**Spice Mobiles Limited**
Regd. Off. : D-1, Sector 3,
Noida-201301, U.P., India
Tel: +91-120-4363600, 4363800
Fax : +91-120-4363845
www.spice-mobile.com

May 25, 2010

By fax/e-mail/courier

To,
**Bombay Stock Exchange Limited**
Phiroze jeejeebhoy Towers,
Dalal Street , Mumbai – 400 001
**Scrip Id : 517214**

**National Stock Exchange of India Limited**
Exchange Plaza, Plot no.C/1, G Block
Bandra – Kurla Complex, Bandra (E)
Mumbai – 400 051
**Scrip Code- SPICEMOBIL**

Sub: Compliance under clause 31(c) of the Listing Agreement

Dear Sir,

Pursuant to clause 31(c) of the Listing Agreement, please find enclosed herewith the notices sent to **Equity Shareholders and Unsecured Creditors** for convening their meeting **on 20th June, 2010** in order to approve the scheme of Amalgamation with Spice Televentures Private Limited.

Three copies of each of the notices of Equity Shareholders' Meeting and Creditors' Meeting are also being sent to you today through courier.

You are requested to kindly take above on record and acknowledge the receipt of the same.

Thanking you,

Yours faithfully,
For **Spice Mobiles Limited**

**Sonika Jain**
Authorized Signatory

Encl: As above

# SPICE MOBILES LIMITED

***Regd. Office :***

D-1, Sector - 3, Noida - 201 301, Uttar Pradesh

## COURT CONVENED MEETING OF THE UNSECURED CREDITORS

| | | |
|---|---|---|
| Day | : | Sunday |
| Date | : | 20th day of June 2010 |
| Time | : | 1:00 p.m. |
| Venue | : | Spice World<br>I-2, Sector-25A<br>Noida-201301 (U.P.) |

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**IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD**

**COMPANY APPLICATION NO. 8 of 2010**
(Under Sections 391/394 of the Companies Act, 1956)

**(District: Gautam Budh Nagar)**

**IN THE MATTER OF:**
Section 391 to 394 of the
Companies Act, 1956

**AND**

**IN THE MATTER OF:**
**SPICE MOBILES LIMITED** **Transferee/Applicant Company**
Having its registered office at
D-1, Sector - 3,
Noida - 201 301,
Uttar Pradesh

**AND**

**SPICE TELEVENTURES PRIVATE LIMITED** **Transferor Company**
Having its registered office at
D-4, Okhla Industrial Area, Phase-I
New Delhi - 110020

**NOTICE FOR CONVENING THE MEETING OF UNSECURED CREDITORS OF THE TRANSFEREE/APPLICANT COMPANY**

To,

The Unsecured Creditors of the Transferee/Applicant Company

Take notice that by an order dated 20th April, 2010 as modified on 24th April, the Hon'ble High Court of Judicature at Allahabad has directed that a meeting of the Unsecured Creditors of the Transferee/Applicant Company namely Spice Mobiles be held at Spice World, I-2, Sector 25-A, Noida - 201301 on the 20th day of June 2010, at 01:00 PM for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation proposed to be made between Spice Televentures Private Limited and Spice Mobiles Limited

Take further notice that in pursuance of the said order, a meeting of the Unsecured Creditors of the Company will be held at Spice World, I-2, Sector 25-A, Noida - 201301 on 20th day of June 2010, and the Creditors are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the Company at D-1, Sector - 3, Noida - 201 301, Uttar Pradesh not later than 48 hours before the meeting.

This Court has appointed Sri. Shri Kant, Advocate and failing him, Sri. Rahul Aggarwal, Advocate, to be the Chairperson of the said meeting.

A copy each of the Scheme of Amalgamation, the statement under Section 393 and a form of proxy is enclosed.

Dated this 20th day of May, 2010

Sd/-
**Sri. Shri Kant, Advocate**
Chairperson appointed for the meeting

**Nishant Mishra**
Advocate
Counsel for the Applicant

# SCHEME OF AMALGAMATION

**PART-I**
**PRELIMINARY**

**A. DEFINITIONS**

1. 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 thereof for the time being in force.

   ii. **"Appointed Date"** means 1st January, 2010.

   iii. **"Assets"** means and includes the entire business, all cash balances with banks, inter corporate deposits, investments, loans, advances, fixed assets and other assets including, all other properties, movable, immovable, tangible or intangible.

   iv. **"Board of Directors"** in relation to each Transferee Company and Transferor Company, as the case may be, shall, include a committee of Directors.

   v. **"Effective Date"** means the date on which the last of the approvals / events specified in Clause 5 of Part V of the Scheme are obtained/ have occurred and the orders of the respective High Courts sanctioning the Scheme are filed with the respective Registrar of Companies by the Transferor Company and by the Transferee Company. Any references in this Scheme to the date of "coming into effect of this Scheme" or "Scheme becoming effective" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the 'Effective Date' as defined herein;

   vi. **"Liabilities"** mean all debts, capital, term deposits, borrowings, bills payable, sundry creditors, interest accrued and all other losses, provisions, liabilities including contingent liabilities or liabilities arising out of any bonds, guarantees etc., duties, undertakings and obligations of the Transferor Company as on the Appointed Date.

   vii. **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to this Scheme upon the Scheme becoming effective.

   viii. **"Scheme"** means the Scheme of Amalgamation as set out herein.

   ix. **"Transferee Company"** means Spice Mobiles Limited, a Company incorporated under the Companies Act, 1956 having its registered office at D-1, Sector-3, Noida- 201301, Uttar Pradesh.

   x. **"Transferor Company"** means Spice Televentures Private Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at D-4, Okhla Industrial Area Phase – 1, New Delhi – 110020.

   xi. **"Undertakings of Transferor Company"** means all of the undertakings of Transferor Company including those illustratively listed out and marked in Schedule-I hereto and shall mean and include:

      (a) all the Assets (movable, immovable, incorporeal or otherwise) including freehold and/or leasehold assets and movable assets together with all investments present and future liabilities and debts and undertakings of the Transferor Company and including all buildings, fixtures, structures, plant and machinery and/or any other developments or rights & facilities related thereto of the Transferor Company;

      (b) all approvals, licenses, permissions, consents, exemptions, registrations etc of the Transferor Company;

      (c) all employees of the Transferor Company ;

      (d) all application monies, advance monies, earnest monies and / or security deposits paid or received whatsoever, payments against other entitlements of the Transferor Company;

      (e) all the debts, Liabilities, duties, responsibilities, guarantees and obligations, whether provided for or not or disclosed in the books of account of Transferor Company on the Appointed date; and

      (f) all necessary records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising material and other records in connection with or relating to the Undertakings of the Transferor Company

**B. PREAMBLE**

Transferor Company was incorporated on 27th November, 1980 as a private limited company under the Companies Act, 1956 in the National Capital Territory of Delhi, under the name 'T R Metal Industries Private Limited'. Its name was changed to 'Spicesoft Solutions Private Limited' with effect from 21st April, 2003 and then to 'Omnia Investments Private Limited' with effect from 20th January, 2005 and then to 'Spice Televentures Private Limited' effective 11th September, 2008. Its registered office is at D-4, Okhla Industrial Area Phase – 1, New Delhi – 110020. Transferor Company is presently engaged in holding shares in various group companies being engaged in operating businesses in the telecommunication and related sector.

Transferee Company was incorporated as a public limited company under the Companies Act, 1956 on 23rd December, 1986 in the state of Uttar Pradesh under the name 'Modi Olivetti Limited'. It received the certificate of commencement of business on 25th March, 1988. Its name was changed to 'MOL India Limited' with effect from 23rd August, 1999. The name was changed to 'Spice Net Limited' with effect from 5th December, 2000, and then to 'Spice Limited' with effect from 4th July, 2005. The name was then changed to 'Spice Mobiles Limited' with effect from 26th April, 2007. Its registered office is at D-1, Sector-3, Noida-201301, Uttar Pradesh. The Transferee Company is a public company whose shares are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Transferee Company is presently engaged in the business of, interalia, import and sale of mobile handsets including manufacturing, assembling, distribution, operating, selling, purchasing exporting, importing, trading, maintaining, running, improving, repairing, servicing, research and development of all types of electronics, communication, telephonic and telegraphic gadgets, cellular phone equipments and units and systems, accessories, assembling, apparatus, consumables and providing other hardware and software services. The Transferor Company holds 63.25% of the issued and paid up equity capital of the Transferee Company.

Under the Scheme it is proposed to merge and amalgamate the Transferor Company into the Transferee Company.

In order to achieve integration and competencies of telecom related businesses and to have greater financial strength and flexibility for the amalgamated entity and also for greater efficiency in management of funds which would result in maximizing the overall shareholders value and improve the competitive position of the amalgamated entity, the Transferor Company as a part of its overall business reorganization plan has determined to amalgamate itself with the Transferee Company. Pursuant to this amalgamation, all the investments/holdings of the Transferor Company in various other group companies engaged in the businesses of telecom & related sector would become the investments/holdings of the Transferee Company and would thus enhance shareholders' value to the existing shareholders of the Transferee Company, which is a listed company. Additionally the present Scheme would also benefit the existing shareholders of the Transferor Company, who would be getting the shares of the Transferee Company, which is a listed company.

The Scheme is not prejudicial to the interest of the creditors of the Transferor Company and the Transferee Company.

**PART-II**
**SHARE CAPITAL**

The authorised, issued, subscribed and paid up capital of the Transferor Company and the Transferee Company as on 1st January, 2010 are as under:

**(A) Transferor Company**

| **SHARE CAPITAL** | **(IN RUPEES)** |
|---|---|
| AUTHORIZED:<br>12,00,00,000 Equity Shares of Re. 1/- each | 12,00,00,000 |
| ISSUED, SUBSCRIBED AND PAID-UP:<br>2,06,63,500 Equity Shares of Re. 1/- each. | 2,06,63,500 |

**(B) Transferee Company**

| **SHARE CAPITAL** | **(IN RUPEES)** |
|---|---|
| AUTHORIZED:<br>17,00,00,000 Equity Shares of Rs 3/- each. | 51,00,00,000 |
| ISSUED, SUBSCRIBED AND PAID-UP:<br>7,46,38,000 Equity Shares of Rs 3/- each. | 22,39,14,000 |

IN CONSIDERATION OF THE RECIPROCAL PROMISES AND THE AMALGAMATION, THE TRANSFEROR COMPANY AND ITS SHAREHOLDERS AND THE TRANSFEREE COMPANY AND ITS SHAREHOLDERS HAVE PROPOSED THE SCHEME OF AMALGAMATION AS SET OUT HEREINBELOW.

