SCHEME OF ARRANGEMENT
(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013)

AMONGST

TATA TELESERVICES (MAHARSHTRA) LIMITED
(TTML or Transferor Company)

AND

BHARTI AIRTEL LIMITED
(BAL or Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
PART A – GENERAL

I. PREAMBLE AND OVERVIEW OF THE SCHEME

(a) This scheme of arrangement ("Scheme", as more particularly defined below) is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined below) read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, between Tata Teleservices (Maharashtra) Limited ("TTML" or the "Transferor Company") and Bharti Airtel Limited ("BAL" or the "Transferee Company") and their respective shareholders and creditors.

(b) This Scheme provides for the following:

(i) the transfer by way of a demerger of the Demerged Undertaking (as defined below) of the Transferor Company to the Transferee Company, and the consequent issue of BAL Equity Shares to the TTML Equity Holders and BAL RPS to the TTML RPS Holders by the Transferee Company in accordance with Clause 6 below; and

(ii) various other matters consequential or otherwise integrally connected therewith.

II. INTRODUCTION

(a) TTML is a public listed company incorporated on March 13, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number L64200MH1995PLC086354. Its registered office is situated Voltas Premises, TB Kadam Marg, Chinchpokli, Mumbai, 400033. TTML holds an Unified License with Access Service Authorisations for Mumbai service area and Maharashtra service i.e. rest of Maharashtra and Goa and a national Internet Service Provider ("ISP") authorisation (collectively, referred to as the "Telecom Licenses"). TTML is engaged in businesses in the telecom sector including, inter alia, (i) consumer mobile telephony business; (ii) enterprise business; (iii) retail wireline voice and broadband business and (iv) wi-fi business, which are all provided under the same Telecom License. The consumer mobile telephony business as carried out by TTML as a part of the Demerged Undertaking and the enterprise business and other businesses carried on as part of the Residual Undertaking are separate and different business of TTML. The equity shares of TTML are listed on the Stock Exchanges (defined below).

(b) BAL is a public listed company incorporated on July 7, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number L74899DL1995PLC070609. Its registered office is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070. BAL is engaged in the business of providing global telecommunication services with operations in 17 (seventeen) countries across Asia and Africa. In India, the Transferor Company's product offerings include consumer mobile services (2G, 3G and 4G), mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national and international long distance services to carriers. It has Unified License to operate in Punjab, Himachal Pradesh, Karnataka, Andhra Pradesh, Delhi and Kolkata and Unified Access Service License in remaining circles except in Rajasthan and North-Eastern circle. In the rest of the geographies, it offers consumer mobile services (2G, 3G and 4G) and mobile commerce.

III. RATIONALE AND BENEFITS OF THIS SCHEME
This Scheme for the demerger and vesting of the Demerged Undertaking (as defined hereinafter) of TTML to BAL, results in the following benefits:

(a) expanding the business of the Transferee Company in the growing markets of India, thereby creating greater value for the shareholders' stakeholders of the Transferee Company;

(b) consolidation of the consumer wireless telecom business of the Transferor Company with the Transferee Company, thereby providing an opportunity to the shareholders of the Transferor Company to acquire an interest in the Transferee Company;

(c) availability of increased resources and assets which can be utilized for strengthening the customer base of the Transferee Company and servicing existing as well as prospective customers of the Transferee Company, innovatively and efficiently;

(d) the combination of the Demerged Undertaking and the Transferee Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;

(e) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the technologies and resources of the Transferee Company and the Transferor Company thereby significantly contributing to future growth and maximizing shareholders value;

(f) increase in customer base and also acquisition of new customers;

(g) provision of state of the art services to the customers using the spectrum and other assets; and

(h) enhanced generation of revenues and therefore enhanced license fee to the Government.

The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties.

IV. PARTS OF THE SCHEME

The Scheme is divided into following parts:

(a) Part A deals with background of the Parties and the rationale and benefits of the Scheme;

(b) Part B deals with the Definitions, Interpretation and Share Capital;

(c) Part C deals with demerger of the Demerged Undertaking as a going concern into the Transferee Company, in compliance with Section 2(19AA) of the Income-tax Act, 1961;

(d) Part D deals with the General Terms and Conditions applicable to the Scheme.
PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively assigned against them:

1.1. "Act" means the Companies Act, 2013 and the Companies Act, 1956 (to the extent the same is in force and applicable), the rules and regulations made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force;

1.2. "Appointed Date" means either of (a) the Effective Date; or (b) such other date as may be agreed in writing by the Board of Directors of the Transferor as well as the Transferee Company, and thereafter approved by the NCLT;

1.3. "Applicable Law" means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Appropriate Authority or recognized stock exchange; and (c) international treaties, conventions and protocols, as may be in force from time to time;

1.4. "Appropriate Authority" means any national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any stock exchange in India or any other country including the Registrar of Companies, Regional Director, DoT, CCI, Reserve Bank of India, SEBI, Stock Exchanges, NCLT, and such other sectoral regulators or authorities as may be applicable;

1.5. "Assets" shall mean and include without limitation, assets or properties of every kind, nature, character and description whether movable, immovable, tangible, intangible, whether owned or leased or otherwise acquired by or in the possession of the Transferor Company, in connection with or pertaining or relatable to the Demerged Undertakings;

1.6. "BAL Equity Shares" means fully paid up equity shares of BAL of face value INR 5 (Rupees five only) each in the share capital of the Transferee Company;

1.7. "BAL RPS" means fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 (Rupees hundred only) each in the share capital of Transferee Company 1 and having the terms set forth in Schedule 3;

1.8. "Board" in respect of a company means the board of directors of such company at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and authorized thereby;

1.9. "Cash" means and includes, the aggregate amount in respect of the following items, including without limitation: (a) cash and bank balances; (b) securities held by or on behalf of the Transferor Company which are readily convertible into cash (i.e. cash equivalents); (c) fixed deposit receipts and any interest accrued thereon; and (d) any other cash equivalent;
1.10. "Contract" means any contract, lease, licence, indenture, agreement, commitment or any other legally binding arrangement;

1.11. "CCI" means the Competition Commission of India;

1.12. "Demerged Undertaking" means the entire consumer wireless mobile business, undertakings, activities and operations of the Transferor Company in the TTML Circles to be transferred to BAL as a going concern with effect from the Appointed Date and, unless mutually agreed to and/or identified between Parties, includes without limitation:

(a) all Assets used by the Transferor Company primarily in connection with the Demerged Undertaking, including without limitation:

(i) the Spectrum allocated in relation to the Demerged Undertaking as set out in Schedule 1;

(ii) various resources granted by the DoT in relation to the TTML Circles. Such resources, include but are not limited to, frequencies for microwave backhaul (MW access and backbone carriers), access codes, MSC codes, MCC and MNC codes, SP codes, mobile numbering series, location routing number (LRN) codes, SACFA clearance certificates, wireless operating licences, other relevant licences/permissions access spectrum, import licences, other administratively assigned frequencies, VSAT links, etc.;

(iii) all current assets, deposits including accrued interest, loans and advances, accrued to, or available with, the Transferor Company as on the Appointed Date;

(iv) the Cash pertaining to the Demerged Undertaking, accrued to, or available with, the Transferor Company as on the Appointed Date;

(v) all statutory and regulatory approvals, licenses except UL and ISP, agreements, permissions, approvals or consents to carry on the operations of the Demerged Undertaking including permissions for establishing cellular towers (including cell site licenses) or receiving stations and/or approvals for bandwidth, spectrum, wireless access network and any other licenses, approvals, clearances, registrations (except the registration as infrastructure provider), permissions, authorities, allocations including but not limited to coverage test certificates, lawful interception clearances, approvals related to launch of mobile services and other service authorization permissions, EMF test certificates, remote access permissions, various security clearances including security policy filed with the DoT and audit certificates, permissions for various products/services and other miscellaneous approvals, etc. used by the Transferor Company primarily in owning or operating the Demerged Undertaking;

(vi) the base station transmitting and/or receiving equipment and other active equipment installed at any site, which is primarily used by the Transferor Company for operating the Demerged Undertaking, including base station controllers, switches, packet core, router and switches, Mobility IN/HLR/VAS, antennas, microwave dishes, wireless cable runs, panels, conduits, radio, amplifiers, filters and other transmission or communications equipment (including microwave transmitters operating in licensed band allocated for mobile networks, receivers and accessories);
(vii) plant and machinery, utilities, vehicles, furniture, office equipment, appliances, accessories, information technology and related infrastructure used by the Transferor Company primarily in the operations of the Demerged Undertaking;

(viii) all Intellectual Property and goodwill used primarily in relation to the Demerged Undertaking; and

(ix) indefeasible right to use a part of the optical fibre network of the Transferor Company on terms mutually agreed to between the relevant Parties.

(b) the freehold and leasehold properties (and properties under lease and license arrangements) that are used in relation to the Demerged Undertaking;

(c) specified Tax benefits, CENVAT credits, goods and services Tax credits, other indirect Tax credits, brought forward accumulated tax losses, unabsorbed depreciation, privileges, advantages, benefits and all other rights and facilities of every kind, nature and description, whatsoever, in relation to the foregoing and pertaining to the Demerged Undertaking;

(d) all employees of the Transferor Company who are either (A) employed (whether primarily or exclusively) with the Demerged Undertaking as on the Effective Date, or (B) are mutually agreed between the Parties to be directly involved and responsible for the operations of the Demerged Undertaking ("Transferring Employees");

(e) all subscribers of the Demerged Undertaking in the TTML Circles other than the subscribers of the Residual Undertaking;

(f) all Liabilities of the Demerged Undertaking;

(g) all Contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature relating exclusively to the Demerged Undertaking and to which the Transferor Company is a party or to the benefit of which the Demerged Undertaking may be eligible, and which are subsisting or have effect ("Transferring Contracts");

(h) all deposits and balances with Appropriate Authorities and any other persons, earnest money and/or security deposits paid by the Transferor Company directly or indirectly in connection with or relating to the Demerged Undertaking, by way of cash, deposits, bank guarantees including without limitation the DoT Bank Guarantees, etc. which shall be substituted by the Transferee Company except identified bank guarantees, as mutually agreed to between the Parties;

(i) all civil, legal or other proceedings in relation to the Demerged Undertaking, except the Excluded Litigations ("Transferring Litigations");

(j) all necessary books, tax books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations and other records whether in physical or electronic form relating exclusively to the Demerged Undertaking; and

(k) the microwave backhaul of the Transferor Company.

