TATA TELESERVICES (MAHARASHTRA) LIMITED
Corporate Identification Number: L64200MH1995PLC086354
Registered Office: Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033
Tel: 91 22 6667 1414 **Fax:** 91 22 6660 5335 **Email:** investor.relations@tatatel.co.in
Website: www.tatateleservices.com

NOTICE TO SECURED CREDITORS

MEETING OF THE SECURED CREDITORS OF TATA TELESERVICES (MAHARASHTRA) LIMITED CONVENED PURSUANT TO THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH	
Day	Thursday
Date	August 30, 2018
Time	2:30 p.m. (1430 hours)
Venue	Rangaswar, 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021

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IN THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH, AT MUMBAI

COMPANY SCHEME APPLICATION NO. 194 OF 2018

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013;

And

In the matter of Tata Teleservices (Maharashtra) Limited [CIN: L64200MH1995PLC086354], a company, incorporated under the Companies Act, 1956, having its registered office at Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400033;

And

In the matter of the Scheme of Arrangement amongst Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited and their respective shareholders and creditors.

Tata Teleservices (Maharashtra) Limited [CIN: L64200MH1995PLC086354], a company, incorporated under the Companies Act, 1956, having its registered office at Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400033.	)	.....Applicant Company

NOTICE CONVENING THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF TATA TELESERVICES (MAHARASHTRA) LIMITED

Notice is hereby given that by an order dated May 11, 2018 as modified by an order dated July 13, 2018 (the **"Orders"**), the Mumbai Bench of the National Company Law Tribunal (**"NCLT"**) has directed a meeting to be held of secured creditors of Tata Teleservices (Maharashtra) Limited (**"Applicant Company"** or **"TTML"**) for the purpose of considering, and if thought fit, approving with or without modification, the arrangement proposed to be made between the Applicant Company and Bharti Airtel Limited (**"BAL"**) and their respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (**"Act"**) (the **"Scheme"** or **"Scheme of Arrangement"**).

In pursuance of the said Orders and as directed therein, further notice is hereby given that a meeting of secured creditors of the Applicant Company will be held at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021 on August 30, 2018 at 2:30 p.m. (1430 hours) (**"Tribunal Convened Meeting"** or **"Meeting"**), at which place, date and time, the secured creditors are requested to attend.

Copies of the said Scheme and of the Explanatory Statement under Section 230 of the Act read with Rule 6(3) of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge on any day (except Saturday, Sunday and Public Holidays) at the Registered Office of the Applicant Company and/or at the office of its advocates, Cyril Amarchand Mangaldas, Advocates & Solicitors, 5th Floor, Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013. Persons entitled to attend and vote at the Tribunal Convened Meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company at Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033, Maharashtra not later than 48 hours before the aforesaid Tribunal Convened Meeting.

Forms of proxy are available on any day (except Saturday, Sunday and Public Holidays) at the Registered Office of the Applicant Company and/or at the office of its advocates, Cyril Amarchand Mangaldas, Advocates & Solicitors, 5th Floor, Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013.

The NCLT has appointed Mr. N. Srinath, the Managing Director of the Applicant Company and failing him, Mr. D. T. Joseph, an Independent Director of the Applicant Company and failing him, Mr. Govind Sankaranarayanan, a Non-Executive Director of the Applicant Company as the alternate Chairperson(s) of the said Tribunal Convened Meeting. The above mentioned Scheme, if approved at the Tribunal Convened Meeting, will be subject to the subsequent approval of the NCLT.

TAKE NOTICE that the following resolutions are proposed under Sections 230(3) of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the Memorandum of Association and Articles of Association of the Applicant Company, for the purpose of considering, and if thought fit, approving with or without modification, the Scheme:

*"**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and any other applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the rules, circulars and notifications made thereunder as may be applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended) issued by the Securities and Exchange Board of India read with the observation letters issued by BSE Limited dated March 21, 2018 and by National Stock Exchange of India Limited dated March 21, 2018 and relevant provisions of other applicable laws, the provisions of the Memorandum of Association and Articles of Association of Tata Teleservices (Maharashtra) Limited, and subject to the approval of the Mumbai Bench of the National Company Law Tribunal and such other approvals, permissions and sanctions of regulatory or governmental and other authorities or tribunal, as may be necessary, the proposed arrangement embodied in the scheme of arrangement between Tata Teleservices (Maharashtra) Limited, a public listed company having its registered office at Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033, Maharashtra and Bharti Airtel Limited, a public listed company, having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070 and their respective shareholders and creditors (**"Scheme"**), a draft of which was placed before this meeting and initialled by the Company Secretary for the purpose of identification, be and is hereby approved with or without modification and with conditions, if any, which may be required and/or imposed and/or permitted by the Mumbai Bench of the National Company Law Tribunal while sanctioning the Scheme and/or by any governmental authority;*

***RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, settling of any questions or difficulties arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those, and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect or to carry out such modifications/directions as may be required and/or imposed and/or permitted by (a) the Mumbai Bench of the National Company Law Tribunal while sanctioning the Scheme; or (b) by any governmental authorities, and to approve withdrawal (and where applicable, re-filing) of the Scheme at any stage for any reason including in case any changes and/or modifications are suggested/required to be made*

in the Scheme or any condition suggested, required or imposed, whether by any (a) shareholder or creditor; (b) Securities and Exchange Board of India; (c) the National Company Law Tribunal; and/or (d) any other authority, are in its view not acceptable to Tata Teleservices (Maharashtra) Limited, and/or if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as it may deem necessary and desirable in connection therewith and incidental thereto."

A copy of the Explanatory Statement under Section 230(3) read with Section 102 of the Act and Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (**"Merger Rules"**) along with copy of the Scheme and other annexures including Proxy Form and Attendance Slip, are enclosed herewith.

Sd/-
Mr. N. Srinath
DIN:00058133
Chairperson appointed for the Meeting

Dated at this 20th day of July, 2018

Registered Office:
Tata Teleservices (Maharashtra) Limited
Voltas Premises, T. B. Kadam Marg,
Chinchpokli, Mumbai – 400 033,
Maharashtra

Notes:

1. **Only secured creditors of the Applicant Company may attend and vote (either in person or by proxy) at the Meeting. A secured creditor entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) to attend and vote instead of himself/herself and such proxies need not be a secured creditor of the Applicant Company.**

2. Proxies, to be effective shall be in the prescribed form, duly filled, stamped, signed and deposited by the person entitled to attend and vote at the said Meeting, or by his authorised representative, not less than 48 (forty eight) hours before the commencement of the Meeting at the Registered Office of the Applicant Company. The form of proxy can be obtained free of charge at the registered office of the Applicant Company and/ or at the office of its advocates, Cyril Amarchand Mangaldas, Advocates & Solicitors, 5th Floor, Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400013.

3. All alterations made in the form of proxy should be initialed.

4. A minor cannot be appointed as a proxy. The proxy of a secured creditor who is blind or incapable of writing will be accepted if such secured creditor has attached his/her signature or mark thereto in presence of a witness who has signed the proxy form and added his/her description and address provided that all insertions have been made by the witness at the request and in the presence of the secured creditor before the witness attached his/her signature or mark.

5. The proxy of a secured creditor who does not know English maybe accepted if it is executed in the manner prescribed in note 4, and the witness certifies that it was explained to the secured creditor in the language known to him/her, and gives the secured creditor's name in English below the signature.

6. Secured creditors are requested to hand over the enclosed Attendance Slip duly signed with the Applicant Company for admission to the meeting hall.

7. The quorum of the Meeting of the secured creditors of the Applicant Company shall be 3 (three) secured creditors of the Applicant Company, present in person or by proxy.

8. All documents referred to in the Notice and Explanatory Statement will be available for inspection at the Applicant Company's Registered Office between 10:00 a.m. to 1:00 p.m. on the working days till the date of the Meeting.

9. The Notice convening the aforesaid Meeting will be published through advertisement in Free Press Journal (Mumbai edition) in the English language and a Marathi translation thereof in Navshakti (Mumbai edition) indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme, the Explanatory Statement required to be furnished pursuant to Sections 230 to 232 of the Act and the form of proxy shall be provided free of charge at the Registered Office of the Applicant Company.