**PART-III**
**TRANSFER AND VESTING OF UNDERTAKINGS OF THE TRANSFEROR COMPANY**

1. Upon this Scheme becoming effective, with effect from the opening of business as of the Appointed Date :

   (a) the Undertakings of the Transferor Company shall pursuant to Section 394(2) of the Act and without any further act, deed or instrument stand transferred to and vest in or deemed to have been transferred to and vest in the Transferee Company as a going concern 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 V of the Scheme and the Transferor Company shall stand dissolved without the process of winding-up.

   (b) In respect of such Assets as are movable in nature or incorporeal property, including all intellectual property rights owned by the Transferor Company and 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 in the Transferee Company and shall become the property of the Transferee Company.

(c) In respect of moveable assets other than those specified in Clause (b) above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received and deposits with Government, Semi-government, local and other authorities and bodies, other entities if any, the following procedure shall be followed:

(i) The Transferee Company may give notice in such form as it may deem fit and proper to each party or debtor, as the case may be, that pursuant to Scheme becoming effective upon the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh having sanctioned this Scheme under Sections 391, 394 and other applicable provisions of the Act, the said debt, loan, advances, etc. be paid to or made good to or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize the same stands extinguished and that appropriate entry should be passed in their respective books to record the aforesaid change to the effect that the name of the Transferor Company shall stand substituted by that of the Transferee Company; and

(ii) The Transferor Company may give notice in such form as it may deem fit and proper to each person or debtor, that pursuant to Scheme becoming effective upon the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh having sanctioned this Scheme under Sections 391, 394 and other applicable provisions of the Act, the said person, debtor, or depositee should pay the debt, loan or advance or make good the same on account of the Transferee Company and the right of the Transferor Company to recover or realize the same stands extinguished.

(d) All Liabilities, debts, duties, obligations and any other liabilities of the Transferor Company including those arising out of the guarantees executed by the Transferor Company shall, without any further act or deed stand transferred to and vest in or deemed to have been transferred to and vest in the Transferee Company and shall become the debts, duties, liabilities and obligations of the Transferee Company which it undertakes to meet, discharge and satisfy.

2. Upon the Coming into effect of this Scheme and subject to the provisions of this Scheme :

(a) all contracts, agreements, memorandums of understanding, memorandums of agreement, memorandums of agreed points, letters of agreed points, schemes, arrangements, undertakings whether written or otherwise, licenses, rights and entitlements of whatsoever nature, lease rights, deeds, bonds, other agreements and instruments, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be & remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

(b) Any inter se agreements, arrangements, transactions, understandings, obligations, commitments, contracts between the Transferor Company and the Transfere Company shall stand merged and vest in the Transferee Company and as such all inter-se rights and obligations therein shall cease and all rights & obligations therein shall accrue to the benefit of the Transferee Company .

(c) Any statutory licenses, authorisations, statutory rights, permissions, approvals, sales tax, service tax, central excise, customs bonds including the SVB order or other registrations, existing insurance policies as well as pending claims, no-objection certificates or consents to carry on the operations, as illustratively listed out in Schedule-I hereto, of the Transferor Company shall stand vested in or transferred to the Transferee Company, without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith without hindrance from the Appointed Date in favour of the Transferee Company upon the vesting and transfer of the Undertakings of the Transferor Company into the Transferee Company pursuant to this Scheme .

(d) The Transferee Company shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Undertakings of the Transferor Company in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.

3. (a) All legal or other proceedings by or against the Transferor Company 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 the Transferee Company after the Effective Date.

(b) Subject to the provisions of this Scheme, all proceedings whether administrative, legal or otherwise, by or against Transferor Company, pending on the Effective Date, in any court or before any authority, judicial, quasijudicial or administrative, or any adjudicating authority, shall continue and be proceeded by or against the Transferee Company as the case may be.

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

(a) the Transferor Company shall be deemed to have been carrying on and to be carrying on all operations and activities on behalf of the Transferee Company and stand possessed of the properties so to be transferred for and on account of and in trust for the Transferee Company; and

(b) all profits accruing to the Transferor Company (including taxes if any thereon) or losses arising or incurred by it shall for all purposes, be treated as the profits, taxes or losses as the case may be, of the Transferee Company .

(c) all the costs and expenses incurred by the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the implementation of the Scheme shall be borne and paid by the Transferee Company, which shall be treated as expenses of amalgamation.

5. The Transferor Company hereby undertake up to the Effective Date, to carry on its operations with proper prudence and agrees, without the prior written consent of the Transferee Company not to alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertakings of the Transferor Company or any part thereof (except in the ordinary course of business) or undertake substantial expansion, of its existing businesses.

6. The Transferee Company hereby undertake up to the Effective Date, to carry on its operations with proper prudence and agrees, without the prior written consent of the Transferor Company not to alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertakings of the Transferee Company or any part thereof (except in the ordinary course of business) or undertake substantial expansion, of its existing businesses.

7. All employees of the Transferor Company as on the Effective Date shall become employees of the Transferee Company with the benefit of continuity of service on same terms and conditions being not unfavourable with the terms and conditions applicable to such employees and without any breach or interruption of service.

8. The transfer and vesting of the Assets and Liabilities of the Undertakings of Transferor Company to the Transferee Company and the continuance of the proceedings by or against the Transferee Company under Clause 3(a) and 3(b) of Part III, hereof shall not affect any transaction or proceedings already completed by the Transferor Company 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 as acts, deeds and things done and executed by and on behalf of the Transferee Company.

9. Upon the coming into effect of the Scheme, all Motor Vehicles of any nature whatsoever owned by the Transferor Company shall vest in the Transferee Company and the appropriate Governmental and Registration Authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee Company without levying or imposing any fees, charges, taxes or levy whatsoever.

10. Upon the coming into effect of the Scheme, all bank accounts of any nature whatsoever of the Transferor Company shall vest in the Transferee Company and the appropriate banks/authorities shall mutate and register the said accounts in the name of the Transferee Company as if the accounts had originally been opened/registered in the name of the Transferee Company without levying or imposing any fees, charges, taxes or levy whatsoever. From the Effective Date and till such time as the name of the Transferee Company is entered as the account holder in respect of all the bank accounts of the Transferor Company in the relevant banks' books of record, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company. All cheques or banking and financial instruments already issued or received by the Transferor Company relating to such accounts prior to the Effective Date shall be duly given effect to by the Banks concerned even after the Effective Date.

11. In accordance with the Modvat/Cenvat Rules framed under the provisions of Central Excise Act, 1944, the Service Tax Credit Rules framed under the Finance Act 1994 and Cenvat Credit Rules, 2004 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 Undertakings of the Transferor Company in the RG 23A and RG 23C registers as well as the unutilised credit relating to the service tax paid in the input services consumed by the Transferor Company shall be permitted to be transferred to the Credit of the Transferee Company, as if, all such Cenvat/Service Tax Credit 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 Cenvat Credits of central excise and service tax, as aforesaid, against the Excise duty/service tax payable by it.

12. The Transferee Company shall be entitled to all rebates, refunds, incentives under Tax Incentive Schemes of the Central or the State Government, recoveries and/or set off of all amounts paid by either of the Transferor Company or the Transferee Company under the Central Sales Tax Act/ Local Sales Tax Act/ Value Added Tax Act towards inter-state sales between the Transferor Company or the Transferee Company with effect from the Appointed Date upon this Scheme becoming effective. The Transferee Company also shall be entitled to all rebates, refunds, recoveries, accrue/due/paid to the Transferor Company or Transferee Company under the Income Tax, Sales Tax, Excise, Custom, Service Tax and other related taxes after the Appointed Date upon this Scheme becoming effective. The Transferee Company shall also be entitled to all rebates, refunds, recoveries, accrue/due/paid by either of the Transferor Company or the Transferee Company under the respective Local Sales Tax Act towards inter-se sales between the Transferor Company or the Transferee Company with effect from the Appointed Date upon this Scheme becoming effective.

**PART - IV**
**REORGANISATION OF SHARE CAPITAL AND ISSUE OF SHARES**

1. (a) Upon coming into effect of the Scheme and upon the vesting and transfer of the Undertakings of the Transferor Company to the Transferee Company in terms of the scheme, the Board of Directors of the Transferee Company shall without any further application, instrument, act or deed, issue and allot equity shares of Rs. 3/- (Rupees Three Only) each to the equity shareholders of the Transferor Company, whose names are recorded in the register of members of the Transferor Company on the Record Date, to be fixed by the Board of Directors of the Transferee Company, credited as fully paid up, in the ratio of :

791 (Seven Hundred and Ninety One) equity share(s) of Rs. 3/- (Rupees Three Only) of the Transferee Company for 100 (One Hundred) equity shares of Transferor Company held by the shareholders of Transferor Company (hereinafter Share Exchange Ratio);

Provided that all fractional entitlements shall be rounded off and 1 (one) share shall be issued for fractional holding in excess of 0.5 shares.

(b) All equity shares issued and allotted in terms hereof shall be subject to the Articles of Association of the Company and shall rank pari-passu in all respects including in respect of dividends, if any that may be declared by the Transferee Company on or after the Appointed Date, and listed or admitted for trading on the relevant Stock Exchanges where the equity shares of the Transferee Company are presently listed or admitted for trading.

(c) It is clarified that the Transferee Company shall not be required to pass a separate special resolution for issuing the aforesaid shares to the members of the Transferor Company under Section 81(1A) of the Act and, on the members of the Transferor Company and the members of the Transferee Company giving their sanction to the Scheme, it shall be deemed that the members of the Transferor Company and the Transferee Company have accorded all consents, if any, as required under the Act.