1.13. "DoT" means the Department of Telecommunications, Government of India;
1.14. "DoT Bank Guarantees" means all the bank guarantees provided by TTML to DoT in terms of any notice inviting application issued by DoT or UL held by TTML or as mutually agreed to and/ or identified between the Parties;

1.15. "Effective Date" means the date on which the Scheme takes effect in accordance with Clause 9. References in this Scheme to the date of “coming into effect of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

1.16. "Excluded Litigations" means:

(a) all criminal proceedings (including before any statutory or quasi-judicial authority or tribunal), under any statute, by or against the Transferor Company arising and pertaining to the period prior to a specified date, as mutually agreed to between the relevant Parties; and

(b) any other civil, legal, regulatory, taxation or other litigation or proceedings (including before any statutory or quasi-judicial authority or tribunal), as are specifically agreed to between the relevant Parties, including under or in accordance with any definitive agreement(s) that may be entered into by and between the relevant Parties in relation to the Scheme.

1.17. "INR" means Indian Rupees;

1.18. "Intellectual Property" means all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, moral rights, confidential processes, patents, inventions and any other intellectual property or proprietary rights (including rights in computer software), in relation to the Demerged Undertakings, excluding Intellectual Property owned by Tata Sons Limited and NTT Docomo Inc. and Future Corporate Resources Limited;

1.19. "Liabilities" means liabilities determined and identified after due consideration of the applicable provisions of Section 2(19AA) of the Income-tax Act, 1961, and includes without limitation:

(a) liabilities in connection with or pertaining or relatable to the Demerged Undertakings of every kind, nature and description, and recognized as liabilities in the books of accounts of the Transferor Company, as on the Appointed Date, in accordance with applicable accounting standards and/ or generally accepted accounting principles in India;

(b) the specific loans or borrowings (including debentures, if any, raised, incurred and utilized solely for the activities or operations) of the Demerged Undertakings; and

(c) in cases other than those referred to in (a) or (b) above, so much of the amounts of general or multipurpose borrowings, if any, of Transferor Company, as stand in the same proportion which the value of the assets transferred with the Demerged Undertaking bears to the total value of the assets of the Transferor Company immediately prior to the Appointed Date.

1.20. "NCLT" means the National Company Law Tribunal at New Delhi and the National Company Law Tribunal at Mumbai having jurisdiction in relation to the Parties as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
1.21. “Parties” mean Transferor Company and the Transferee Company collectively;

1.22. “Record Date” shall mean a date to be mutually agreed by the Transferor Company and the Transferee Company, for the purpose of reckoning the TTML Equity Holders or TTML RPS Holders eligible to receive BAL Equity Shares and BAL RPS, as applicable, in accordance with Clause 6.1;

1.23. “Residual Undertaking” means the remaining activities, assets, business, contracts, employees and liabilities (actual and contingent) of the Transferor Company that are not part of the demerger of the Demerged Undertaking to the Transferee Company in terms of and upon the effectiveness of this Scheme. For the avoidance of doubt, it is hereby clarified that the Residual Undertaking shall also mean and include, without limitation, the following:

(a) wireline business, wi-fi business, managed services business (such as internet of things, cloud and SaaS services) and wholesale data services business and undertakings of the Transferor Company;

(b) the optical fibre and copper fibre network and the indefeasible right to use the optical fibre and copper fibre network of other operators;

(c) retail wireline voice and broadband business of the Transferor Company;

(d) the Transferor Company’s passive infrastructure assets (not including telecom towers owned by the Transferor Company) comprising of the following, unless mutually agreed otherwise between the Parties: all the uninterrupted power supply, rectifier power supplies, electrical panels, air conditioners, battery banks, DG sets and associated power cables, fire alarm and fire suppression systems;

(e) infrastructure and allocations including unlicensed band radios network associated with, or related to (a) to (d);

(f) the UL and ISP; and

(g) the IPV4/IPV6 allocations and SDCA based numbering series, SMS codes (alpha numeric) given to subscribers of the businesses mentioned at (a) to (d) above, toll free services numbering series;

1.24. “Scheme” or “the Scheme” or “this Scheme” means this scheme of arrangement in as modified from time to time, as per Clause 8 of the Scheme;

1.25. “SEBI” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

1.26. "Spectrum" means the spectrum allotted to the Transferor Company, details of which are set out in Schedule 1;

1.27. “Stock Exchange” means BSE Limited and/or the National Stock Exchange of India Limited and “Stock Exchanges” shall mean both collectively

1.28. “Taxes” or “Tax” or “Taxation” means: (a) all forms of direct tax and indirect tax, levy, duty (including stamp duty), charge, impost, withholding or other amount whenever or wherever created or imposed under Applicable Laws; and (b) all charges, interest, penalties and fines (by whatever name called) incidental or relating to any Tax falling within (a) above or which arise as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax;
1.29. "TTML Equity Holders" means a person recorded in the Transferor Company's register of members as the owner of one or more TTML Equity Shares as on the relevant Record Date and shall include the respective heirs, executors, administrators or other legal representative or other successors in title of such person;

1.30. "TTML Equity Shares" means fully paid up equity shares of TTML of face value INR 10 (Rupees ten only) each in the share capital of TTML;

1.31. "TTML RPS" means fully paid-up, redeemable preference shares of TTML of face value INR 100 (Rupees hundred only) each in the share capital of TTML;

1.32. "TTML RPS Holders" means a person recorded in the Transferor Company's register of members as the owner of one or more TTML RPS as on the relevant Record Date and shall include the respective heirs, executors, administrators or other legal representative or other successors in title of such person;

1.33. "Transferee Company" or "BAL" shall have the meaning set out in Preamble I (a);

1.34. "Transferor Company" or "TTML" shall have the meaning set out in Preamble I (a);

1.35. "Transferring Contracts" shall have the meaning set out in Clause 1.12(g);

1.36. "Transferring Employees" shall have the meaning set out in Clause 1.12(d);

1.37. "Transferring Litigations" shall have the meaning set out in Clause 1.12(i);

1.38. "TTML Circles" means the telecom service areas of Mumbai and Maharashtra;

1.39. "UL" mean Unified License with access service authorization for Maharashtra and Mumbai service area granted by the DoT to TTML.

2. INTERPRETATION

2.1.1. References to clauses and schedules, unless otherwise provided, are to clauses and schedules of and to this Scheme.

2.1.2. The headings herein shall not affect the construction or interpretation of this Scheme.

2.1.3. Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

2.1.4. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.1.5. References to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

2.1.6. An asset, contract, proceeding, resource or other matter that is mutually agreed in writing by the Parties to be or not to be primarily relatable to or used in a Demerged Undertaking shall
be deemed for the purposes of this Scheme to be or not be (respectively) primarily relatable to or used in a Demerged Undertaking.

3. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme shall be operative and effective from the Appointed Date.

4. **SHARE CAPITAL**

4.1. The authorized, issued and paid up share capital of the Transferor Company as on December 15, 2017 is as under:

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Amount (INR in Crores.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Share Capital</td>
<td></td>
</tr>
<tr>
<td>2,50,00,00,000 equity shares of INR 10 each</td>
<td>2,500</td>
</tr>
<tr>
<td>2,35,00,00,000 preference shares of INR 100 each</td>
<td>23,500</td>
</tr>
<tr>
<td>50,00,00,000 unclassified shares of INR 100 each</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>31,000</strong></td>
</tr>
<tr>
<td>Issued and paid-up Share Capital</td>
<td></td>
</tr>
<tr>
<td>1,95,49,27,727 fully paid up equity shares of INR 10 each</td>
<td>1954.93</td>
</tr>
<tr>
<td>20,18,00,000 fully paid up preference shares of INR 100 each</td>
<td>2018</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3972.93</strong></td>
</tr>
</tbody>
</table>

4.2. The authorized, issued and paid up share capital of BAL as on December 15, 2017 is as under:

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Amount (INR in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Share Capital</td>
<td></td>
</tr>
<tr>
<td>5500,00,000 equity shares of INR 5 each</td>
<td>2750</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2750</strong></td>
</tr>
<tr>
<td>Issued and paid-up Share Capital</td>
<td></td>
</tr>
<tr>
<td>3,997,400,102 equity shares of INR 5 each</td>
<td>1998.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1998.7</strong></td>
</tr>
</tbody>
</table>
5. DEMERGER AND VESTING OF DEMERGED UNDERTAKING

5.1. Upon the Scheme becoming effective, the Demerged Undertaking shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961 and Sections 230 to 232 of the Act, without any further act or deed, stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company as a going concern.

5.2. Transfer of Assets

5.2.1. Upon the Scheme becoming effective and subject to any agreement between the Parties:

(i) all the Assets relating primarily to the Demerged Undertaking and capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company and shall become the property of the Transferee Company in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same;

(ii) in respect of the Assets relating to the Demerged Undertaking other than those specified in Clause 5.2.1(i) above the same shall, on and from the Appointed Date, stand transferred to the Transferee Company and to the extent such Asset is a debt, loan, receivable, advance or deposit, appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors. Provided that the Transferee Company may itself, at its sole discretion and shall, at any time after coming into effect of this Scheme in accordance with the provisions hereof and shall, if so required under any law, give notices in such form as it may deem fit and proper, to each person, as the case may be, that pursuant to the Scheme becoming effective, the said debt, loan receivable, advance or deposit stands transferred and vested in the Transferee Company and be paid or made good or held on account of the Transferee Company as the person entitled thereto;

(iii) the Assets relating to the Demerged Undertaking that are immovable in nature shall be vested in and/or be deemed to have been vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. With effect from the Effective Date, the Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the Appropriate Authorities pursuant to the sanction of this Scheme by the NCLT and upon the Scheme becoming effective in accordance with the terms hereof; and

(iv) for purposes of taking on record the name of the Transferee Company in the records of the Appropriate Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Boards of the Transferor Company and the Transferee Company may approve the execution of such documents or deeds as may be necessary, including deed of assignment of lease or leave or licence (as the case may be) by the Transferor Company in favour of the Transferee Company.
(v) It is hereby clarified that for continuation of the non-wireless business (i.e. the wireline business), the Residual Undertaking will retain the UL and the ISP.

5.3. **Transfer of Liabilities**

5.3.1. Upon the Scheme becoming effective, without any further act or deed, all the Liabilities relating to the Demerged Undertaking shall be transferred or deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date, the debts, liabilities, duties, obligations of the Transferee Company which it undertakes to meet, discharge and satisfy to the exclusion of Transferor Company such that except as may be otherwise agreed between the Parties, the Transferor Company shall in no event be responsible or liable in relation to any such Liabilities relating to the Demerged Undertaking and it shall not be necessary to obtain the consent of any person in order to give effect to the provisions of this Clause.