10. The Tribunal vide its order dated May 11, 2018 as modified by an order dated July 13, 2018, has appointed Mr. P. N. Parikh, Partner, Parikh & Associates, Practicing Company Secretaries, (Membership No. 327; CP: 1228), in his absence Mr. Kaushik M. Jhaveri, K. M. Jhaveri & Co., Practicing Company Secretaries (Membership No. 4254; CP: 2592), and in his absence Ms. Dipti A. Mehta, Partner, Mehta & Mehta, Practicing Company Secretaries (Membership No. 3667; CP: 3202) as the scrutinizer for the Tribunal Convened Meeting.

11. The scrutinizer will submit his report to the Chairperson of the Meeting after scrutinizing the voting made by the secured creditors of the Applicant Company through poll.

12. The results, together with scrutinizer's report, will be announced on or before September 1, 2018 and will be placed on the website of the Applicant Company at www.tatateleservices.com and will be communicated to the BSE Limited (**"BSE"**) and National Stock Exchange of India Limited (**"NSE"**, and together with BSE, **"Stock Exchanges"**) where the shares of the Applicant Company are listed.

Encl.: As above.

EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to an order dated May 11, 2018 passed by the Mumbai bench of the National Company Law Tribunal (**"NCLT"**) in the Company Application No. 194 of 2018 as modified by an order dated July 13, 2018 in the Misc. Application No. 638 of 2018 (**"Orders"**), a meeting of the secured creditors of Tata Teleservices (Maharashtra) Limited (the **"Applicant Company"** or **"Transferor Company"** or **"TTML"**) is being convened at Rangaswar, 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosle Marg, Nariman Point, Mumbai – 400 021 on Thursday, August 30, 2018 at 2:30 p.m. (1430 Hours) (**"Meeting"** or **"Tribunal Convened Meeting"**) for the purpose of considering, and if thought fit, approving, with or without modification, the scheme of arrangement among the Applicant Company, Bharti Airtel Limited (**"BAL"** or **"Transferee Company"**) and their respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (**"Act"**) (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the **"Scheme"** or **"Scheme of Arrangement"**). A copy of the Scheme which has been, inter alia, approved by the Audit Committee and the Board of Directors of the Applicant Company at their respective meetings held on December 19, 2017 is enclosed as **Annexure 1**.

2. The Scheme inter alia provides for the following: the demerger by way of transfer of Demerged Undertaking (as defined in the Scheme) of the Applicant Company to the Transferee Company and the consequent issue of equity shares by the Transferee Company to the equity shareholders of the Applicant Company and the issue of redeemable preference shares by the Transferee Company to the preference shareholders of the Applicant Company as on the Record Date (as defined in the Scheme) in the manner set out in the Scheme and various other matters consequential to or otherwise integrally therewith, pursuant to the provisions of Sections 230 to 232 of the Act.

3. The proposed Scheme was placed before the Audit Committee of the Applicant Company at its meeting held on December 19, 2017. On the basis of its evaluation and independent judgment and consideration of the valuation report dated December 19, 2017 issued by S.R. Batliboi & Co. LLP and Walker Chandiok & Co. LLP, Chartered Accountants (**"Valuation Report"**) and the fairness opinion dated December 19, 2017 obtained from Kotak Mahindra Capital Company Limited, the Audit Committee approved and recommended the Scheme to the Board of Directors of the Applicant Company.

4. The Board of Directors of the Applicant Company, at their meeting dated December 19, 2017, took into account the Valuation Report and the independent recommendations of the Audit Committee and on the basis of their independent judgment, approved the Scheme.

5. In terms of the said Orders, the quorum for the Meeting shall be 3 (three) secured creditors of the Applicant Company, present in person or by proxy. In case the quorum as noted above for the Meeting is not present, then the Meeting shall be adjourned to the same day in the next week, and thereafter the persons present and voting shall be deemed to constitute the quorum. Further, in terms of the said Orders, the NCLT, has appointed Mr. N. Srinath, the Managing Director of the Applicant Company and failing him, Mr. D. T. Joseph, an Independent Director of the Applicant Company and failing him, Mr. Govind Sankaranarayanan, a Non-Executive Director of the Applicant Company as the alternate Chairperson(s) of the said Tribunal Convened Meeting.