(d) Upon this Scheme becoming effective, all the equity shares of the Transferee Company as are held by the Transferor Company ("Trust Shares") shall not get cancelled but shall stand transferred and vested in (to the effect that the Trust Shares shall be deemed to have been held by) two separate board of trustees, ("Independent Non-Promoter Trusts") to be settled by the Transferor Company after the date of filing the application before the Hon'ble High Court of Delhi at Delhi and Hon'ble High Court of Allahabad at Allahabad under Rule.67 of the Company (Court) Rules, 1959 but before the Scheme becoming effective, as follows:

(i) 1,19,04,314 (One Crore Ninteen Lakh Four Thousand Three Hundred and Fourteen) equity shares of the face value of Rs.3/- (Rupees Three Only) each to the Independent Non-Promoter (Spice Employee Benefit) Trust, to have and hold such Trust Shares, in trust together with all additions or accretions thereto, exclusively for the benefit of the employees of the Transferor Company (or its successors) and its associates and subsidiaries; and

(ii) 3,53,01,215 (Three Crore Fifty Three Lakh One Thousand Two Hundred and Fifteen) equity shares of the face value of Rs.3/- (Rupees Three Only) each to the Independent Non-Promoter Trust to have and hold such Trust Shares, in trust together with all additions or accretions thereto, exclusively for the benefit of the Transferor Company and its successors

subject to the powers, provisions, discretions, rights and agreements contained in the respective instruments (the "Trust Deed(s)"). The constitution of the Independent Non-Promoter Trust, and the functions and powers of the Independent Non-Promoter trustee shall be set forth in the respective Trust Deeds. The obligations of the Independent Non-Promoter trustees shall stand discharged and the Independent Non- Promoter Trusts shall stand terminated in accordance with the provisions of the respective Trust Deeds. For the purpose of this clause, it is hereby clarified that the procedural requirements of the Act, including the passing of resolutions by the Board of Directors, need not be separately complied with/obtained and the required consents shall be deemed to have been given."

(e) Upon this Scheme becoming effective and subject to the above provisions, the Shareholders of the Transferor Company to whom equity shares are to be issued by the Transferee Company pursuant to Clause 1(a) above shall be issued in dematerialized form. However, shareholders of the Transferor Company shall have an option to receive the certificate(s) of shares in physical mode or to receive credit in their demat accounts. The Shareholders of Transferor Company, who wish to receive their equity shares in dematerialized form, shall provide all details relating to their account with depository participant, to the Transferee Company. In case no response is received, the Transferee Company shall issue the shares in the form in which the shares of Transferor Company were held as on the Record Date by the concerned shareholder.

(f) The issue and allotment of the shares under the provisions of this Scheme to the shareholders will be made subject to the approval of such statutory and governmental authorities as required.

2. Accounting Treatment

Upon the Scheme being effective, the Transferee Company shall account for amalgamation in its books as specified hereunder:

(a) The amalgamation would be accounted for by applying the pooling of interest method of accounting as contained in the "Accounting Standard 14: Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India and shall take into consideration all the Assets and Liabilities and reserves of the Transferor Company.

(b) Transferee Company shall record the assets and liabilities of Transferor Company vested in it pursuant to this Scheme, at their book value

(c) With effect from the Appointed Date and subject to each case any corrections or adjustments as may in the opinion of the Directors of the Transferee Company be required, all the Reserves of the Transferor Company shall be and stand transferred to the respective Reserves of the Transferee Company. An amount equal to the balance lying to the credit of Share Premium account in the Books of Transferor Company shall be credited by the Transferee Company to the General Reserve account in its books and shall be considered as free reserve, forming part of the net worth of the Transferee Company. Any reserve arising on amalgamation shall be treated as free reserve available for distribution and/or for any other purpose in the same manner and to the same extent as a general reserve or credit balance of Profit & Loss Account by the Transferee Company and credited to General Reserves Account in the books of the Transferee Company.

(d) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserves of the Transferee Company.

(e) To the extent that there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall be discharged and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. There will be no accrual of interest or other charges in respect of any such inter-company loans or balances with effect from the Appointed Date.

(f) The Transferee Company shall make consequential alterations to its Memorandum and Articles of Association for proper implementation of this Scheme, as necessary.

3. Modifications to and Implementation of the Scheme

(a) The Transferor Company and the Transferee Company by their respective Board of Directors may consent (which consent may be given by any person authorized by the respective Boards of Directors) to any modification or amendment of the Scheme; or agree to any terms or conditions which the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh may impose while sanctioning the Scheme. The Transferor Company and the Transferee Company by their respective Board of Directors shall be entitled to give such directions or take such steps (which directions may be given or steps may be taken by any person authorized by the respective Boards of Directors) as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reason of any order of the Court or of any directive or order of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/or any matter concerned therewith.

(b) Notwithstanding any other provisions in the Scheme, if at any time after the Scheme has become effective, it is found that some action that was required to be taken by the Transferor Company before such date, was either not taken or not given full effect to, then the Board of Directors of the Transferee Company shall have the powers to take such further action as may be required to be taken and any such action or decision taken by the Board of Directors of the Transferee Company shall be considered valid and effectual as if it were taken at the appropriate time by the Transferor Company.

**PART-V**
**GENERAL TERMS AND CONDITIONS**

1. Upon this Scheme becoming effective, the objects clause of the Memorandum of Association of the Transferee Company shall, without any further act or deed, be altered by inserting the following sub-clause 8 after existing sub-clause 7 of Clause III(A) of the Memorandum of Association of the Transferee Company:

"8. To invest in and acquire and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or granted by any company or body corporate and to render and provide consultancy to such companies or bodies corporate."

It is hereby clarified that for the purposes of this clause, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under the Act would require to be separately passed or filings be required to be made with any authority whatsoever.

2. (a) On occurrence of the Effective Date, the authorized share capital of the Transferor Company shall stand merged with the share capital of the Transferee Company, without any further act or deed by the Transferee Company or by shareholders. Consequently, the authorized share capital of the Transferee Company shall stand increased by Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs. 3/- (Rupees Three Only) each, without any further act to be done by the Transferee Company or the obligation to pay any further registration fee, stamp duty, filing fee or other charges and without the need to follow the procedures prescribed in the Act, for increase in authorized share capital. The Memorandum of Association and Articles of Association of the Transferee Company shall automatically stand amended accordingly.

(b) On occurrence of the Effective Date, in addition to the merger of the authorized share capital of the Transferor Company and the Transferee Company as per Clause 2(a) above, for enabling the Transferee Company to issue shares to the shareholders of Transferor Company as per Clause 1(a) of Part IV, the authorized share capital of the Transferee Company, if necessary, shall further stand increased by Rs. 36,00,00,000/- (Rupees Thirty Six Crores Only) by further addition thereto of 12,00,00,000 ( Twelve Crore) equity shares of Rs. 3/- (Rupees Three Only) each without any further act to be done by the Transferee Company, except payment of registration fee, stamp duty, filing fee or other charges in respect thereof but without the need to follow the procedures prescribed in the Act, for increase in authorized share capital. The Memorandum of Association and Articles of Association of the Transferee Company shall automatically stand amended accordingly.

(c) Upon this Scheme becoming effective, the name of the Transferee Company shall , stand changed to "Spice Mobility Limited" or such other name as may be made available by Registrar of Companies, UP, Kanpur and the name 'Spice Mobiles Limited', wherever appearing in the Memorandum of Association and Articles of Association shall stand changed accordingly.

(d) Upon this Scheme becoming effective, the Board of Directors of the Transferee Company be reconstituted to stand as under :

| | | |
|---|---|---|
| Dr. Bhupendra Kumar Modi | - | Chairman |
| Mr. Dilip Modi | - | Vice Chairman & Managing Director |
| Ms. Divya Modi | - | Finance Director |

| | | |
|---|---|---|
| Mr. Devendra Raj Mehta | - | Independent Director |
| Mr. Krishan Lal Chugh | - | Independent Director |
| Mr. Kashi Nath Memani | - | Independent Director |
| Mr. Subroto Chottapadhyay | - | Independent Director |
| Ms. Preeti Malhotra | - | Director & Company Secretary |

It is hereby clarified that for the purposes of this clause 2 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under the Act would require to be separately passed or filings be required to be made with any authority whatsoever.

3. Upon the Scheme being sanctioned the Transferor Company shall stand dissolved without being wound up on the Effective Date or such other date as the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh may direct or determine.

4. The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Courts and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective Board of Directors, or any director or any employee authorised in that behalf by the concerned Board of Directors (hereafter referred as the **"Delegates"**). For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto, the Delegate(s) of the Transferor Company and Transferee Company may jointly give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any directions, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and Transferee Company, affect the validity or implementation of the other parts and/ or other provisions of this Scheme.

5. This Scheme is conditional upon the following approvals/events and the Scheme shall be deemed to be effective on obtaining last of the following approvals and the occurrence of the last of the following events:-

   i. The approval of the Scheme by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company, as the case may be, as required under Sections 391 to 394 of the Act.

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

   iii. Certified copies of the orders being filed with the Registrar of Companies (NCT of Delhi & Haryana) and Registrar of Companies (Uttar Pradesh).

**SCHEDULE –I**

**Illustrative (and not exhaustive) descriptive list of Transferred Undertakings of the Transferor Company including its statutory licenses, authorisations, statutory rights, permissions, approvals, registrations, no-objection certificates or consents to carry on the operations in the Transferred Undertakings of Transferor Company**

All the businesses of the Transferor Company on a going concern basis alongwith all rights, contracts, liabilities, licenses, registrations and approvals including the following:

1. Certificate of registration under section 69 of the Finance Act, 1994 (32 of 1994) issued to M/s Spice Televentures (P) Ltd. By the Office of the Deputy Commissioner, Central Excise and Service Tax, Division-III, E-5, Sector-1, Noida dated 18th June, 2009.

2. Pan No. issued by Income Tax Pan Services Unit to M/s Spice Televentures (P) Ltd.

3. TAN No. Issued by the Income Tax TAN Services Unit to M/s Spice Televentures (P) Ltd.

4. All rights and obligations under the Master Services Agreement dated 10th June, 2009 between M/s. Spice Televentures Private Limited and M/s. Spice BPO Services Limited.