5.3.2. The provisions of this Clause 5.3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant Liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions, provided that the provisions of this Clause shall be subject to any agreement entered into amongst the Parties.

5.4. **Legal Proceedings**

5.4.1. Upon the Scheme becoming effective, all Transferring Litigations, pending on the Effective Date, shall be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company.

5.4.2. The Transferee Company: (a) shall be replaced/added as party to Transferring Litigations; and (b) shall prosecute or defend such proceedings at its own cost and subject to any agreement between the Parties, the liability of the Transferor Company shall consequently stand nullified. Each of the Parties shall make relevant applications in that behalf, as may be required.

5.5. **Employees**

5.5.1. Upon the Scheme becoming Effective, all Transferring Employees shall be deemed to have become the employees of the Transferee Company, on terms and conditions not less favourable than those on which they are employed by the Transferor Company in the Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking to the Transferee Company.

5.5.2. The Transferee Company agrees that for the purpose of payment of any compensation, retrenchment compensation, gratuity and other terminal benefits, the past services of the Transferring Employees with the Transferor Company shall also be taken into account, and pay the same as and when payable.

5.5.3. On the Scheme becoming effective, in so far as all employee benefits including the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of Transferor Company are concerned (collectively referred to as the “Employee Benefit Funds”), such proportion of the investments made in the funds and liabilities which are referable to the Transferring Employees shall be transferred to the similar funds existing or created by the Transferee
Company and shall be held for their benefit pursuant to this Scheme, or maintained as separate funds by Transferee Company.

5.6. **Contracts, Deeds, etc.**

Notwithstanding anything to the contrary contained in any Transferring Contracts, upon the coming into effect of the Scheme, all Transferring Contracts subsisting or having effect on the Effective Date, shall continue in full force and effect and all rights and obligations stipulated therein (except as otherwise agreed) shall be for the benefit of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto from inception.

5.7. **Permits**

5.7.1. All governmental approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use and which may be required to carry on the operations of the Demerged Undertaking, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, the Transferee Company had been a party, a beneficiary or an obligee thereto.

5.7.2. The Transferee Company shall be entitled to undertake and carry out the business pertaining to the Demerged Undertaking pursuant to the effectiveness of the Scheme on its own account, pending the transfer of any approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses, privileges, powers and facilities of every kind and description, that may be required under Applicable Law in the name of the Transferee Company and would be entitled to make any applications, requests and the like in this regard.

5.8. **Taxes and Taxation**

5.8.1. Upon the Scheme becoming effective, the Transferor Company and the Transferee Company are expressly permitted to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

5.8.2. Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation, in respect of income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which the Transferor Company is entitled in terms of Applicable Laws in relation to the Demerged Undertaking, shall be available to and vest in the Transferee Company, upon this Scheme coming into effect.

5.8.3. This Scheme complies with the conditions relating to “demerger” as defined under Section 2(19AA), Section 47, Section 72A and other relevant sections and provisions, of the Income-tax Act, 1961 and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions (including the conditions set out therein) at a later date whether as a result of a new enactment or any
amendment or coming into force of any provision of the Income-tax Act, 1961 or any other law or any judicial or executive interpretation or for any other reason whatsoever, Parties shall negotiate in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

6. CONSIDERATION FOR DEMERGER

6.1. Upon Part C of this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot:

(A) 1 (one) BAL Equity Share to TTML Equity Holders on the Record Date for every 2,014 (two thousand fourteen) TTML Equity Shares each held in TTML on the Record Date; and

(B) 10 (Ten) BAL RPS to all (and not each) TTML RPS Holders in proportion to their holding of TTML RPS on the Record Date.

6.2. The Transferee Company shall not allot shares in respect of fractional entitlements to which a TTML Equity Holder or a TTML RPS Holder may be entitled on allotment of shares as per Clause 6.1. The Board of Transferee Company shall consolidate all such fractional entitlements and thereupon issue BAL Equity Shares or BAL RPS, as applicable (which shall be rounded off to the next whole number) in lieu thereof to a person/trustee authorized by the Board of Transferee Company in this behalf who shall hold the shares in trust on behalf of the TTML Equity Holders or TTML RPS Holders entitled to fractional entitlements with the express understanding that such person/trustee shall sell the shares of Transferee Company so allotted on the Stock Exchange or otherwise at such time or times and at such price or prices and to such person, as such person/trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the TTML Equity Holders and TTML RPS Holders (as the case may be) in proportion to their respective fractional entitlements.

6.3. For the purpose of issue and allotment of shares pursuant to this Clause 6, the following terms shall apply:

6.3.1. The BAL Equity Shares to be issued and allotted by Transferee Company to the shareholders of Transferor Company shall rank pari passu in all respects with the then existing BAL Equity Shares.

6.3.2. The Board of Transferee Company shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authority and undertake necessary compliance for the issue and allotment of BAL Equity Shares to the TTML Equity Holders and BAL RPS to the TTML RPS Holders (as the case may be) pursuant to Clause 6.1 of the Scheme. In the event that the approval of an Appropriate Authority is required for the issuance of BAL RPS to the TTML RPS Holders (as the case may be) but is not duly obtained after all Conditions Precedent have been satisfied, then in such event the Transferee Company shall pay cash computed at the rate of INR 100 (Rupees one hundred) per BAL RPS to such TTML RPS Holder as the case may be.

6.3.3. The BAL Equity Shares shall be issued in dematerialized form to the shareholders of the Transferor Company into the account in which shares of the Transferor Company are held or such other account as is intimated in writing by the shareholders to Transferor Company and/or its registrar and transfer agent provided such intimation has been received by the
Transferor Company and/or its registrar before the Effective Date. The BAL RPS issued pursuant to Clause 6.1 shall be issued in dematerialized or physical form as the Transferor Company and Transferee Company may mutually agree.

6.3.4. Approval of this Scheme by the equity shareholders of Transferee Company shall be deemed to be in due compliance of the provisions of Section 42, Section 55 and Section 62 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the BAL Equity Shares and BAL RPS by Transferee Company as provided in this Scheme.

6.3.5. The BAL RPS to be issued by Transferee Company pursuant to Clause 6.1 of this Scheme will not be listed and/or admitted to trading on the Stock Exchanges.

6.3.6. The BAL Equity Shares to be issued by Transferee Company to the TTML Equity Holders of Transferor Company pursuant to Clause 6.1 of this Scheme will be listed and/or admitted to trading on the Stock Exchanges within 45 (forty five) days of the Effective Date. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for Transferee Company with the formalities of the said Stock Exchange as may be required for listing of the BAL Equity Shares. The BAL Equity Shares of Transferee Company allotted pursuant to the Scheme shall remain frozen in the depository system till listing and trading permission is given by the Stock Exchanges.

7. ACCOUNTING TREATMENT

7.1. Notwithstanding anything contained in any other clause in the Scheme, Transferor Company shall give effect to the demerger in its books of accounts as per the applicable accounting principles and as on the date as prescribed under Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time. In case of the Transferee Company, the accounting treatment shall also take into account the provisions of Clause 7.2 below:

7.2. Accounting treatment in the books of the Transferee Company

7.2.1 On this Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the transfer and vesting of Demerged Undertaking in its books in accordance with the requirements of Ind AS 103 'Business Combinations' as notified under Section 133 of the Companies Act, 2013:

(i) The Transferee Company shall, on this Scheme becoming effective, record all assets (tangible and intangible) and liabilities of the Demerged Undertaking;

(ii) For the liabilities of the Demerged Undertaking recognised in (i) above against which indemnification has been provided, corresponding indemnification asset, to the extent allowed under Ind AS, would be accounted;

(iii) The Transferee Company shall record the consideration transferred (shares of Transferee Company issued to equity holders of Transferor Company pursuant to this Scheme);

(iv) The difference, if any, being excess / deficit arising pursuant to this Scheme shall be accounted as capital reserve / goodwill; and
(v) To the extent there are inter-corporate balances between the Transferee Company and the Demerged Undertaking, the obligations in respect thereof shall stand cancelled.
PART D - GENERAL TERMS AND CONDITIONS

8. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company shall have the right to amend or modify the Scheme, as they deem fit, subject to Applicable Law. Provided that no amendment or modification will be made to the Scheme without specific and written approval of the authorized signatory of each of the Transferor Company and the Transferee Company.

9. CONDITIONS PRECEDENT

9.1. The effectiveness of this Scheme shall be conditional upon satisfaction or waiver (if applicable) of the following conditions ("Conditions Precedent") and this Scheme shall take effect from the later of any of the dates set out below:

9.1.1. The written approvals of the DoT with respect to the transactions contemplated under the Scheme shall have been received.

9.1.2. Later of the dates of certified copies of the orders of the respective NCLTs sanctioning the Scheme being filed with the respective Registrars of Companies having jurisdiction over the Parties.

9.1.3. Execution of an agreement between the Parties in relation to the Scheme and fulfilment/waiver of the conditions precedent thereunder in the manner stated therein.

10. COSTS AND EXPENSES

Stamp duty costs incurred in connection with this Scheme (including any order sanctioning this Scheme) shall be borne by the Parties in such manner as may be mutually agreed.

11. RESIDUAL PROVISIONS

The consent of the shareholders and creditors of each of the Parties to the Scheme in accordance with the Act, as applicable, shall be deemed to be sufficient for purposes of effecting all the actions set out in this Scheme and no additional actions of the Parties shall be separately required.

12. POWER TO REMOVE DIFFICULTIES

The authorised signatories of the Parties, either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing, including without limitation through any definitive agreement(s) that may be entered into by and between the relevant Parties in relation to the Scheme:

(a) give such directions (acting jointly) as may be mutually agreed in writing by the Parties as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those;

(b) do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect, and
(c) make any inclusions or exclusions (including without limitation in relation to Assets, Liabilities, Excluded Litigations and/or the like) to the Demerged Undertakings.

13. SEVERABILITY

If any part of this Scheme is found to be invalid, unenforceable or unworkable for any reason whatsoever, the same shall not, subject to the decision of the Boards of the respective Parties, affect the validity or implementation of the other parts and/or provisions of this Scheme.

14. CONDUCT OF BUSINESS OF THE RESIDUAL UNDERTAKING OF THE TRANSFEROR COMPANY

14.1. The Residual Undertaking and all the assets, liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company and the Transferee Company shall have no right, claim or obligation in relation to the Residual Undertaking.