6. In accordance with the provisions of Sections 230-232 of the Act, the Scheme shall be considered approved by the secured creditors only if the Scheme is approved by majority of persons representing three-fourths in value of the secured creditors, of the Applicant Company, voting in person or by proxy.

7. The Applicant Company has filed the Scheme with the Registrar of Companies, Maharashtra in Form No. GNL-1 on June 8, 2018.

8. Details as per Rule 6(3) of the Merger Rules

(i) Details of the Orders of the NCLT directing the calling, convening and conducting of the Meeting

Please refer to paragraph no. 1 of this Explanatory Statement for dates of the Orders and the date, time and venue of the Tribunal Convened Meeting.

(ii) Details of the Applicant Company and Transferee Company

Sr. No.	Particulars	Tata Teleservices (Maharashtra) Limited	Bharti Airtel Limited
1.	Corporate Identification Number	L64200MH1995PLC086354	L74899DL1995PLC070609
2.	Permanent Account Number	AAACH1458C	AAACB2894G
3.	Date of Incorporation	March 13, 1995	July 7, 1995
4.	Type of company	Public limited company	Public limited company

5.	Registered office address and e-mail address	Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033, Maharashtra E-mail ID: investor.relations@tatatel.co.in	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070 E-mail ID:compliance.officer@bharti.in
6.	Name of the stock exchange(s) where securities of company(ies) are listed	Equity shares of Applicant Company are listed on BSE Limited and National Stock Exchange of India Limited	Equity shares of Applicant Company are listed on BSE Limited and National Stock Exchange of India Limited

(iii) Other Particulars of the Applicant Company as per Rule 6(3) of the Merger Rules

(a) Summary of the main objects as per the memorandum of association and main business carried on by the Applicant Company

The Applicant Company is primarily engaged in the 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.

Some of the main objects, as stated in the Memorandum of Association, are set out hereunder:

"1. To carry on the business of telephone, telegraph cable and wireless company and to act as operators, designers, manufacturers, processors, assemblers, dealers, traders, distributors, importers, agents, consultants, system designers and contractors for erection and commissioning including on turnkey basis, of telephone Lines, telegraphs, intercom, cable and wireless communications, radio communication and all other systems of communication including fixed and mobile cellular services, paging facilities, E-mail, Voice Mail, Data Mail and Satellite Communication and to provide the latest transmission technology for telephones and video signals along with accessories and components relating thereto or to otherwise deal with the same in any other manner including storing, packing, transporting, converting, repairing, installing, training, servicing maintenance of all types, varieties and kinds of telephone instruments, intercom, and other accessories and components and to provide basic telecommunication services – fixed and mobile, satellite communication system, personal communication service, data service and all analog and digital communication systems.

2. To provide Telecommunication Services relative to transmission of voice, data, images using terrestrial networks, microwave and satellite technologies including Value Added Services viz. Radio Paging Services, Public Mobile Trunking Services, Closed Users Group Domestic 64 kbps data network via INSAT Satellite System, Videotex Service, Video Conferencing, Internet and allied Services (including e-commerce, e-business, content provision, operating and maintaining web farms), installing, operating and maintaining International Gateways and hosting portal site/s.

3. To carry on all kinds of business in connection with all communication equipment like receivers, transmitters, trans-receivers, walkie-talkies, radio, relay equipment, point to point communication equipment, antennas and associated equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile, airborne, shipborn equipment in any frequency spectrum, TV systems, receivers, transmitters, pattern generators and associated equipment, amplifiers, oscillators, synthesizers, waveform generating, measuring and associated equipment, sonic, ultrasonic and radio frequency ranging and depth finding sonar and telemetry coding and data transmission equipment, data acquisition, processing and logging equipment, calculators, computers, mini-computers, micro-computers, printers, readers display terminal, facsimile transmitting and receiving equipments and systems.

4. To plan, build, manufacture, design and use all necessary equipments in respect of signalling, telecommunication and also control equipments used in roads, railways, ships, aircrafts, ports, airports, railway stations, public places/residential and industrial complexes, cities, villages, remote areas and any other utilities.

5. To carry on the business of manufacturing, buying, selling, importing, exporting, storing, packing, distributing and otherwise dealing and trading in all kinds of signal transmission equipment including insulated and uninsulated wires and cables whether of copper, aluminium, ally steel, or any other substance and fibre optic cables and coaxial cables, microwave and other wireless transmission equipment for providing telephone signals and other multimedia services to the consumers.