5. All rights and obligations under the Master Services Agreement dated 10th June, 2009 between M/s. Spice Televentures Private Limited and M/s. Spice Distribution Limited.

6. All rights and obligations under the Master Services Agreement dated 10th June, 2009 between M/s. Spice Televentures Private Limited and M/s. Spice Digital Limited.

7. All movable assets including the Office Equipments, Computer, Vehicles, Electrical Installations & Equipments etc.

**IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD**

**COMPANY APPLICATION NO. 8 of 2010**
(Under Sections 391/394 of the Companies Act, 1956)

**(District: Gautam Budh Nagar)**

**IN THE MATTER OF:**
Section 391 to 394 of the
Companies Act, 1956

**AND**

**IN THE MATTER OF:**
**SPICE MOBILES LIMITED** **Transferee/Applicant Company**
Having its registered office at
D-1, Sector - 3,
Noida - 201 301,
Uttar Pradesh

**AND**

**SPICE TELEVENTURES PRIVATE LIMITED** **Transferor Company**
Having its registered office at
D-4, Okhla Industrial Area, Phase-I
New Delhi - 110020

## EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

Pursuant to an order dated 20th April, 2010 as modified on 24th April, 2010 passed by the Hon'ble High Court of Judicature at Allahabad, on the Company Application referred to above, a meeting of the Unsecured Creditor of the Transferee/Applicant Company is being convened for the purposes of considering and, if thought fit, approving, with or without modification the arrangement embodied in the Scheme of Amalgamation of Spice Televentures Private Limited with Spice Mobiles Limited. The said order will be available for inspection at the Registered Office of the Transferee/Applicant Company at D-1, Sector - 3, Noida - 201 301, Uttar Pradesh between 11:00A.M to 1:00P.M. on any working day of the Company, except Saturday and Sunday, upto the date of the meeting.

1. That the Transferor Company was originally incorporated on 27.11.1980 under the name and style of T. R. Metal Industries Private Limited with the Registrar of Companies, Delhi & Haryana. Thereafter vide a resolution in terms of section 21 of the Act, the name of the Transferor Company was changed from T.R. Metal Industries Private Limited to Spicesoft Solutions Private Limited and a fresh certificate of incorporation was issued on 21.04.2003. Thereafter vide a resolution in terms of section 21 of the Act, the name of the Transferor Company was again changed from Spicesoft Solutions Private Limited to Omnia Investments Private Limited and a fresh certificate of incorporation was issued on 20.01.2005. Thereafter vide a resolution in terms of section 21 of the Act, the name of Transferor Company was again changed from Omnia Investments Private Limited to Spice Televentures Private Limited and a fresh certificate of incorporation was issued on 11.09.2008.

2. That the registered office of the Transferor Company is situated at D-4, Okhla Industrial Area Phase - 1, New Delhi - 110020.

3. That the Transferor Company is inter-alia engaged in holding shares in various group companies engaged in operating businesses in the telecom and related sector.

4. That as on 31.03.2009 the Authorised share capital of the Transferor Company was Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 12,00,000 (Twelve Lacs Only) equity shares of Rs. 100/- (Rupees Hundred Only) each. The issued and the paid up share capital of the Transferor Company was Rs. 2,06,63,500/- (Rupees Two Crore Six Lac Sixty Three Thousand and Five Hundred only) divided into 2,06,635 (Two Lac Six Thousand Six Hundred and Thirty Five Only) equity shares of Rs. 100/- (Rupees One Hundred Only) each.

   On 18.12.2009 each equity share of Rs. 100/- (Rupees One Hundred Only) of the Transferor Company was sub-divided into 100 (Hundred) shares of Re. 1/- (Rupee One Only) each.

   Therefore, as on 18.12.2009 the Authorised share capital of the Transferor Company was Rs. 12,00,00,000/- (Rupees Twelve Crore Only) divided into 12,00,00,000 (Twelve Crores Only) equity shares of Re. 1/- (Rupee One Only) each. The Issued and the Paid up share capital of the Transferor Company was Rs. 2,06,63,500/- (Rupees Two Crores Six Lac Sixty Three Thousand and Five Hundred only) divided into 2,06,63,500 (Two Crore Six Lacs Sixty Three Thousand and Five Hundred Only) equity shares of Re. 1/- (Rupee One Only) each.

5. That the Transferee/Applicant Company was originally incorporated on 23.12.1986 under the name and style of Modi Olivetti Limited with the Registrar of Companies, Uttar Pradesh at Kanpur. Thereafter vide a resolution in terms of section 21 of the Act, the name of the Transferee/ Applicant Company was changed from Modi Olivetti Limited to MOL India Limited and a fresh certificate of incorporation was issued on 23.08.1999.

Thereafter vide a resolution in terms of section 21 of the Act, the name of the Transferee/Applicant Company was again changed from MOL India Limited to Spice Net Limited and a fresh certificate of incorporation was issued on 05.12.2000. Thereafter vide a resolution in terms of section 21 of the Act, the name of Transferee/Applicant Company was again changed from Spice Net Limited to Spice Limited and a fresh certificate of incorporation was issued on 04.07.2005. Thereafter vide a resolution in terms of section 21 of the Act, the name of Transferee/Applicant Company was again changed from Spice Limited to Spice Mobiles Limited and a fresh certificate of incorporation was issued on 26.04.2007.

6. That the Registered office of the Transferee/Applicant Company is situated at D-1, Sector - 3, Noida - 201 301, Uttar Pradesh.

7. That the Transferee/Applicant Company is engaged in the business of, inter-alia, import and sale of mobile handsets including manufacturing, assembling, distribution, operating, selling, purchasing, exporting, importing, trading, maintaining, running, improving, repairing, servicing, research and development of all types of electronics, communications, telephoning and telegraphic gadgets, cellular phones equipments and units and systems, accessories assembling, apparatus, consumables and providing other hardware and software services. The Transferor Company holds 63.25 % of the issued and paid up equity capital of the Transferee/Applicant Company.

8. That as on 31st March, 2010, the Authorized share capital of the Transferee/Applicant Company is Rs 51,00,00,000/- (Rupees Fifty One Crore Only) divided into 17,00,00,000/- (Seventeen Crore Only) equity shares of Rs. 3/- (Rupees Three Only) each. The issued and paid up share capital of Transferee/Applicant Company is Rs 22,39,14,000/- (Rupees Twenty Two Crore Thirty Nine Lakh and Fourteen Thousand Only) divided into 7,46,38,000/- (Seven Crore Fourty Six Lakh and Thirty Eight Thousand Only) equity shares of Rs 3/- (Rupees Three Only) each.

9. The primary objects of the Transferor Company and the Transferee/Applicant Company has been set out in their respective Memorandum and Articles of Association of the Companies.

10. The Arrangement whereby the Transferor Company be merged and amalgamated with the Transferee/Applicant Company shall be as per the terms provided in the Scheme of Amalgamation (hereinafter referred to as the "Scheme") under Sections 391 to 394 of the Companies Act, 1956.

11. The Significant reasons and benefits of the Scheme of Amalgamation are:

(a) In order to achieve integration and competencies of telecom related businesses and to have greater financial strength and flexibility for the amalgamated entity and also for greater efficiency in management of funds which would result in maximizing the overall shareholders value and improve the competitive position of the amalgamated entity, the Transferor Company as a part of its overall business reorganization plan has determined to amalgamate itself with the Transferee/Applicant Company.

(b) Pursuant to this amalgamation, all the investments/holdings of the Transferor Company in various other group companies engaged in the businesses of telecom & related sector would become the investments / holdings of the Transferee/Applicant Company and would thus enhance shareholders' value to the existing shareholders of the Transferee/Applicant Company, which is a listed company.

(c) The present Scheme would also benefit the existing shareholders of the Transferor Company, who would be getting the shares of the Transferee Company, which is a listed company.

12. The salient features of the Scheme are:

"1. Upon this Scheme becoming effective, with effect from the opening of business as of the Appointed Date:

(a) the Undertakings of the Transferor Company shall pursuant to Section 394(2) of the Act and without any further act, deed or instrument stand transferred to and vest in or deemed to have been transferred to and vest in the Transferee Company as a going concern 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 V of the Scheme and the Transferor Company shall stand dissolved without the process of winding-up.

(b) In respect of such Assets as are movable in nature or incorporeal property, including all intellectual property rights owned by the Transferor Company and 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 in the Transferee Company and shall become the property of the Transferee Company.

(c) In respect of moveable assets other than those specified in Clause (b) above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received and deposits with Government, Semi-government, local and other authorities and bodies, other entities if any, the following procedure shall be followed:

(i) The Transferee Company may give notice in such form as it may deem fit and proper to each party or debtor, as the case may be, that pursuant to Scheme becoming effective upon the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh having sanctioned this Scheme under Sections 391, 394 and other applicable provisions of the Act, the said debt, loan, advances, etc. be paid to or made good to or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize the same stands extinguished and that appropriate entry should be passed in their respective books to record the aforesaid change to the effect that the name of the Transferor Company shall stand substituted by that of the Transferee Company; and

(ii) The Transferor Company may give notice in such form as it may deem fit and proper to each person or debtor, that pursuant to Scheme becoming effective upon the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad,

Uttar Pradesh having sanctioned this Scheme under Sections 391, 394 and other applicable provisions of the Act, the said person, debtor, or depositee should pay the debt, loan or advance or make good the same on account of the Transferee Company and the right of the Transferor Company to recover or realize the same stands extinguished.

(d) All Liabilities, debts, duties, obligations and any other liabilities of the Transferor Company including those arising out of the guarantees executed by the Transferor Company shall, without any further act or deed stand transferred to and vest in or deemed to have been transferred to and vest in the Transferee Company and shall become the debts, duties, liabilities and obligations of the Transferee Company which it undertakes to meet, discharge and satisfy.