14.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking and the Excluded Litigations shall be continued and enforced by or against the Transferor Company. The Transferee Company shall, except as agreed between the Transferor Company and the Transferee Company, not be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.

14.3. With effect from and beyond the Effective Date, the Transferor Company:

(i) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Residual Undertaking for and on its own behalf; and

(ii) all profits accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Residual Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company.
Schedule 1

Spectrum (auction acquired) forming part of Demerged Undertaking

<table>
<thead>
<tr>
<th>800 Mhz</th>
<th>MHz</th>
<th>Auction Year</th>
<th>Allotment letter date</th>
<th>Spectrum Expiry date</th>
<th>Price/Mhz (Rs crs)</th>
<th>Cost (Rs crs)</th>
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<tbody>
<tr>
<td>Maharashtra</td>
<td>2.50</td>
<td>Mar15</td>
<td>28-May-15</td>
<td>27-May-35</td>
<td>799</td>
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<td>21-Apr-16</td>
<td>20-Apr-36</td>
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<table>
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</tr>
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<td>Mumbai</td>
</tr>
<tr>
<td>Maharashtra</td>
</tr>
<tr>
<td>Maharashtra</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2100 Mhz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maharashtra</td>
</tr>
</tbody>
</table>
## Schedule 2

### Terms of BAL RPS

<table>
<thead>
<tr>
<th></th>
<th>Dividend</th>
<th>10% per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Face value</td>
<td>INR 100</td>
</tr>
<tr>
<td>3.</td>
<td>Term and Redemption</td>
<td>Mandatory redemption at par at the end of 18 months from the date of issuance</td>
</tr>
<tr>
<td>4.</td>
<td>Transferability</td>
<td>Transferable</td>
</tr>
<tr>
<td>5.</td>
<td>Voting/Non-Voting</td>
<td>Non-Voting</td>
</tr>
</tbody>
</table>
To
The Board of Directors
Tata Teleservices (Maharashtra) Limited
A, E & F Blocks, Voltas Premises
TB Kadam Marg, Chinchpokli
Mumbai – 400 033

The Board of Directors
Bharti Airtel Limited
Bharti Crescent,
1, Nelson Mandela Road, Vasant Kunj Phase II
New Delhi – 110070

Sub: Recommendation of share entitlement ratio for the proposed demerger of the consumer mobile business of Tata Teleservices (Maharashtra) Limited (‘TTML’) into Bharti Airtel Limited (‘BAL’)

Dear Sir,

We refer to the engagement letters wherein

- Bharti Airtel Limited (hereinafter referred to as ‘BAL’) has appointed Walker Chandiock & Co LLP (hereinafter referred to as ‘WCC’ or ‘Valuer 1’), and
- Tata Teleservices (Maharashtra) Limited (hereinafter referred to as ‘TTML’) has appointed S.R. Batliboi & Co. LLP (hereinafter referred to as ‘SRBC’ or ‘Valuer 2’) respectively to recommend a share entitlement ratio for the proposed demerger of the consumer mobile business of TTML into BAL.

TTML and BAL are together hereinafter referred to as the ‘Companies’.

WCC and SRBC are together hereinafter referred to as ‘Valuers’ (or ‘wc’ or ‘us’ or ‘our’).

SCOPE AND PURPOSE OF THIS REPORT

TTML is a telecom company headquartered in Mumbai, India. TTML provides basic and cellular telecommunication services to retail, large corporate and small and medium enterprises in Maharashtra and Goa, India. It offers wireline services, code division multiple access services, global system for mobile communications services and 3G services; and voice, data and other enterprise services, such as connectivity and managed services, verticals based mobile applications and cloud services. The company also provides high speed Internet access services. Consumer Mobile Business of TTML (hereinafter referred to as ‘CMB of TTML’) refers to the wireless business providing CDMA/2G/3G services and excludes the enterprise business and the wireline/broadband business. For the year ended 31 March 2017, the total revenue of TTML is INR 27,614 million and the loss for the year is INR 23,565 million.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

Bharti Airtel Limited ("BAL"), together with its subsidiaries, operates as a telecommunications company. The company operates within various segments such as Mobile business segment, Airtel business segment, Tower Infrastructure Services segment, Homes Services segment and Digital TV Services segment. BAL also offers fixed line, DSL broadband, mobile commerce and infrastructure sharing service. It was founded in 1995 and is headquartered in New Delhi, India. For the year ended 31 March 2017, BAL reported a consolidated revenue (including other income) of INR 955,889 million and profit after tax of INR 42,414 million.

We understand from the management of the Companies (hereinafter referred to as "Management") that they are contemplating transfer by way of a demerger of the CMB of TTML into BAL ("Proposed Transaction") through a Scheme of Arrangement under the provisions of Section 230-232 of the Companies Act, 2013 ("Scheme"). Under the Proposed Transaction, TTML equity shareholders would be issued equity shares of BAL ("Share Entitlement Ratio").

For the aforesaid purpose, BAL and TTML have respectively appointed WCC and SRBC to prepare a report (the 'Report') on the Share Entitlement Ratio to be placed before the Board of Directors of the Companies.

The Valuers have been appointed separately and have worked independently in their analysis. WCC owns responsibility only to BAL and SRBC owns responsibility only to TTML.

The Valuers have received same information and clarifications from the Companies. For recommending the Share Entitlement Ratio, the Valuers have independently arrived at different values. However, to arrive at the consensus on the Share Entitlement Ratio, appropriate discussions, averaging and rounding off in the values arrived at by the Valuers have been done.

We have considered facts made known (past or future) to us till the date of our Report.

This Report is our deliverable in respect of our recommendation of Share Entitlement Ratio for the purpose of the Proposed Transaction.

The Management has informed us that there would not be any material change in the equity share capital of TTML and BAL till the closing of the Proposed Transaction, except to the extent of Employee Stock Options Schemes (ESOPs) of BAL.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management/their representatives and/or gathered from public domain:

- With respect to TTML/CMB business
  - Annual report of TTML for the year ended 31 March 2017
  - Carved out unaudited balance sheet of CMB of TTML as at 30 September 2017
  - Details of assets/liabilities proposed to be transferred
  - The amount of debt proposed to be transferred to BAL, which is INR 9,500 million
  - Carved out unaudited profit and loss statements (upto EBITDA) of CMB for FY 2016-17 and six months ended 30 September 2017
  - Expected revenue and EBITDA of CMB for the year ended 31 March 2018
  - Historical circle-wise key operational parameters of the CMB of TTML for FY 2016-17 and for six months ended 30 September 2017

- With respect to BAL
  - Audited financial statement of BAL for the year ended 31 March 2017.
  - Quoted share prices and the traded volumes at NSE and BSE.

- Others
  - Draft Composite Scheme of Amalgamation.

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise. The Management has been provided with the opportunity to review the draft Report (without value recommendations) as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final Report.
PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Discussions (physical / over call) to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
  - Enquire about business plans, future performance estimates, or budgets.
- Requested and received financial and qualitative information on the CMB of TTML
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using:
    - Valuers’ internal transactions database
    - Proprietary databases subscribed by the Valuers’
  - Other publicly available information.
- Analysis of information
- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberations

Further, at the request of the Management, we have had discussions with fairness opinion providers appointed by BAL and TTML on the valuation approach adopted and assumptions made.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than valuation date of 18 December 2017 (‘Valuation Date’).

This Report, its contents and the results herein are (i) specific to the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the date detailed in the section – Sources of Information. An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the Valuation Date. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of a Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Entitlement Ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion.

The final responsibility for the determination of the Share Entitlement Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including information as detailed in the section - Sources of Information. We have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Also, we assume no responsibility for technical information furnished by the Companies. However nothing has come to our attention to indicate that the information
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

This Report does not look into the business/commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. In addition, this Report does not in any manner address the prices at which equity shares of BAL and TTML will trade following announcement of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

No investigation/inspection of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any third party to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

This valuation Report is subject to the laws of India.

The Report should be used in connection with the Scheme.

Our appointment was formalized via engagement letters dated 15 December 2017 for WCC and 18 December 2017 for SRBC respectively, however, the work had started earlier.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

**EQUITY SHARE CAPITAL**

**Tata Teleservices (Maharashtra) Limited**

The issued, subscribed and paid up equity share capital of TTML as at 30 September 2017 is INR 19,549 million, consisting of 1,954,927,727 equity shares of face value of INR 10 each fully paid up. The shareholding pattern is as follows:

<table>
<thead>
<tr>
<th>Shareholding pattern as at 30 September 2017</th>
<th>No. of shares</th>
<th>% shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter &amp; Group</td>
<td>1,453,672,327</td>
<td>74.36%</td>
</tr>
<tr>
<td>Non Promoter</td>
<td>50,125,540</td>
<td>25.64%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,954,927,727</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

*Source: BSE filing*

**Bharti Airtel Limited**

The issued, subscribed and paid up equity share capital of BAL as at 30 September 2017 is INR 19,987 million consisting of 3,997,400,102 equity shares of INR 5 each fully paid up. The shareholding pattern is as follows:

<table>
<thead>
<tr>
<th>Shareholding pattern as at 30 September 2017</th>
<th>No. of shares</th>
<th>% shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoter &amp; Group</td>
<td>2,683,781,555</td>
<td>67.14%</td>
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<tr>
<td>Non Promoter</td>
<td>1,312,516,810</td>
<td>32.83%</td>
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<tr>
<td>Employee Benefit Trust</td>
<td>11,01,737</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>3,997,400,102</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

*Source: BSE filing*
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

APPROACH - BASIS OF PROPOSED TRANSACTION

We understand from the Management that the proposed Scheme of Arrangement contemplates the demerger of the CMB of TTML to BAL pursuant to sections 230 to 232 of the Companies Act, 2013. Arriving at the Share Entitlement Ratio for the proposed demerger of the CMB of TTML into BAL would require determining the value of the CMB of TTML relative to value of equity shares of BAL. These values are to be determined independently without considering the current Proposed Transaction.

There are several commonly used and accepted methods for determining the value of CMB of TTML and BAL, which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Price method
2. Comparable Companies Multiples method
3. Discounted Cash Flows method
4. Net Asset Value method

It should be understood that the valuation of any business / company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of business / companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner, based on our previous experience of assignments of a similar nature.

Market Price (MP) Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when market prices do not seem to be reflective of financial performance. Further, in the case of a demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the shares of BAL are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volumes. In these circumstances, the volume
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

weighted average share price observed on NSE for BAL over a reasonable period has been considered for determining the value of BAL under the market price methodology.

