



भारतीय प्रतिभूति
और विनियम बोर्ड
*Securities and Exchange
Board of India*

GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING

CFD/DCR/IG/DMS/167230/09
June 22, 2009

The Chairman & Managing Director,
BHARTI AIRTEL LIMITED
Aravali Crescent, 1, Nelson Mandela Road,
Vasant Kunj, Phase II,
NEW DELHI - 110070

Dear Sir,

Sub: Request for interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 regarding the proposed transaction between Bharti Airtel Limited and MTN Group Limited.

1. This has reference to your letter dated June 18, 2009 in the captioned matter.
2. It is informed, inter alia, in your letter under reference that –
 - a. The proposed transaction between Bharti Airtel Limited (BAL) and MTN Group Limited (MTN) envisages that BAL will acquire, directly or through its affiliates, 49 % of the share capital of MTN, from MTN and the existing shareholders of MTN.
 - b. As consideration for the above, the transaction contemplates issuance of Global Depository Receipts (GDRs) by BAL to MTN and its shareholders, whereby MTN would receive GDRs which if exchanged for underlying shares of BAL would constitute approximately 25 % of the share capital of BAL. Similarly, MTN shareholders would receive GDRs with underlying shares approximating 11 % of BAL's share capital.
 - c. The shares underlying the GDRs will be issued to the overseas depository bank and shall rank pari passu with the other issued shares of BAL.
 - d. Customary agreements will be entered into with the overseas depository bank in respect of, among others, the right of the GDR holders to issue instructions to the overseas depository bank concerning the exercise of voting rights in relation to the underlying shares.



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3. In this regard, you have sought clarifications from SEBI with respect to the following –
 - a. Whether in light of the exemption under Regulation 3(2) of the Takeover Regulations, MTN and / or its shareholders will be required to comply with the requirements of Chapter III only upon exchange of the GDRs for underlying ordinary shares of Bharti.
 - b. Whether in light of the previous SEBI Clarification as referred in your letter under reference, MTN and/or its shareholders will be required to comply with the disclosure requirements of Chapter II of the Takeover Regulations only upon exchange of the GDRs for underlying ordinary shares of Bharti.
 - c. Whether in light of the previous SEBI Clarification as referred in your letter under reference, MTN and/or its shareholders will be required to comply with the disclosure requirements prescribed in Regulations 13(1) and 13(3) of the Insider Trading Regulations only upon exchange of the GDRs for underlying ordinary shares of Bharti.
4. We have considered the submission made by you in your letter under reference and without necessarily agreeing with your analysis, our views on the issue are as under:
 - a. As per Regulation 3 (2) read with regulation 14 (2) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (SAST Regulations), MTN and / or its shareholders would be required to comply with the requirements of Chapter III of the SAST Regulations only upon conversion of the GDRs into equity shares with voting rights.
 - b. However, the said exemption is not applicable for Chapter II of the SAST Regulations and the requirements contained therein will have to be complied with. Similarly, MTN and / or its shareholders would be required to comply with the requirements of Regulations 13 (1) and 13 (3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.
5. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
6. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference and do not affect the applicability of any other law or requirements of any other SEBI Regulations,



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Guidelines and circulars administered by SEBI or of the laws administered by any other authority.

7. As requested by you, this letter will not be made available to the public for a period of 90 days from the date of this letter.

Yours faithfully,

SANTOSH KUMAR SHARMA