2. Upon the Coming into effect of this Scheme and subject to the provisions of this Scheme:

(a) all contracts, agreements, memorandums of understanding, memorandums of agreement, memorandums of agreed points, letters of agreed points, schemes, arrangements, undertakings whether written or otherwise, licenses, rights and entitlements of whatsoever nature, lease rights, deeds, bonds, other agreements and instruments, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be & remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

(b) Any inter se agreements, arrangements, transactions, understandings, obligations, commitments, contracts between the Transferor Company and the Transferee Company shall stand merged and vest in the Transferee Company and as such all inter-se rights and obligations therein shall cease and all rights & obligations therein shall accrue to the benefit of the Transferee Company.

(c) Any statutory licenses, authorisations, statutory rights, permissions, approvals, sales tax, service tax, central excise, customs bonds including the SVB order or other registrations, existing insurance policies as well as pending claims, no-objection certificates or consents to carry on the operations, as illustratively listed out in Schedule-I hereto, of the Transferor Company shall stand vested in or transferred to the Transferee Company, without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith without hindrance from the Appointed Date in favour of the Transferee Company upon the vesting and transfer of the Undertakings of the Transferor Company into the Transferee Company pursuant to this Scheme .

(d) The Transferee Company shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Undertakings of the Transferor Company in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.

3.(a) All legal or other proceedings by or against the Transferor Company 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 the Transferee Company after the Effective Date.

(b) Subject to the provisions of this Scheme, all proceedings whether administrative, legal or otherwise, by or against Transferor Company, pending on the Effective Date, in any court or before any authority, judicial, quasi-judicial or administrative, or any adjudicating authority, shall continue and be proceeded by or against the Transferee Company as the case may be.

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

(a) the Transferor Company shall be deemed to have been carrying on and to be carrying on all operations and activities on behalf of the Transferee Company and stand possessed of the properties so to be transferred for and on account of and in trust for the Transferee Company; and

(b) all profits accruing to the Transferor Company (including taxes if any thereon) or losses arising or incurred by it shall for all purposes, be treated as the profits, taxes or losses as the case may be, of the Transferee Company.

(c) all the costs and expenses incurred by the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the implementation of the Scheme shall be borne and paid by the Transferee Company, which shall be treated as expenses of amalgamation.

5. The Transferor Company hereby undertake up to the Effective Date, to carry on its operations with proper prudence and agrees, without the prior written consent of the Transferee Company not to alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertakings of the Transferor Company or any part thereof (except in the ordinary course of business) or undertake substantial expansion, of its existing businesses.

6. The Transferee Company hereby undertake up to the Effective Date, to carry on its operations with proper prudence and agrees, without the prior written consent of the Transferor Company not to alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertakings of the Transferee Company or any part thereof (except in the ordinary course of business) or undertake substantial expansion, of its existing businesses.

7. All employees of the Transferor Company as on the Effective Date shall become employees of the Transferee Company with the benefit of continuity of service on same terms and conditions being not unfavourable with the terms and conditions applicable to such employees and without any breach or interruption of service.

8. The transfer and vesting of the Assets and Liabilities of the Undertakings of Transferor Company to the Transferee Company and the continuance of the proceedings by or against the Transferee Company under Clause 3(a) and 3(b) of Part III, hereof shall not affect any transaction or proceedings already completed by the Transferor Company 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 as acts, deeds and things done and executed by and on behalf of the Transferee Company.

9. Upon the coming into effect of the Scheme, all Motor Vehicles of any nature whatsoever owned by the Transferor Company shall vest in the Transferee Company and the appropriate Governmental and Registration Authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee Company without levying or imposing any fees, charges, taxes or levy whatsoever.

10. Upon the coming into effect of the Scheme, all bank accounts of any nature whatsoever of the Transferor Company shall vest in the Transferee Company and the appropriate banks/authorities shall mutate and register the said accounts in the name of the Transferee Company as if the accounts had originally been opened/registered in the name of the Transferee Company without levying or imposing any fees, charges, taxes or levy whatsoever. From the Effective Date and till such time as the name of the Transferee Company is entered as the account holder in respect of all the bank accounts of the Transferor Company in the relevant banks' books of record, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company. All cheques or banking and financial instruments already issued or received by the Transferor Company relating to such accounts prior to the Effective Date shall be duly given effect to by the Banks concerned even after the Effective Date.

11. In accordance with the Modvat/Cenvat Rules framed under the provisions of Central Excise Act, 1944, the Service Tax Credit Rules framed under the Finance Act 1994 and Cenvat Credit Rules, 2004 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 Undertakings of the Transferor Company in the RG 23A and RG 23C registers as well as the unutilised credit relating to the service tax paid in the input services consumed by the Transferor Company shall be permitted to be transferred to the Credit of the Transferee Company, as if, all such Cenvat/Service Tax Credit 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 Cenvat Credits of central excise and service tax, as aforesaid, against the Excise duty/service tax payable by it.

12. The Transferee Company shall be entitled to all rebates, refunds, incentives under Tax Incentive Schemes of the Central or the State Government, recoveries and/or set off of all amounts paid by either of the Transferor Company or the Transferee Company under the Central Sales Tax Act/Local Sales Tax Act/ Value Added Tax Act towards inter-state sales between the Transferor Company or the Transferee Company with effect from the Appointed Date upon this Scheme becoming effective. The Transferee Company also shall be entitled to all rebates, refunds, recoveries, accrue/ due/paid to the Transferor Company or Transferee Company under the Income Tax, Sales Tax, Excise, Custom, Service Tax and other related taxes after the Appointed Date upon this Scheme becoming effective. The Transferee Company shall also be entitled to all rebates, refunds, recoveries, accrue/due/paid by either of the Transferor Company or the Transferee Company under the respective Local Sales Tax Act towards inter-se sales between the Transferor Company or the Transferee Company with effect from the Appointed Date upon this Scheme becoming effective.

**PART - IV**
**REORGANISATION OF SHARE CAPITAL AND ISSUE OF SHARES**

1. (a) Upon coming into effect of the Scheme and upon the vesting and transfer of the Undertakings of the Transferor Company to the Transferee Company in terms of the scheme, the Board of Directors of the Transferee Company shall without any further application, instrument, act or deed, issue and allot equity shares of Rs. 3/- (Rupees Three Only) each to the equity shareholders of the Transferor Company, whose names are recorded in the register of members of the Transferor Company on the Record Date, to be fixed by the Board of Directors of the Transferee Company, credited as fully paid up, in the ratio of :

791 (Seven Hundred and Ninety One) equity share(s) of Rs. 3/- (Rupees Three Only) of the Transferee Company for 100 (One Hundred) equity shares of Transferor Company held by the shareholders of Transferor Company (hereinafter Share Exchange Ratio);

Provided that all fractional entitlements shall be rounded off and 1 (one) share shall be issued for fractional holding in excess of 0.5 shares.

(b) All equity shares issued and allotted in terms hereof shall be subject to the Articles of Association of the Company and shall rank pari- passu in all respects including in respect of dividends, if any that may be declared by the Transferee Company on or after the Appointed Date, and listed or admitted for trading on the relevant Stock Exchanges where the equity shares of the Transferee Company are presently listed or admitted for trading.

(c) It is clarified that the Transferee Company shall not be required to pass a separate special resolution for issuing the aforesaid shares to the members of the Transferor Company under Section 81(1A) of the Act and, on the members of the Transferor Company and the members of the Transferee Company giving their sanction to the Scheme, it shall be deemed that the members of the Transferor Company and the Transferee Company have accorded all consents, if any, as required under the Act.

(d) Upon this Scheme becoming effective, all the equity shares of the Transferee Company as are held by the Transferor Company ("Trust Shares") shall not get cancelled but shall stand transferred and vested in (to the effect that the Trust Shares shall be deemed to have been held by) two separate board of trustees, ("Independent Non-Promoter Trusts") to be settled by the Transferor Company after the date of filing the application before the Hon'ble High Court of Delhi at Delhi and Hon'ble High Court of Allahabad at Allahabad under Rule.67 of the Company (Court) Rules, 1959 but before the Scheme becoming effective, as follows:

(i) 1,19,04,314 (One Crore Ninteen Lakh Four Thousand Three Hundred and Fourteen) equity shares of the face value of Rs.3/- (Rupees Three Only) each to the Independent Non-Promoter (Spice Employee Benefit) Trust, to have and hold such Trust Shares,

in trust together with all additions or accretions thereto, exclusively for the benefit of the employees of the Transferor Company (or its successors) and its associates and subsidiaries; and

(ii) 3,53,01,215 (Three Crore Fifty Three Lakh One Thousand Two Hundred and Fifteen) equity shares of the face value of Rs.3/- (Rupees Three Only) each to the Independent Non-Promoter Trust to have and hold such Trust Shares, in trust together with all additions or accretions thereto, exclusively for the benefit of the Transferor Company and its successors

subject to the powers, provisions, discretions, rights and agreements contained in the respective instruments (the "Trust Deed(s)"). The constitution of the Independent Non-Promoter Trust, and the functions and powers of the Independent Non-Promoter trustee shall be set forth in the respective Trust Deeds. The obligations of the Independent Non-Promoter trustees shall stand discharged and the Independent Non-Promoter Trusts shall stand terminated in accordance with the provisions of the respective Trust Deeds. For the purpose of this clause, it is hereby clarified that the procedural requirements of the Act, including the passing of resolutions by the Board of Directors, need not be separately complied with/obtained and the required consents shall be deemed to have been given."

(e) Upon this Scheme becoming effective and subject to the above provisions, the Shareholders of the Transferor Company to whom equity shares are to be issued by the Transferee Company pursuant to Clause 1(a) above shall be issued in dematerialized form. However, shareholders of the Transferor Company shall have an option to receive the certificate(s) of shares in physical mode or to receive credit in their demat accounts. The Shareholders of Transferor Company, who wish to receive their equity shares in dematerialized form, shall provide all details relating to their account with depository participant, to the Transferee Company. In case no response is received, the Transferee Company shall issue the shares in the form in which the shares of Transferor Company were held as on the Record Date by the concerned shareholder.

(f) The issue and allotment of the shares under the provisions of this Scheme to the shareholders will be made subject to the approval of such statutory and governmental authorities as required.