For TTML, since the CMB is only one of the many businesses, we have not used the market price method. Further, it would be difficult to attribute value to CMB from the total Market Capitalisation of TTML.

Comparable Companies’ Market/Transaction Multiple (CCM) method

Under this method, value of the company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies and transaction valuations of listed or unlisted comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We identified listed comparable companies and available transactions, based on business of TTML and thereafter adjusted the selected multiples based on size, growth, profitability and the circles in which TTML operates.

Considering that BAL is well traded, we did not apply CCM method for arriving at per share value of BAL.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company’s capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have not been provided with mid-term/long term forecasts by TTML. TTML management informed us that they could not prepare the same considering uncertainties surrounding the continuation of the business. Hence, we have not considered DCF method for valuation purpose.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

Considering that BAL is well traded, we did not apply the DCF method for arriving at per share value of BAL.

**Net Asset Value (NAV) Methodology**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

In case of CMB of TTML, a large portion of assets in the books is represented by purchased telecom spectrum. The Management has informed us that the 30 September 2017 financials of TTML (prepared although yet to be approved by the Board) are expected to have significant impairment write downs for CMB assets including spectrum.

According to us, the spectrum price benchmarks for 2016 auctions have limited relevance now due to the following factors:

- Unsold spectrum in the auctions
- Reduction in number of players due to
  - Consolidation (eg. Idea-Vodafone, Bharti-Telenor)
  - Possible discontinuation of business (eg. Reliance Communication, Aircel)
- Increase in spectrum holdings due to consolidation and asset purchases (eg. Tikona-Bharti)

Additionally, telecom sector is moving towards 4G making 3G bands non-lucrative. TTML did not have any 4G spectrum and management of TTML informed us that they had already considered all possible strategic options for CMB. As per management of TTML, considering limited scope of meaningful revival of profitability, there were no other realistic options available to them.

Considering the uncertainties around possible sale/ pricing of individual assets in this situation and consequential costs/ liabilities, we believe estimation of realizable value of assets would not be realistically possible with sufficient degree of objectivity.
Recommnedation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL.

**MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION**

- CMB of TTML has witnessed decline in revenues and has negative EBITDA margins.
- Challenging competitive environment which limited the scope of meaningful revival of profitability of CMB of TTML.
- TTML has limited visibility on the continuity of the operations of the CMB and therefore has not been able to provide mid/long term cash flow forecasts.
- The equity shares of BAL are frequently traded on both the stock exchanges, BSE & NSE in India.

**BASIS OF PROPOSED TRANSACTION**

The basis of valuation would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove.

CMB of TTML has been valued using CCM method and BAL using MP method.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend that the Share Entitlement Ratio for the Proposed Transaction should be anywhere in the following range:

- **Lower Range:** 1 equity share of BAL of INR 5 each fully paid up for every 5,964 shares of TTML of INR 10 each fully paid up (refer Table A below)
- **Upper Range:** 1 equity share of BAL of INR 5 each fully paid up for every 1,575 shares of TTML of INR 10 each fully paid up (refer Table B below)

This is based on the overlapping equity ranges for CMB of TTML as per the Valuers’ workings of INR 0.09 per share to INR 0.33 per share.

Please note that we have not considered the issuance of Redeemable Preference Shares ("RPS") by BAL to the RPS holders in TTML for the estimation of the Share Entitlement Ratio.
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

The Computation of Share Entitlement Ratio as derived by the Valuers, is given below:

### Table A: Lower Range

<table>
<thead>
<tr>
<th>Valuation Approach</th>
<th>CMB of TTML (A)</th>
<th>BAL (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Approach</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Income Approach</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Market Approach - Market Price</td>
<td>NA</td>
<td>514.66</td>
</tr>
<tr>
<td>Market Approach - Comparable</td>
<td>0.09</td>
<td>100%</td>
</tr>
<tr>
<td>Companies' Multiple method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative Value per Share</td>
<td>0.09</td>
<td>514.66</td>
</tr>
<tr>
<td>Exchange Ratio (rounded off)</td>
<td></td>
<td>5.964</td>
</tr>
</tbody>
</table>

### Table B: Upper Range

<table>
<thead>
<tr>
<th>Valuation Approach</th>
<th>CMB of TTML (A)</th>
<th>BAL (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Approach</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Income Approach</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Market Approach - Market Price</td>
<td>NA</td>
<td>514.66</td>
</tr>
<tr>
<td>Market Approach - Comparable</td>
<td>0.33</td>
<td>100%</td>
</tr>
<tr>
<td>Companies' Multiple method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative Value per Share</td>
<td>0.33</td>
<td>514.66</td>
</tr>
<tr>
<td>Exchange Ratio (rounded off)</td>
<td></td>
<td>1.575</td>
</tr>
</tbody>
</table>
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTL into BAL.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted,

S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 301003E/E300005

Per Sunjay Vij
Partner
Membership No: 95169
Place: Gurgaon
Date: 19 December 2017

Walker Chandiock & Co LLP
(Formarly Walker, Chandiock & Co)
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Per Shashishekhar Chaugule
Partner
Membership No: 212151
Place: Bengaluru
Date: 19 December 2017

Encls:
Annexures
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

Annexure 1: SRBC’s computation of Equity Value of TTML’s CMB Unit per equity share of TTML

<table>
<thead>
<tr>
<th>Currency INR mn</th>
<th>Notes</th>
<th>Weight (%)</th>
<th>CMB of TTML Lower Range</th>
<th>CMB of TTML Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading multiple</td>
<td>Enterprise Value based on EV/Revenue multiple</td>
<td>1</td>
<td>100%</td>
<td>9,426</td>
</tr>
<tr>
<td></td>
<td>Enterprise Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less: gross debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equity Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equity Value in INR per share</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 1: Enterprise Valuation of TTML’s CMB unit based on EV/Revenue multiple

<table>
<thead>
<tr>
<th>Currency INR mn</th>
<th>Value-Lower Range</th>
<th>Value-Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>EV/Revenue multiple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chosen multiple</td>
<td>1.25</td>
<td>1.40</td>
</tr>
<tr>
<td>Revenue - TTML’s CMB Unit - FY18 estimate</td>
<td>7,541</td>
<td>7,541</td>
</tr>
<tr>
<td>Enterprise Value of TTML’s CMB Unit</td>
<td>9,426</td>
<td>10,557</td>
</tr>
</tbody>
</table>
Recommendation of share entitlement ratio for the proposed demerger of the CMB of TTML into BAL

Annexure 2: WCC’s computation of Equity Value of TTML’s CMB Unit per equity share of TTML

<table>
<thead>
<tr>
<th>Currency INR mn</th>
<th>Notes</th>
<th>Weight (%)</th>
<th>CMB of TTML Lower Range</th>
<th>CMB of TTML Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading multiple</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Value based on EV/Revenue multiple</td>
<td>1</td>
<td>100%</td>
<td>9,669</td>
<td>10,139</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td></td>
<td></td>
<td>9,669</td>
<td>10,139</td>
</tr>
<tr>
<td>Less: gross debt</td>
<td></td>
<td></td>
<td>(9,500)</td>
<td>(9,500)</td>
</tr>
<tr>
<td>Equity Value</td>
<td></td>
<td></td>
<td>169</td>
<td>639</td>
</tr>
<tr>
<td>Equity Value in INR per share</td>
<td></td>
<td></td>
<td>0.09</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Note 1: Enterprise Valuation of TTML’s CMB unit based on EV/Revenue multiple

<table>
<thead>
<tr>
<th>Currency INR mn</th>
<th>Value-Lower Range</th>
<th>Value-Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>EV/Revenue multiple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chosen multiple</td>
<td>1.28</td>
<td>1.34</td>
</tr>
<tr>
<td>Revenue - TTML’s CMB Unit - FY18 estimate</td>
<td>7,541</td>
<td>7,541</td>
</tr>
<tr>
<td>Enterprise Value of TTML’s CMB Unit</td>
<td>9,669</td>
<td>10,139</td>
</tr>
</tbody>
</table>
REPORT OF THE AUDIT COMMITTEE OF TATA TELESERVICES (MAHARASHTRA) LIMITED
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT

Directors Present:
Ms. Hiroo Mirchandani (in the Chair)
Mr. D. T. Joseph
Mr. Govind Sankaranarayanan

In Attendance:
Mr. Kiran Thacker, Company Secretary

By Invitation:
Mr. N. Srinath, Managing Director
Mr. Kush S. Bhattacharyya, Chief Financial Officer
Mr. Anuraag Srivastava, Chief Financial Officer, Tata Teleservices Limited (Fellow Subsidiary)
Mr. S. Renganathan, Head - Financial Planning & Analysis, Tata Teleservices Limited (Fellow Subsidiary)
Mr. Ankur Verma, Senior Vice President, Tata Sons Ltd. (part of the meeting)
Mr. Mehul Bhatta, Partner, Dhruva Advisors LLP (part of the meeting)
Mr. Shubham Majumder, Executive Director, Kotak Investment Banking (part of the meeting)
Ms. Aditi Singhvi, Principal Associate, Cyril Amarchand Mangaldas (part of the meeting)
Mr. Shishir Vaytaden, Partner, Cyril Amarchand Mangaldas (part of the meeting)
Mr. Kulbhushan Gandhi, Manager, S. R. Bhatbhati & Co. LLP (part of the meeting)
Ms. Sharmila Karve, Partner, Price Waterhouse & Co. Chartered Accountants LLP (part of the meeting)
Mr. Akhlesh Chowla, Partner, Price Waterhouse Chartered Accountants LLP (part of the meeting)
Mr. Nitin Khatri, Director, Price Waterhouse Chartered Accountants LLP (part of the meeting)
Mr. Madhav Joshi, Legal Advisor

1. Background

The proposal to approve scheme of arrangement (“Scheme”) between the Tata Teleservices (Maharashtra) Limited (“Company” or “TTML” or “Transferor Company”) and Bharti Airtel Limited (“BAL” or “Transferee Company”) and their respective shareholders and creditors pursuant to Sections 230 – 232, other relevant provisions of the Companies Act, 2013, and to Section 2(19AA) of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961 was placed before and considered by the Audit Committee at its meeting held on Tuesday, December 19, 2017 at Tata Sons Limited Board Room, 5th Floor, Fort House, Fort, 222, D. N. Road, Mumbai – 400 001. The Scheme provides for demerger by transfer of the Demerged Undertaking (as defined in the Scheme) of the Company to the Transferee Company and the consequent issue of equity shares by the Transferee Company to the equity shareholders of the Company and the issue of redeemable preference shares by the Transferee Company to the preference shareholders of the Company as on Record Date (as defined in the Scheme), in the manner set out in the Scheme and various other matters consequential to or otherwise integrally connected with the above, in the manner provided for in the Scheme.
The Chairperson placed before the Audit Committee the draft Scheme for the Audit Committee to consider and recommend, if thought fit, to the Board of Directors of the Company (“Board”) in terms of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 on ‘Schemes of Arrangement by Listed Entities and Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957’ (“SEBI Scheme Circular”).

