharti Aquanet Limited having its registered office at H-5/12, Qutab Ambience, Mehrauli Road, New Delhi – 110030.

- 2. 100,000 equity shares of M/s Bharti Comtel Limited having its registered office at H-5/12, Qutab Ambience, Mehrauli Road, New Delhi – 110030 – Cost in the books – Rs. 1,000,000

Dated this the 21st day of May, 2005

(By order of the Court)

[Signature]

Joint Registrar (Co.)

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