2. Accounting Treatment

Upon the Scheme being effective, the Transferee Company shall account for amalgamation in its books as specified hereunder:

(a) The amalgamation would be accounted for by applying the pooling of interest method of accounting as contained in the "Accounting Standard 14: Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India and shall take into consideration all the Assets and Liabilities and reserves of the Transferor Company.

(b) Transferee Company shall record the assets and liabilities of Transferor Company vested in it pursuant to this Scheme, at their book value

(c) With effect from the Appointed Date and subject to each case any corrections or adjustments as may in the opinion of the Directors of the Transferee Company be required, all the Reserves of the Transferor Company shall be and stand transferred to the respective Reserves of the Transferee Company. An amount equal to the balance lying to the credit of Share Premium account in the Books of Transferor Company shall be credited by the Transferee Company to the General Reserve account in its books and shall be considered as free reserve, forming part of the net worth of the Transferee Company. Any reserve arising on amalgamation shall be treated as free reserve available for distribution and/or for any other purpose in the same manner and to the same extent as a general reserve or credit balance of Profit & Loss Account by the Transferee Company and credited to General Reserves Account in the books of the Transferee Company.

(d) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserves of the Transferee Company.

(e) To the extent that there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall be discharged and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. There will be no accrual of interest or other charges in respect of any such inter-company loans or balances with effect from the Appointed Date.

(f) The Transferee Company shall make consequential alterations to its Memorandum and Articles of Association for proper implementation of this Scheme, as necessary.

3. Modifications to and Implementation of the Scheme

(a) The Transferor Company and the Transferee Company by their respective Board of Directors may consent (which consent may be given by any person authorized by the respective Boards of Directors) to any modification or amendment of the Scheme; or agree to any terms or conditions which the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh may impose while sanctioning the Scheme. The Transferor Company and the Transferee Company by their respective Board of Directors shall be entitled to give such directions or take such steps (which directions may be given or steps may be taken by any person authorized by the respective Boards of Directors) as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reason of any order of the Court or of any directive or order of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/or any matter concerned therewith.

(b) Notwithstanding any other provisions in the Scheme, if at any time after the Scheme has become effective, it is found that some action that

was required to be taken by the Transferor Company before such date, was either not taken or not given full effect to, then the Board of Directors of the Transferee Company shall have the powers to take such further action as may be required to be taken and any such action or decision taken by the Board of Directors of the Transferee Company shall be considered valid and effectual as if it were taken at the appropriate time by the Transferor Company.

**PART-V**
**GENERAL TERMS AND CONDITIONS**

1. Upon this Scheme becoming effective, the objects clause of the Memorandum of Association of the Transferee Company shall, without any further act or deed, be altered by inserting the following sub-clause 8 after existing sub-clause 7 of Clause III(A) of the Memorandum of Association of the Transferee Company:

"8. To invest in and acquire and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or granted by any company or body corporate and to render and provide consultancy to such companies or bodies corporate."

It is hereby clarified that for the purposes of this clause, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under the Act would require to be separately passed or filings be required to be made with any authority whatsoever.

2. (a) On occurrence of the Effective Date, the authorized share capital of the Transferor Company shall stand merged with the share capital of the Transferee Company, without any further act or deed by the Transferee Company or by shareholders. Consequently, the authorized share capital of the Transferee Company shall stand increased by Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs. 3/- (Rupees Three Only) each, without any further act to be done by the Transferee Company or the obligation to pay any further registration fee, stamp duty, filing fee or other charges and without the need to follow the procedures prescribed in the Act, for increase in authorized share capital. The Memorandum of Association and Articles of Association of the Transferee Company shall automatically stand amended accordingly.

(b) On occurrence of the Effective Date, in addition to the merger of the authorized share capital of the Transferor Company and the Transferee Company as per Clause 2(a) above, for enabling the Transferee Company to issue shares to the shareholders of Transferor Company as per Clause 1(a) of Part IV, the authorized share capital of the Transferee Company, if necessary, shall further stand increased by Rs. 36,00,00,000/- (Rupees Thirty Six Crores Only) by further addition thereto of 12,00,00,000 ( Twelve Crore) equity shares of Rs. 3/- (Rupees Three Only) each without any further act to be done by the Transferee Company, except payment of registration fee, stamp duty, filing fee or other charges in respect thereof but without the need to follow the procedures prescribed in the Act, for increase in authorized share capital. The Memorandum of Association and Articles of Association of the Transferee Company shall automatically stand amended accordingly.

(c) Upon this Scheme becoming effective, the name of the Transferee Company shall stand changed to "Spice Mobility Limited" or such other name as may be made available by Registrar of Companies, UP, Kanpur and the name 'Spice Mobiles Limited', wherever appearing in the Memorandum of Association and Articles of Association shall stand changed accordingly.

(d) Upon this Scheme becoming effective, the Board of Directors of the Transferee Company be reconstituted to stand as under:

| | | |
|---|---|---|
| Dr. Bhupendra Kumar Modi | - | Chairman |
| Mr. Dilip Modi | - | Vice Chairman & Managing Director |
| Ms. Divya Modi | - | Finance Director |
| Mr. Devendra Raj Mehta | - | Independent Director |
| Mr. Krishan Lal Chugh | - | Independent Director |
| Mr. Kashi Nath Memani | - | Independent Director |
| Mr. Subroto Chottapadhyay | - | Independent Director |
| Ms. Preeti Malhotra | - | Director & Company Secretary |

It is hereby clarified that for the purposes of this clause 2 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under the Act would require to be separately passed or filings be required to be made with any authority whatsoever.

3. Upon the Scheme being sanctioned the Transferor Company shall stand dissolved without being wound up on the Effective Date or such other date as the Hon'ble High Court of Delhi at New Delhi and Hon'ble High Court of Allahabad at Allahabad, Uttar Pradesh may direct or determine.

4. The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Courts and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective Board of Directors, or any director or any employee authorised in that behalf by the concerned Board of Directors (hereafter referred as the **"Delegates").**

For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto, the Delegate(s) of the Transferor Company and Transferee Company may jointly give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any directions, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme.

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

5. This Scheme is conditional upon the following approvals/events and the Scheme shall be deemed to be effective on obtaining last of the following approvals and the occurrence of the last of the following events:-

i. The approval of the Scheme by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company, as the case may be, as required under Sections 391 to 394 of the Act.

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

iii. Certified copies of the orders being filed with the Registrar of Companies (NCT of Delhi & Haryana) and Registrar of Companies (Uttar Pradesh).

13. On considering the facts and circumstances the Board of Directors of the Transferor Company as well as the Transferee/Applicant Company have approved the proposed Scheme of Amalgamation. A copy of the proposed Scheme is annexed to the Notice.

14. That the ratio in which the shares in the Transferee/Applicant Company shall be allotted to the Shareholders of the Transferor Company has been fixed on the basis of recommendations made by M/s. BSR & Co., Chartered Accountants, vide their report dated 30th January, 2010, upon which M/s Karvy Investor Services Limited, a SEBI registered Merchant Banking Company have given "Fairness Opinion" vide their letter dated 30.01.2010, in respect of the Valuation/Share Exchange Ratio of unlisted Companies, which has been accepted and approved by the Board of Directors of the Transferor Company and the Transferee/Applicant Company in their meeting held on 30th January, 2010. A copy of the above fairness opinion dated 30.01.2010 are annexed hereto this Statement.

15. That the Directors of the Transferee/Applicant Company have no material interest in the Scheme of Amalgamation. The Shareholdings of Directors of the Transferee/Applicant Company as on date of filing of scheme of amalgamation (i.e. 16/04/2010) with Hon'ble High Court at Allahabad was as under:

| S. No. | Name of Directors | No. of Shares held in | |
|---|---|---|---|
| | | Spice Televentures Private Limited | Spice Mobiles Limited |
| 1. | Dilip Modi | NIL | 10,00,000 |
| 2. | R. N. Bansal | NIL | NIL |
| 3. | K.L. Chugh | NIL | 65709 |
| 4. | R. K. Pandey | NIL | NIL |
| 5. | Vivek Bali | NIL | NIL |
| 6. | H. M. Dahiya | NIL | NIL |
| 7. | Kunal Ahooja | NIL | NIL |
| 8. | Subramanian Murli | NIL | 20,000 |

That there was reconstitution of Board of Directors in the Board Meeting held on 24th April, 2010. The Shareholdings of the current Board of Directors of the Transferee/Applicant Company as on 10th May, 2010, were as under:

| S. No. | Name of Directors | No. of Shares held in | |
|---|---|---|---|
| | | Spice Televentures Private Limited | Spice Mobiles Limited |
| 1. | Dr. B.K. Modi | NIL | NIL |
| 2. | Dilip Modi | NIL | 10,00,000 |
| 3. | Preeti Malhotra | NIL | 2,16,243 |
| 4. | K.L. Chugh | NIL | 80,944 |
| 5. | Kashi Nath Memani | NIL | NIL |
| 6. | Subroto Chattopadhyay | NIL | NIL |

16. Dr. Bhupendra Kumar Modi and Mr. Dilip Modi are Common Directors in the Transferor Company and Transferee/Applicant Company. The above Directors are deemed to be interested to the extent stated above.

17. There is no Common Shareholder in the Transferor Company and Transferee/Applicant Company.

18. That the capital structure (as on 31st March, 2010 and Post merger) and shareholding pattern (as on 31st March, 2010 and Post merger) of the Transferee/Applicant Company is as follows:

| **Particulars** | **Pre Merger** | **Post merger** |
|---|---|---|
| Authorised Capital | 510000000 | 960000000 |
| Paid up Capital | 223914000 | 714258855 |

**Shareholding Pattern @**

| **S. No.** | **Category of Shareholder** | **Pre Merger (as on 31st March 2010)** | | **Post Merger** | |
|---|---|---|---|---|---|
| | | **Total No. of Shares** | **%age of total number of shares** | **Total No. of Shares** | **%age of total number of shares** |
| A. | **Promoter and Promoter Group** | 47205529 | 63.25% | 163448285 | 68.65% |
| **B.** | **Public Shareholding** | | | | |
| 1. | Institutions& Non Institutions excluding Trust | 27432471 | 36.75% | 27432471 | 11.49% |
| 2. | Independent Non Promoter Trust | 0 | 0 | 47205529 | 19.82% |
| | Sub Total B (1)+(2) | 27432471 | 36.75% | 74638000 | 31.31% |
| | **Grand total (A)+(B)** | 74638000 | 100 | 238086285 | 100% |

@ The above shareholding pattern is as on 31.03.2010 i.e. the latest preceding quarter from the date of this notice.