2. Report

This Report of the Audit Committee is being issued to comply with the requirements of the SEBI Scheme Circular.

The Audit Committee of the Board has discussed and has made this report after perusing the following necessary documents:

(i) The draft Scheme, initialled by the Company Secretary for the sake of identification;

(ii) The valuation report(s) dated December 19, 2017 issued by S. R. Batliboi & Co. LLP, independent chartered accountants (who are the valuer for the Company), which sets out their recommendation on the share entitlement ratio for the Scheme; and

(iii) The fairness opinion dated December 19, 2017 issued by Kotak Investment Banking, SEBI registered merchant banker, on fairness of the valuation done by the valuer for the Company.

A presentation was then made to the Audit Committee by Mr. Shishir Vayttaden, Partner, Cyril Amarshal Anda Mangaldas, setting out the background, rationale and salient features of the draft Scheme. The Audit Committee noted the background and salient features of the proposed Scheme as under:

Rationale for the Scheme

This Scheme for the demerger and vesting of the Demerged Undertaking (as defined in the Scheme) of TTML to BAL, results in the following benefits:

(a) expanding the business of the Transferee Company in the growing markets of India, thereby creating greater value for the shareholders/stakeholders of the Transferee Company;

(b) consolidation of the consumer wireless telecom business of the Transferor Company with the Transferee Company, thereby providing an opportunity to the shareholders of the Transferor Company to acquire an interest in the Transferee Company;

(c) availability of increased resources and assets which can be utilized for strengthening the customer base of the Transferee Company and servicing existing as well as prospective customers of the Transferee Company, innovatively and efficiently;

(d) the combination of the Demerged Undertaking and the Transferee Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;

(e) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the technologies and resources of the Transferee Company and the Transferor Company thereby significantly contributing to future growth and maximizing shareholders value;

(f) increase in customer base and also acquisition of new customers;
(g) provision of state of the art services to the customers using the spectrum and other assets; and

(h) enhanced generation of revenues and therefore enhanced license fee to the Government.

The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties (as defined in the Scheme).

**Salient features of the Scheme**

The Audit Committee was further informed of the salient features of the Scheme:

(i) Appointed Date in terms of the Scheme shall means the Effective Date (as defined in the Scheme) or such other date as may be agreed in writing by the Board of the Transferor Company and the Transferee Company and approved by NCLT (as defined in the Scheme);

(ii) Effective Date means the last of the dates on which the conditions and matters referred to in Clause 10 of the Scheme have been fulfilled or waived;

(iii) With effect from the Appointed Date and upon the Scheme becoming effective, all the Assets (as defined in the Scheme) and Liabilities (as defined in the Scheme) pertaining to the Demerged Undertaking stand transferred to and vested in the Transferee Company.

(iv) Upon the Scheme becoming effective and in consideration of the demerger, the Transferee Company shall, issue and allot BAL Equity Shares (as defined in the Scheme) to the TTML Equity Holders (as defined in the Scheme) and BAL RPS (as defined in the Scheme) to the TTML RPS Holders (as defined in the Scheme) in accordance with the Share Entitlement Ratio (as defined in the Scheme).

(v) Within 45 days of the Effective Date, Transferee Company shall apply for listing and/or trading of its equity shares issued pursuant to the Scheme on the BSE Limited and the National Stock Exchange of India Limited (“Stock Exchanges”).

(vi) The effectiveness of the Scheme is conditional upon the fulfillment of actions specifically identified in the Scheme, which, inter alia, includes: (a) the written approvals of the DoT (as defined in the Scheme) with respect to the transactions contemplated under the Scheme shall have been received; (b) certified copy of the order of the NCLT (as defined in the Scheme) sanctioning the Scheme being filed with the Registrars of Companies having jurisdiction over the Parties (as defined in the Scheme); and (c) execution of an agreement between the Parties (as defined in the Scheme) in relation to the Scheme and fulfilment/ waiver of the conditions precedent thereunder in the manner stated therein.

(vii) In the event that the Conditions Precedent (as defined in the Scheme) are not completed or (where applicable) waived by the Parties (as defined in the Scheme) on or prior to the March 31, 2019, any Party may opt to terminate the Scheme and if required may file appropriate proceedings before the concerned NCLT (as defined in the Scheme) in this respect.

The sealed envelope handed over by S. R. Batliboi & Co. LLP, valuers for the Company, containing copy of the valuation report(s), was then un-sealed and the consideration, share entitlement ratio for the Scheme was read out to the Committee. Mr. Kulbhushan Gandhi, Manager, S. R. Batliboi & Co. LLP then made a presentation to the Audit Committee explaining the methodology adopted by them in arriving at the share entitlement ratio for the Scheme. S. R.
Batliboi & Co. LLP, who are the valuers for the Company, recommended following consideration, share entitlement ratio:

A. 1 (one) BAL Equity Share shall be issued and allotted to TTML Equity Holders on the Record Date for every 2,014 (two thousand fourteen) TTML Equity Shares each held in TTML on the Record Date; and

B. 10 (Ten) BAL RPS to all (and not each) TTML RPS Holders in proportion to their holding of TTML RPS on the Record Date;

Thereafter, Kotak Investment Banking, the SEBI registered merchant banker for the Company, made a presentation as to the fairness of the share entitlement ratio.

3. **Recommendation of the Audit Committee**

The Audit Committee has considered and noted the aforementioned documents, presentations made by various persons mentioned above and the draft Scheme, and recommends the draft Scheme to the Board, *inter alia*, taking into consideration the valuation report prepared by S. R. Batliboi & Co. LLP and the fairness opinion obtained from Kotak Investment Banking.

\[Signature\]
Chairperson, Audit Committee

Date: December 19, 2017

Place: Mumbai
Report of the Audit & Risk Management Committee of Bharti Airtel Limited

Members:

V. K Viswanathan - Chairman
Craig Ehrlich - Member
D.K. Mittal - Member
Tan Yong Choo - Member

Background:

Bharti Airtel Limited ("Company" or "Transferee Company") is a public listed company incorporated under the provisions of the Companies Act, 1956 with Corporate Identification Number L74899DL1995PLC070609 and having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110070. The Company is engaged in the business of providing global telecommunication services with operations in 17 countries across Asia and Africa. In India, the Company's product offerings include consumer mobile services (2G, 3G and 4G), mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national and international long distance services to carriers. It has Unified License to operate in Punjab, Himachal Pradesh, Karnataka, Andhra Pradesh, Delhi and Kolkata and Unified Access Service License in remaining circles except in Rajasthan and North-Eastern circle. In the rest of the geographies, it offers consumer mobile services (2G, 3G and 4G) and mobile commerce. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited (together, the "Stock Exchanges").

Tata Teleservices (Maharashtra) Limited ("TTML" or "Transferor Company") is a public listed company incorporated on March 13, 1995 under the provisions of the Companies Act, 1956 with Corporate Identification Number L64200MH1995PLC086354 and having its registered office at Voltas Premises, TB Kadam Marg, Chinchpokli, Mumbai, 400033. TTML holds an Unified License with Access Service Authorisations for Mumbai service area and Maharashtra service i.e. rest of Maharashtra and Goa and a national Internet Service Provider (ISP) authorisation (collectively, referred to as the "Telecom Licenses"). TTML is engaged in businesses in the telecom sector including inter alia (i) consumer mobile telephony business; (ii) enterprise business; (iii) retail wireline voice and broadband business and (iv) wi-fi business, which are all provided under the same Telecom License. The consumer mobile telephony business as carried out by TTML as a part of the Demerged Undertaking and the enterprise business and other businesses carried on as part of the Residual Undertaking are separate and different business of TTML. The equity shares of TTML are listed on the Stock Exchanges.

Paragraph 1.A.2(c) of Annexure I of the circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI") states that the listed entity shall submit to the stock exchanges, the "Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report. The Valuation Report is required to be placed before the Audit Committee of the listed entity."

In the light of the above, the Audit & Risk Management Committee of the Company ("Committee") considered and took note of the following documents:
(a) Draft scheme of arrangement between TTML and the Company and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013 ("Scheme");

(b) Valuation report dated December 19, 2017 issued by Walker Chandiok & Co. LLP, an Independent Chartered Accountant;

(c) Fairness opinion on valuation of assets and shares dated December 19, 2017 issued by RSBA Capital Advisors LLP, a SEBI registered merchant banker; and

(d) Certificate dated December 19, 2017 issued by Deloitte Haskins & Sells LLP, the statutory auditors of the Company, confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards specified by the Central Government under section 133 of the Companies Act, 2013 pursuant to Paragraph I.A.5 of Annexure I of the SEBI Circular; and

(e) Undertaking in relation to non-applicability of Paragraph I.A.9(a) of Annexure I of the SEBI Circular.

**Proposed Scheme of Arrangement:**

The Committee noted that the salient features of the Scheme are as under:

a) The Scheme under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961, provides for the transfer by way of a demerger of TTML's Demerged Undertaking (as defined under Clause 1.12 of Part B of the Scheme) to the Company, and the consequent issue of BAL Equity Shares (as defined under Clause 1.6 of Part B of the Scheme) to the TTML Equity Holders (as defined under Clause 1.29 of Part B of the Scheme) and BAL RPS (as defined under Clause 1.7 of Part B of the Scheme) to the TTML RPS Holders (as defined under Clause 1.32 of Part B of the Scheme) by the Transferee Company in accordance with Clause 6 of Part C of the Scheme.

b) The "Appointed Date" has been defined under Clause 1.2 of Part B of the Scheme to mean either of:
   
   (a) the Effective Date; or
   (b) such other date as may be agreed in writing by the Board of Directors of the Transferor as well as the Transferee Company, and thereafter approved by the NCLT

c) The "Effective Date" has been defined under Clause 1.15 of Part B of the Scheme to mean the date on which the Scheme takes effect in accordance with Clause 9 of Part C of the Scheme.

d) The Scheme provides for the transfer of certain Liabilities (as defined under Clause 1.19 of Part B of the Scheme) of TTSL to the Company and BHL, as applicable, in the manner set out in the Scheme;

After reviewing the draft Scheme, Valuation Report and Fairness Opinion, the Committee also noted the rationale and benefits of the Scheme, which inter-alia include the following:

a) expanding the business of the Transferee Company in the growing markets of India, thereby creating greater value for the shareholders / stakeholders of the Transferee Company;
b) consolidation of the consumer wireless telecom business of the Transferor Company with the Transferee Company, thereby providing an opportunity to the shareholders of the Transferor Company to acquire an interest in the Transferee Company;

c) availability of increased resources and assets which can be utilized for strengthening the customer base of the Transferee Company and servicing existing as well as prospective customers of the Transferee Company efficiently;

d) the combination of the Demerged Undertaking and the Transferee Company is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;

e) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the technologies and resources of the Transferee Company and the Transferor Company thereby significantly contributing to future growth and maximizing shareholders value;

f) increase in customer base and also acquisition of new customers;

g) provision of state of the art services to the customers using the spectrum and other assets; and

h) enhanced generation of revenues and therefore enhanced license fee to the Government.”

Recommendation of the Audit & Risk Management Committee:

The Committee recommends the draft Scheme for favourable consideration by the Board of Directors of the Company.

Date: December 19, 2017
Place: New Delhi

V. K. Viswanathan
Chairman, Audit & Risk Management Committee
December 19, 2017

The Board of Directors
Tata Teleservices Maharashtra Limited
Volts Premises,
T.B. Kadam Marg,
Chinchpokli,
Mumbai – 400 033

Dear Sir,

Sub: Proposed demerger of Consumer Mobile Business of Tata Teleservices Maharashtra Limited ("TTML") into Bharti Airtel Limited ("Bharti") ("Proposed Transaction")

TTML has requested us to issue a fairness opinion ("Opinion") from a financial point of view on the share entitlement ratio in relation to the Proposed Transaction ("Share Entitlement Ratio") vide engagement letter dated December 18, 2017 which contains our terms and conditions.

Proposed Transaction background: TTML and Bharti are proposing to enter a Scheme of Arrangement, which envisages demerger of Consumer Mobile Business from TTML into Bharti.

Our scope is restricted to providing an Opinion on the Share Exchange Ratio for the demerger of Consumer Mobile Business of TTML into Bharti.

In arriving at our Opinion, we have reviewed historical and future financial and limited business projections and listed stock price data. We have also reviewed certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have also reviewed the report dated December 19, 2017, jointly issued to TTML by S.R. Batliboi & Co. LLP and Walker Chandik & Co LLP recommending range of the Share Entitlement Ratio as

- 1 equity share of Bharti of Rs. 5 each fully paid up for every 5,964 shares of TTML of Rs. 10 each fully paid up at lower end, and
- 1 equity share of Bharti of Rs. 5 each fully paid up for every 1,575 shares of TTML of Rs. 10 each fully paid up at upper end

We have also assumed that the final Scheme of Arrangement will be substantially the same as the scheme discussed with and reviewed by us.

We have had discussions with members of the management of the TTML to understand the past and current business operations of the concerned businesses, their future prospects and operations, and have received management representation letter from TTML ("Management Representation Letter").
Further, we have had discussions with S.R. Batliboi & Co. LLP and Walker Chandick & Co LLP, the valuation advisors, on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

Based on our examination and according to the information and explanation provided to us, we note that the Proposed Transaction entails demerger of the Consumer Mobile Business of TTML into Bharti.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge TTML to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment. We have further assumed that the Transaction would be carried out in compliance with applicable laws, rules and regulations.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us by TTML either in verbal or written form and discussed with or reviewed by or for us. We have been given to understand that all information required by us that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of TTML nor have we evaluated the solvency or fair value of TTML, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of TTML.

Our Opinion does not factor overall economic environment risk, material adverse change and other risks and is purely based on the information and representations provided to us.

We express no view as to, and our Opinion does not address, the underlying business decision of TTML to effect the Proposed Transaction or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of TTML as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. We are not expressing any opinion herein as to the prices at which the shares of TTML or Bharti will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of Bharti or TTML may be transacted.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of, the date hereof, including the capital structure of TTML.

We will receive a fee for our services in connection with the delivery of this Opinion from TTML. In addition, TTML has agreed to indemnify us from any claims arising in relation to our engagement in providing the Opinion.
We and our affiliates in the last five years provided, and currently provide, services to TTML and Bharti and their affiliates unrelated to the Proposed Transaction for which services we and such affiliates have received and expect to receive compensation, including, without limitation as creditors and as financial advisors for the purchase/sale of assets/businesses/securities by/to Bharti and TTML (as the case may be).

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with TTML and Bharti, and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of TTML, and shall not confer rights or remedies upon, any shareholder of TTML, or any other person other than the members of the Board of Directors of TTML, or be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of TTML, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction in India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed range of the Share Entitlement Ratio is Fair from a financial point of view.

Yours faithfully,

For Kotak Mahindra Capital Company Limited

[Signature]

Authorised Signatory

SHUBHAM MAJUMDER
HEAD - TELECOM, MEDIA, TECHNOLOGY, EDUCATION,
KOTAK INVESTMENT BANKING.
December 19, 2017

The Board of Directors,
Bharti Airtel Limited
Bharti Crescent 1,
Nelson Mandela Road,
Vasant Kunj, Phase – II,
New Delhi – 110070

Sub: Fairness Opinion on the proposed demerger of “Consumer Wireless Mobile Business” of Tata Teleservices (Maharashtra) Limited into Bharti Airtel Limited

Dear Sirs,

We refer our engagement letter dated December 15, 2017, wherein Bharti Airtel Limited ("BAL") has requested us to provide fairness opinion on the joint report of Walker Chandik & Co LLP, Chartered Accountants and S.R.Batliboi & Co. LLP, Chartered Accountants (together referred to as the "Valuers") dated December 19, 2017, in relation to the proposed demerger of the “Consumer Wireless Mobile Business” ("CWMB") of Tata Teleservices (Maharashtra) Limited ("TTML") into Bharti Airtel Limited ("BAL").

BAL and TTML are hereinafter jointly referred as the "Companies".

Scope and Purpose of this Report

BAL is leading integrated pan-India telecom service provider. The company is engaged in the business of providing global telecommunications with operations in 17 countries across Asia and Africa. In India, the company’s product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed DSL broadband, IPTV, DTH, enterprise services including national & international long-distance services to carriers.

The shares of BAL are listed on the National Stock Exchange ("NSE") and BSE Limited ("BSE"). The issued, subscribed and paid up share capital of the company as on September 30, 2017 is INR 19,987 Mn consisting of 3,997,400,102 equity shares of INR 5 each fully paid up.

TTML is engaged in businesses in the telecom sector including inter alia (i) consumer mobile telephony business; (ii) enterprise business; (iii) retail wireline voice and broadband business and (iv) WiFi business, which are all provided under the same Telecom License. The company offers integrated telecom solutions to its customers across wireline and wireless networks on GSM & 3G platforms. The
company currently owns two Unified Licenses, one for Mumbai Service Area and another for the rest of Maharashtra and Goa. The company also holds 3G spectrum in Maharashtra and Goa.

The shares of TTML are listed on the NSE and BSE. The issued, subscribed and paid up share capital of TTML as on September 30, 2017 is INR 19,549.3 Mn consisting of 1,954,927,727 equity shares of INR 10 each fully paid up and 201,800,000 preference shares of INR 100 each.

We understand that the Board of Directors of Companies are proposing a scheme of arrangement to demerge the CWMB of TTML into BAL pursuant to a scheme of arrangement under the provisions of Section 230-232 and other applicable provisions of the Companies Act, 2013 (the “Scheme”).

In order to comply with the requirements of the regulator, the Companies have appointed Valuers to determine the share entitlement ratio pursuant to the Scheme. In this connection, the management of BAL (the “Management”) has engaged RBSA Capital Advisors LLP (“RBSA Advisors”) to submit a report on the fairness of the ratio recommended by the Valuers with respect to the transaction. Our scope of work includes commenting only on the fairness of the recommendation in the report by the Valuers and not on the fairness or economic rationale of the transaction per se.

This report is our deliverable in respect of our fairness opinion on report by Valuers for the demerger of CWMB of TTML into BAL.

This report is subject to the scope, assumption, exclusion, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The report has been issued only for facilitating the demerger and should not be used for any other purpose.

Sources of Information

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information received from Management and/or available in public domains as follows:

b) Annual Report of BAL and TTML for FY 2016-17;
c) Carved out financials of CWMB for the year ended March 31, 2017 and for the 6 months period ended September 30, 2017;
d) Expected revenue and EBITDA of CWMB of TTML for the year ending March 31, 2018;
e) Details of circle wise spectrum holding of CWMB;
f) Reviewed historical stock prices and trading volume of BAL’s shares on NSE;
g) Draft Composite Scheme of Arrangement;
h) Details of debt proposed to be taken over by BAL from TTML
i) Other relevant information made available to us by management of the BAL/TTML through virtual data room, emails and discussions.
In addition to the above, we have also obtained such other information and explanations, which were considered relevant for our analysis. Further we have also relied on the representation given to us by the management of the Companies.

Exclusions and Limitations

- We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent appraisal of any assets or liabilities of CWMB / BAL.
- Our work did not constitute a validation of the financial statements of the Companies, and accordingly, we do not express any opinion on the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our findings.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans and disclosed in the accounts. Therefore, no liabilities have been assumed for matters of legal nature.
- In rendering our opinion, we have assumed that the scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third-party approvals for the Scheme, no delay, limitations, restrictions or condition will be imposed that would have an adverse effect on the Companies.
- This opinion is based on business, economic, market and other conditions as they existed as of December 18, 2017. Subsequent events or circumstances that could affect the conclusions set forth in the Opinion include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition and results of operations of the Companies. RBSA Advisors is under no obligation to update, revise or reaffirm the Opinion.
- RBSA Advisors has relied upon the representations that the information provided to it is accurate and complete in all material respects. While all public information (including industry and statistical information) was obtained from sources we believe are reliable, RBSA Advisors makes no representation as to the accuracy or completeness thereof, and we have relied upon such public information without further verification.
- The opinion should not be construed, to be investment advice in any manner whatsoever. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, accounting, tax or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.
- The fee for our services is not contingent upon the result of the proposed demerger. This opinion is subject to laws of India.
- Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with scheme or any matter related thereto.