19. The unsecured creditors of the Transferee/Applicant Company are not likely to be affected or stand to lose or prejudice as a result of the proposed Scheme of Amalgamation. The approval of the unsecured creditors is sought at this meeting being convened for such purposes.

In any event, the Transferor Company and the Transferee/Applicant Company have sound financial position. There is no likelihood that any creditors of the Transferee/Applicant Company would lose or be prejudiced as a result of the proposed Scheme being passed. The Companies are in solvent position and would easily be able to meet their respective liability as would arise in the course of business. Hence, the Scheme of Amalgamation in no way creates any additional burden on the creditors of either the Transferor Company or the Transferee/Applicant Company, nor will it affect the interest of creditors.

20. The Transferee/Applicant Company shall file a confirmation Petition under Section 391 to 394 of the Companies Act, 1956 before the Hon'ble High Court of Judicature at Allahabad for the sanction of the Scheme upon the approval of the Scheme of Amalgamation by the creditors with requisite majorities.

21. The Scheme is conditional and subject to necessary sanctions and approval as set out in the Scheme.

22. There are no investigations or proceedings pending against the Transferee/Applicant Company under Section 235 to 251 of the Companies Act, 1956 or Monopolies Restrictive Trade Practices Act, 1969.

23. A copy of the Scheme of Amalgamation and Explanatory Statement may be obtained from the Registered Office of the Transferee/Applicant Company. A copy of the audited accounts (As approved by the Board of Directors) for the financial year 2009-10 and audited accounts for the financial years 2007-2008 and 2008-09 may also be obtained from the Registered Office of the Transferee/Applicant Company.

24. Copies of the following documents are open for inspection at the Registered Office of the Transferee/Applicant Company between 11.00 A.M. to 1.00 P.M. on any working day except Saturday and Sunday till the day preceding the date of meeting.

i. Memorandum and Articles of Association of the Transferor Company;

ii. Memorandum and Articles of Association of the Transferee/Applicant Company;

iii. Latest audited accounts for the financial years 2006-2007, 2007-2008 and 2008-09 of the Transferor Company.

iv. Latest audited accounts (As approved by the Board of Directors) for the financial year 2009-10 and audited accounts for the financial years 2007-2008 and 2008-09 of the Transferee/Applicant Company.

v. Copy of Company application No.8 of 2010;

vi. Certified copy of the order dated 20th April 2010 as modified on 24th April, 2010 passed by Hon'ble High Court of Judicature at Allahabad for convening the aforesaid meeting;

vii. Copy of Scheme of Amalgamation of Spice Televentures Private Limited with Spice Mobiles Limited;

viii. Copy of Fairness Opinion dated 30th January, 2010 issued by M/s Karvy, registered SEBI Merchant Banker;

ix. Copy of no objection letters dated March 30, 2010 and April 05, 2010 received respectively from National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

**For Spice Mobiles Limited**

**Sd/-**
**Preeti Malhotra**
**Director**

Dated this 20th Day of May, 2010

**Registered Office:**
**D-1, Sector - 3,**
**Noida - 201 301, Uttar Pradesh**

**FAIRNESS OPINION CERTIFICATE VALUATION OF SHARE EXCHANGE RATIO FOR THE AMALGAMATION OF SPICE TELEVENTURES PRIVATE LIMITED WITH SPICE MOBILES LIMITED**

We, Karvy Investor Services Limited ("Karvy" or "KISL"), refer to our offer letter no. KISL/IB-CMG/ STPL/09-10/113 dated Monday, January 25, 2010, which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by the Valuer BSR & Co. ('the Valuer') vide report dated January 30, 2010, pursuant to Clause 24 of Listing Agreement.

We have been given to understand that the proposed Share Exchange Ratio under of a Scheme of Amalgamation of Spice Televentures Private Limited **(the Transferor Company)** with Spice Mobiles Limited **(the 'Transferee Company')**, has been recommended at **791 : 100** i.e. shareholders of Spice Televentures Private Limited will receive Seven Hundred and Ninety One (791) equity shares of face value of Rs. 3/- each of Spice Mobiles Limited for One Hundred (100) equity shares of face value of Rs. 1/- each held by them in Spice Televentures Private Limited as on **Record Date.**

The methodologies used and corresponding share valuation to arrive at Share Exchange Ratio based on the Valuation Report as furnished by BSR & Co. of **791 : 100** under the said Scheme of Amalgamation is **Fair**.

We enclose herewith a Report on the Fairness of the Methodologies and the Valuations carried out by BSR & Co.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of Spice Mobiles Limited pursuant to Clause 24 of Listing Agreement and to the Registrar of Companies, Uttar Pradesh at Kanpur, Bombay Stock Exchange Limited **('BSE')** and National Stock Exchange of India Limited **('NSE')**, and the High Court of Judicature of Delhi at New Delhi and High Court of Allahabad at Allahabad, Uttar Pradesh any other regulatory / competent authorities in connection with the proposed purpose outlined above. We highly appreciate the cooperation and support received by us from your representatives during preparation of the said Report on Fairness of Valuation.

**For and the behalf of**
**Karvy Investor Services Ltd.**
**Sd/-**
**Rajnish Rangari**
**Country Head - Investment Banking - CMG**

**REPORT ON FAIRNESS OF VALUATION OF SHARES USED IN AMALGAMATION OF SPICE TELEVENTURES PRIVATE LIMITED WITH SPICE MOBILES LIMITED**

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1 Terms of Reference
2 Information received and relied upon by us for the fairness opinion
3 Brief Background of companies under reference
4 Method of valuation
5 Comments on Valuation of Amalgamation of Spice Televentures Private Limited with Spice Mobiles Limited by BSR & Co.
6 Option on Valuation Report


**FAIRNESS OF VALUATION OF SHARES**

## I. TERMS OF REFERENCE

1.1 Spice Televentures Private Limited **('STPL')** is the holding company of the Spice Group's interests in the Telecom Initiatives in India

1.2 Spice Mobiles Limited is a subsidiary of Spice Televentures Private Limited. STPL holds 63.25% of issued and paid-up equity share capital of Spice Mobiles Limited as on December 31,2009.

1.3 As a part of business reorganization, a proposal is being placed before the Management Teams of Spice Mobiles Limited and Spice Televentures Private Limited to amalgamate Spice Televentures Private Limited with Spice Mobiles Limited under a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956. The Share Exchange Ratio for the Scheme of Amalgamation has been decided based on Valuation Reports prepared by BSR & Co.

1.4 For the purpose of ascertaining the fairness of the valuation used by Spice Mobiles Limited has appointed Karvy, for furnishing a **Fairness Opinion** on the valuation carried by the Valuer.

## II. INFORMATION RECEIVED AND RELIED UPON BY US FOR THE FAIRNESS OPINION.

2.1 We, KISL, have prepared the Fairness Opinion on the basis of the following information provided to us / collated by us from publicly available sources, like website of BSE and NSE:

(a) Annual Report of Spice Televentures Private Limited for the Financial Year March 31, 2008; and March 31, 2009.

(b) Audited Financial Statements of Spice Mobiles Limited for (i) 18 months period ended June 30, 2005; (ii) Nine (9) months period ended March 31, 2006; (iii) 12 months period ended on March 31, 2007; (iv) Nine (9) month period ended December 31, 2007; (v) 15 months period ended on March 31,2009; and (vi) provisional financial statements for the period from April 1, 2009 to December 31, 2009.

c) Financial projections for (i) Spice Digital Limited; (ii) Spice Distribution Limited; (iii) Bharat BPO Services Limited; and (iv) Spice Mobiles Limited far three (3) months period ending on December 31, 2010; and 12 months period ending on March 31, 2011; March 31, 2012; March 31, 2014;and March 31, 2015 as prepared by the Management and accepted by the Valuers.

(d) Share price and trading volume history of the equity shares of Spice Mobiles Limited on Bombay Stock Exchange Limited **('BSE')** and **('NSE)** from July 15, 2009 to January 15, 2010 (previous twenty six weeks)

(e) Valuation Report of BSR & Co.

(f) Draft of the Scheme of Amalgamation of Spice Televentures Private Limited with Spice Mobiles Limited.

2.2 Our work does not constitute an audit certification of the historical financial statements of Spice Mobiles Limited and Spice Televentures Private Limited, including their working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this Report. We assume no responsibility for any errors in the information submitted by the Managements and their impact on the present exercise. **This Fairness Opinion has been furnished on the methodologies and resultant share valuation used by the Valuer.**

2.3 This Report is issued on the understanding that Spice Mobiles Limited has drawn our attention to all the relevant matters, of which they were aware of, concerning the respective company's financial position and businesses, which may have an impact on this Report.

## III. BRIEF BACKGROUND OF COMPANIES UNDER REFERENCE

### Spice Mobiles Limited

3.1 Spice Mobiles Limited was incorporated in 1986. Spice Mobiles Limited listed on BSE and NSE.

Spice Mobiles Limited is engaged in the business of import and sale of mobile handsets including manufacturing, assembling, distribution, operating, selling, purchasing exporting, importing, trading, Maintaining, running, improving, repairing, servicing, research and development of all types of electronics, communication, telephonic and telegraphic gadgets, cellular phone equipments and units and systems, accessories, assembling, apparatus, consumables and providing other hardware and software services.

### Spice Televentures Private Limited

3.4 Spice Televentures Private Limited is holding company of Spice Group. Spice Global Investments Private Limited holds 99.99% of the equity share capital and Mr. Gopal Singh Negi holds 0.002% of total equity share capital of Spice Televentures Private Limited.