Valuers Recommendation

As stated and elaborated in the valuation report, the Valuers have considered Comparable Companies Market/ Transaction multiple for TTML and Market Price method for BAL, for the purposes of arriving at the share entitlement ratio. The Market Price method has not been considered for valuation of TTML as
CWMB is one of the businesses within TTML and it is difficult to attribute value to CWMB from the total market capitalization of TTML. The Discounted Cash Flow method has not been considered as TTML had not provided mid-term/long-term forecasts, considering uncertainties surrounding continuation of business. The Net Asset Value method was not considered due to the uncertainties around possible sale/pricing of individual assets and consequential costs/liabilities. The realizable value of assets could not be estimated with sufficient degree of objectivity.

The Valuers have recommended a share entitlement ratio in the following range:
- Lower Range: 1 (one) share of BAL of INR 5 each fully paid up for every 5,964 (Five Thousand Nine Hundred Sixty Four) shares of TTML of INR 10 each fully paid up
- Upper Range: 1 (one) share of BAL of INR 5 each fully paid up for every 1,575 (One Thousand Five Hundred Seventy Five) shares of TTML of INR 10 each fully paid up

Our Comment on the Valuer’s Report

In the circumstance, having regards to the relevant factors and based on information and explanations provided to us, in our view, the proposed share swap entitlement range as recommended by the Valuers, which forms the basis for the proposed demerger, is fair in our opinion.

The detailed terms and conditions of the demerger are more fully set forth in the draft scheme of arrangement. We have issued the fairness opinion with the understanding that scheme of arrangement shall not be materially altered, and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of arrangement alters the transaction.

Yours Truly,

For RBSA Capital Advisors LLP
SEBI Registered Category I Merchant Banker
Registration Code: INM000011724

Rajeev Shah
Managing Director
Price Waterhouse Chartered Accountants LLP

Auditors' Certificate

The Board of Directors
M/s Tata Teleservices (Maharashtra) Limited
Volta's premises,
T. B. Kadam Marg, Chinchpokli,
Mumbai – 400033.

1) This certificate is issued in accordance with the terms of our agreement dated December 19, 2017.

2) We, the statutory auditors of Tata Teleservices (Maharashtra) Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 7.1 of the Provisional/Draft Scheme of Arrangement between Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited, as approved by the Board of Directors in their meeting held on December 19, 2017, in terms of the provisions of sections 230 to 232 of the Companies Act, 2013 (the "2013 Act") [the Draft Scheme] with reference to its compliance with the applicable Accounting Standards specified under Section 133 of the Companies Act 2013 (the '2013 Act'), read with Companies (Indian Accounting Standards) Rules 2015 (the 'applicable Accounting Standards') and other generally accepted accounting principles.

Management's Responsibility

3) The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved.

Auditors' Responsibility

4) Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and other generally accepted accounting principles.

5) We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

7) Based on our examination and according to the information and explanations given to us, pursuant to the requirements of paragraph 5 of circular no. CIR/DIL3/CIR/2017/21 dated March 10, 2017, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with Regulation 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and under all the applicable Accounting Standards specified under Section 133 of the 2013 Act, read with Companies (Indian Accounting Standards) Rules 2015 and other generally accepted accounting principles.

Emphasis of Matter

8) Clause 6.1 of the Scheme requires all assets and liabilities to be transferred and vested from the appointed date, whereas Clause 7.1 of the Scheme requires the accounting treatment to be carried out as prescribed under applicable Accounting Standards, that is, from the date on which the control has been actually transferred. Our conclusion is not qualified in respect of this matter.
Price Waterhouse Chartered Accountants LLP

Restriction on Use

9) Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

10) This Certificate is issued at the request of Company pursuant to the requirements of circulars issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and National Company Law Tribunal. This Certificate should not be used for any other purpose without our prior written consent.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants

Place: Mumbai
Date: December 19, 2017

Akhlesh Chowla
Partner
Membership No. 097384
The Board of Directors
Bharti Airtel Limited
Bharti Crescent, 1,
Nelson Mandela Road,
Vasant Kunj, Phase – II,
New Delhi – 110 070, India

Statutory Auditor’s Certificate on the proposed accounting treatment specified in the Draft Scheme of Arrangement

1. This certificate is issued in accordance with the terms of our engagement letter reference no. HMI/2017-18/09 dated July 25, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the statutory auditors of Bharti Airtel Limited ("the Transferee Company"), have examined the proposed accounting treatment specified in Clause 7.2 ‘Accounting treatment in the books of the Transferee Company’ of Part C of the Draft Scheme of Arrangement amongst Tata Teleservices (Maharashtra) Limited ("the Transferor Company") and the Transferee Company and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Draft Scheme") with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the relevant rules issued there under and other generally accepted accounting principles.

Management’s responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards read with the rules issued there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor’s responsibility

4. Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 7.2 of Part C of the Draft Scheme referred to above complies with the applicable Accounting Standards, and other generally accepted accounting principles. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Transferee Company.
5. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ("ICAI") and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Draft Scheme.

Opinion

7. Based on our examination and according to the information and explanations given to us, we are of the opinion that the proposed accounting treatment in the books of the Transferee Company contained in Clause 7.2 of Part C of the Draft Scheme, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under, in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the relevant rules issued there under and other generally accepted accounting principles.

8. For ease of references, Clause 7.2 of Part C of the Draft Scheme, duly authenticated on behalf of the Transferee Company, is reproduced in Annexure 1 to this certificate and is initialed by us only for the purposes of identification.

Restriction on use

9. This certificate is issued at the request of the Transferee Company pursuant to the requirements of the circulars issued under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as the provisions of Sections 230 to 232 of the Companies Act, 2013 for onward submission by the Transferee Company to the National Stock Exchange of India Limited, the BSE Limited and the National Company Law Tribunal, as may be applicable. This Certificate should not be used for any other purpose or to be distributed to any other parties, except for filing with regulatory authorities, without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No: 117366W/W-100018)

Nilesh H. Lahoti
Partner
(Membership No: 130054)

New Delhi, December 19, 2017
Annexure 1

Certified true copy of Clause 7.2 of Part C of the Draft Scheme of Arrangement amongst Tata Teleservices (Maharashtra) Limited (the Transferor Company) and Bharti Airtel Limited (the Transferee Company) and their respective shareholders and creditors in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013

Accounting treatment in the books of the Transferee Company:

7.2.1 On this Scheme becoming effective, with effect from the Appointed Date, the Transferee Company shall account for the transfer and vesting of Demerged Undertaking in its books in accordance with the requirements of Ind AS 103 'Business Combinations' as notified under Section 133 of the Companies Act, 2013:

(i) The Transferee Company shall, on this Scheme becoming effective, record all assets (tangible and intangible) and liabilities of the Demerged Undertaking;

(ii) For the liabilities of the Demerged Undertaking recognised in (i) above against which indemnification has been provided, corresponding indemnification asset, to the extent allowed under Ind AS, would be accounted;

(iii) The Transferee Company shall record the consideration transferred (shares of Transferee Company issued to equity holders of Transferor Company pursuant to this Scheme);

(iv) The difference, if any, being excess / deficit arising pursuant to this Scheme shall be accounted as capital reserve / goodwill; and

(v) To the extent there are inter-corporate balances between the Transferee Company and the Demerged Undertaking, the obligations in respect thereof shall stand cancelled.

For Bharti Airtel Limited

Rohit Krishan Puri
Dy. Company Secretary
New Delhi, December 19, 2017

Bharti Airtel Limited
(a Bharti Enterprise)
Regd. & Corporate Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070
T.: +91-11-4666 6100, F.: +91-11-4666 6137, Email id: compliance.officer@bharti.in, www.airtel.com
CIN: L74890DL1995PLC070999
Compliance Report

It is hereby certified that the draft scheme of arrangement involving Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and this circular, including the following:

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<th>Sr. No.</th>
<th>Reference</th>
<th>Particulars</th>
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<td>1</td>
<td>Regulations 17 to 27 of LODR Regulations</td>
<td>Corporate governance requirements</td>
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<td>2</td>
<td>Regulation 11 of LODR Regulations</td>
<td>Compliance with securities laws</td>
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Requirements of this circular:

(a) Para (I)(A)(2) Submission of documents to Stock Exchanges
(b) Para (I)(A)(2) Conditions for schemes of arrangement involving unlisted entities
(c) Para (I)(A)(4)(a) Submission of Valuation Report
(d) Para (I)(A)(5) Auditors certificate regarding compliance with Accounting Standards
(e) Para (I)(A)(9) Provision of approval of public shareholders through e-voting

For Tata Teleservices (Maharashtra) Limited

Mr. Kiran Thacker
Company Secretary

Mr. N. Srinath
Managing Director

Date: 19 DEC 2017

Certified that the transactions/accounting treatment provided in the draft scheme of arrangement involving Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited are in compliance with all the Accounting Standards applicable to a listed entity.

For Tata Teleservices (Maharashtra) Limited

Mr. Kush S. Bhatnagar
Chief Financial Officer

Mr. N. Srinath
Managing Director

Date: 19 DEC 2017
Compliance report w.r.t draft Scheme of arrangement between Tata Teleservices (Maharashtra) Limited ('Transferor Company') and Bharti Airtel Limited ('Transferee Company') and their respective shareholders and creditors, under sections 230 to 232 of the Companies Act, 2013.

It is hereby certified that the draft scheme of arrangement involving Tata Teleservices (Maharashtra) Limited ('Transferor Company') and Bharti Airtel Limited ('Transferee Company') and their respective shareholders and creditors does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), including the following:

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Requirements of the circular

(a) Para (I)(A)(2) Submission of documents to Stock Exchanges.
(b) Para (I)(A)(2) Conditions for schemes of arrangement involving unlisted entities.
(c) Para (I)(A)(4) (a) Submission of Valuation Report.
(d) Para (I)(A)(5) Auditors certificate regarding compliance with Accounting Standards.

For Bharti Airtel Limited

Pankaj Tewari
Company Secretary

Gopal Vittal
Managing Director & CEO (India & South Asia)

Certified that the transactions / accounting treatment provided in the draft scheme of arrangement involving Tata Teleservices (Maharashtra) Limited ('Transferor Company') and Bharti Airtel Limited ('Transferee Company') and their respective shareholders and creditors are in compliance with all the Accounting Standards applicable to a listed entity.

For Bharti Airtel Limited

Nilanjan Roy
Global Chief Financial Officer

Gopal Vittal
Managing Director & CEO (India & South Asia)