3.5 Spice Televentures Private Limited is holding equity shares in various Spice Group companies engaged in operating businesses in the telecommunication and related sector.

3.6 Spice Televentures Private Limited has four (4) major investments with the holding details as follows:

| Sr. No. | Name of the Company | % holding of Spice Televentures Private Limited |
|---|---|---|
| 1. | Spice Digital Limited | 80.58 % |
| 2. | Spice Distribution Limited | 90.02 % |
| 3. | Spice Mobiles Limited | 63.25 % |
| 4. | Bharat BPO Services Limited (A joint Venture between Spice Televentures Private Limited and Spanco Limited | 49.75 % |

## 4 METHODS OF VALUATION

There are several methods / models used for valuing the shares of a company, such as;

(a) Capitalisation of Earnings Method;

(b) Assets Based Valuation Method;

(c) Market Price of Share Method;

(d) Multiple based valuation techniques , viz. P/E, EV/EBITDA and market Capitalisation / Revenue multiple method et. el.; and

(e) Discounted Cash Flow ('DCF) Method.

Each of these methods has its suitability, depending upon the facts of the case and the objectives of the valuation. These methods are briefly explained below, for ready reference,

**(a) Capitatlisation of Earnings Method**

(i) For valuing a business on a Going Concern Basis, what is more relevant is the earning capacity of the company because the business undertaking is a profit-earning apparatus and hence its value depends upon its earning capacity. This method capitalizes the earnings of the company at an appropriate capitalization rate to have at the value of the business of the company.

ii) This method is more suitable for a company, which has a steady trend of profits rather than for a company, which has a different pattern of profit.

**(b) Assets Based Valuation Method**

(i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.

(ii) The Asset Based Valuation Method is not an appropriate method of valuing the business on a going concern basis, because it does not truly measure the earning capacity of an enterprise. The Asset Based Valuation Method is appropriate mainly in the cases of liquidation of a company.

**(c) Market Price of Share Method**

Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since, market price reflects the fair value of the company, for all listed companies its one of the best method for valuation provided the shares of the company are frequently traded or highly liquid, i.e. there is a large quantum of shares traded on daily basis. Pursuant to Explanation under regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, a company with an annualised trading turnover during the preceding six (6) calendar months of 5% or more of the total paid-up capital, is considered as frequently traded.

**(d) Multiple-based Valuation Techniques**

Under this method, one or more of the valuation parameters such as Earnings Per Share **('EPS')** or Profit Earning Capacity Value **('PECV)**, Revenue and EBITDA of the company is determined and thereafter, is multiplied by a suitable Multiple, determined either based on an average of its close peers or based on the specific sector averages. The resultant figure gives the Value per Share. Generally, this method is suitable for a company, which can be compared to listed company with similar scale of operation and other critical financial parameters. This is a very widely used method, as it is one of the quickest and easiest methods of valuations.

**(e) Discount Cash Flow Method**

This method values the enterprise on the basis of its earning potential. However, under this method, instead of using the Future Maintainable Profits after Tax as the basis of valuation the valuation is made by using the Free Cash Flows and it has two (2) components as follows:

(i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, say, 5 years; and

(ii) Terminal Value (value after the explicit forecast period).

**5. COMMENTS OR VALUATION OF AMALGAMATION OF SPICE TELEVENTURES PRIVATE LIMITED WITH SPICE MOBILES LIMITED BY BSR & CO.**

The Valuer, viz. BSR 86 Co., has arrived at the Share Exchange Ratio considering valuation under following methodologies:

**(a) Discounted Cash Flow Approach -** BSR & Co. has used DCF Method as one of the methods for valuation of the shares of Spice Mobiles Limited and Spice Televentures Private Limited including subsidiaries (i) Spice Digital Limited; and (ii) Spice Distribution Limited; and a Joint Venture Company (iii) Bharat BPO Services Limited (it is a Joint Venture Between Spice Televentures Private Limited and Spanco Limited), where its has considered cashflows for a period upto March 31, 2015. The DCF approach seeks to arrive at a value for business based on the strength of its future cash flows. This approach also captures the risk involved with the cash-flows. The cash-flows are discounted by the opportunity cost of capital employed, The approach has it foundations in the **'present value'** concept where the value of any asset is the present value of expected future cash flows from it.

**(b) Comparable Transactions Approach (Co Trans)** - This approach has been used as one of the method for valuation of equity shares of Spice Mobiles Limited and for subsidiaries of Spice Televentures Private Limited i.e. (i) Spice Digital Limited and (ii) Spice Distribution Limited. The valuation is based on data from listed comparable companies and recent transactions in the comparable sector, with necessary adjustments.

**(c) SEBI Pricing -** BSR & Co. has also used market approach for valuation of Spice Mobiles Limited, where this method uses weighted average market price of the equity shares of the company over last six (6) months, i.e. average of 26 Weeks' high and low and average of 2 weeks daily high and low on the stock exchanges having maximum trading volume of the company's equity shares of the exchanges on which the equity shares of the companies are listed. In the Valuation Report prepared by BSR & Co., they have considered weighted average price on BSE which has higher liquidity in terms of trading volume and gives a better and fair price-discovery.

**(d) Price per Share -** Based on the above valuation methodologies BSR & Co. has arrived at price per share of Rs. 109.00 for equity share of face value of Rs. 3/- of Spice Mobiles Limited. The price per share of Spice Televentures Private Limited is arrived as Rs. 862.05 per share of face value of Rs.1/- each.

**(e) Share Exchange Ratio -** Based on the aforesaid valuation, BSR & Co. has arrived at a Share Exchange Ratio of **791 : 100** i.e. shareholders of Spice Televentures Private Limited will receive Seven Hundred and Ninety One (791) shares of face value of Rs.3/-each of Spice Mobiles Limited for One Hundred (100) share of face value of Rs. 1/-each, held by them in Spice Televentures Private Limited on **Record Date.**

We are of the opinion that BSR & Co. has used the appropriate valuation methodologies for valuation of equity shares of Spice Mobiles Limited and Spice Televentures Private Limited in arriving at Fair Value of both the companies and the corresponding Share Exchange Ratio.

**6. OPINION ON VALUATION REPORTS**

Based on the information, material, data made available to us, including the Valuation Reports and working thereto, **to best of our knowledge and belief** the methodologies used and corresponding share valuation to arrive Share Exchange Ratio suggested by BSR & Co. proposed under the scheme of amalgamation are **Fair.**

**IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD**
**COMPANY APPLICATION NO. 8 of 2010**
(Under Sections 391/394 of the Companies Act, 1956)

In the matter of the Companies Act. 1956.
**AND**
in the matter of scheme of Amalgamation of Spice Mobiles Limited
**with**
Spice Televentures Private Limited

Spice Mobiles Limited a company incorporated under the Companies Act, 1956 and having its registered office D-1, Sector-3, Noida - 201301 (U.P.) **Transferee/Applicant Company**

## UNSECURED CREDITOR
## PROXY FORM

I, _____ the undersigned as unsecured creditor, of the above Company hereby appoint Shri/Smt. _____ resident of _____ and failing him/her, Shri/ Smt. _____ resident of _____as my proxy, to act for me at the meeting of the unsecured creditors of Spice Mobiles Limited to be held at Spice World, I-2, Sector 25-A, Noida - 201301 on the 20th day of June 2010, at 1 P.M., for the purpose of considering and, if thought fit, approving, with or without modification, a Scheme of Amalgamation proposed to be made between Spice Televentures Private Limited and Spice Mobiles Limited at such meeting and any adjournment thereof, to vote, for me and in my name_____ (here, 'if for', insert "for"; 'if against', insert 'against', and in the latter case, strike out the words below after 'Scheme of Amalgamation') the said Scheme of Amalgamation either with or without modifications as my Proxy may approve.
**(Strike out whatever is not necessary)**

Revenue Stamp of 30 p to be affixed

Dated this …… day of May, 2010

Name : _____

Address : _____

_____
Signature cross the stamp

**Note(s) :**
1. All alteration made in the Form of Proxy should be initialed.
2. Please affix appropriate Revenue stamp before putting signature.
3. The Proxy form must be deposited at the Registered Office of the Transferee/ Applicant Company at D-1, Sector - 3, Noida - 201 301, Uttar Pradesh atleast 48 hours before the time of the holding of the meeting.

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# SPICE MOBILES LIMITED

**Regd. Office :** D-1, Sector - 3, Noida - 201 301, Uttar Pradesh

## UNSECURED CREDITOR
## ATTENDANCE SLIP

**PLEASE FILL THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL:**
**COURT CONVENED MEETING OF THE UNCECURED CREDITORS ON 20th DAY OF JUNE, 2010**

Name of the Uncesured Creditors : _____
Name of the Authorised Representative / ProxyAddress _____

I, _____ the undersigned as unsecured creditor, of the above Company hereby appoint Shri/Smt. _____ resident of _____ and failing him/her, Shri/ Smt. _____ resident of _____as my proxy, to act for me at the meeting of the unsecured creditor of Spice Mobiles Limited to be held at Spice World, I-2, Sector 25-A, Noida - 201301 on the 20th day of June 2010, at 1 P.M., for the purpose of considering and, if thought fit, approving, with or without modification, a Scheme of Amalgamation proposed to be made between Spice Televentures Private Limited and Spice Mobiles Limited at such meeting and any adjournment thereof, to vote, for me and in my name_____ (here, 'if for', insert "for"; 'if against', insert 'against', and in the latter case, strike out the words below after 'Scheme of Amalgamation') the said Scheme of Amalgamation either with or without modifications as my Proxy may approve.

_____ _____
Name of the Unsecured Creditor/Proxy's name in Block letter Signature of Unsecured Creditor/proxy

**Notes :**
1) Unsecured Creditor/Proxy holder(s) are requested to bring the Attendance slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
2) Unsecured Creditors/proxy/proxyholder(s) who come to attend the meeting are requested to bring copy of the Scheme with them.

**BOOK POST**
**(UNDER CERTIFICATE OF POSTING)**

***If undelivered, please return to :***

**SPICE MOBILES LIMITED**
**Regd. Office :** D-1, Sector - 3, Noida - 201 301, Uttar Pradesh