6. To carry on development of all communication software and hardware and to deal sell, buy, trade, import, export, design, collaborate the same."

(b) Details of change of name, registered office and objects of the Applicant Company during the last five years

Change of Name: There has been no change in the name of the Applicant Company during the last five years.

Change of Registered Office: There has been no change in the registered office of the Applicant Company during the last five years.

Change of objects: There has been no change in the objects of the Applicant Company during the last five years.

(c) Details of the capital structure of the Applicant Company including authorised, issued, subscribed and paid up share capital

The share capital structure of the Applicant Company as on June 30, 2018 is as under:

Share Capital	Amount (INR in Crores)
Authorized Share Capital	
2,500,000,000 equity shares of INR 10 each	2,500
2,35,00,00,000 preference shares of INR 100 each	23,500
500,000,000 unclassified shares of INR 100 each	5,000
TOTAL	**31,000**
Issued and paid-up Share Capital	
1,954,927,727 fully paid up equity shares of INR 10 each	1,954.93
20,18,00,000 fully paid up preference shares of INR 100 each	2,018.00
TOTAL	**3,972.93**

Post Scheme Capital Structure:
There will not be any change in the capital structure pursuant to the Scheme.

(d) Details of the Promoters and Directors along with their addresses:

The details of the promoters of the Applicant Company as on June 30, 2018 are as set forth below:

Sr. No.	Name of the Promoter	Address
Promoters		
1.	Tata Teleservices Limited	K L K Estate, Fateh Maidan Road, Hyderabad – 500 001
2.	Tata Sons Limited	Bombay House, 24 Homi Mody Street, Mumbai – 400 001
3.	Tata Power Company Limited	Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400 051
4.	Panatone Finvest Limited	Ewart House, 3rd Floor, Homi Mody Street, Mumbai – 400 001

The Applicant Company has 4 (four) directors as on June 30, 2018, mentioned as under. The details of such directors are set forth below:

Sr. No.	Name of Director	Designation	Address
1.	Mr. N. Srinath	Managing Director	201, Domus Josephi Building, Plot No. 160, Master Vinayak Road (formerly Perry Road), Bandra West, Mumbai – 400 050
2.	Ms. Hiroo Mirchandani	Independent Director	Flat D-1601, Ireo Uptown, Sector -66, Golf Course Extension Road, Gurgaon (Haryana) - 122101
3.	Mr. D. T. Joseph	Independent Director	Flat No. 52, 5th Floor, Jasmine CHS., Madhusudan Kalelkar Marg, Bandra (East), Mumbai - 400 051
4.	Mr. Govind Sankaranarayanan	Non-Executive Director	41, Sealand, Flat No 10, 4th Floor, Cuffe Parade, Mumbai - 400 005

(e) The date of the board meeting of the Applicant Company at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

Details of the Directors who voted on the resolution passed on December 19, 2017 are as follows:

Sr. No.	Name of Director as on December 19, 2017	Voted in favor/ against/abstain
1.	Mr. N. Srinath	In favor
2.	Ms. Hiroo Mirchandani	In favor
3.	Mr. D. T. Joseph	In favor
4.	Mr. Govind Sankaranarayanan	In favor

(f) As on May 31, 2018, the amount due to the unsecured creditors of the Applicant Company is Rs. 16383,65,90,053/- (Rupees Sixteen Thousand Three Hundred Eighty Three Crores Sixty Five Lakhs Ninety Thousand Fifty Three only).

(g) None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of the Applicant Company and their respective Relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme.

(h) Disclosure about the effect of the Scheme on the following persons:

Sr. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Equity Shareholders	In terms of Clause 6 of the Scheme, BAL will allot 1 (one) fully paid up equity shares of BAL of face value INR 5 each to equity shareholders of TTML for every 2,014 (two thousand fourteen) equity shares of TTML held in TTML on the Record Date. Even after the allotment of the equity shares by BAL, the equity shareholders of TTML will continue to hold the equity shares of TTML held by them as on the Record Date.
2.	Preference Shareholders	In terms of Clause 6 of the Scheme, BAL will allot 10 (ten) fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 each of BAL to all (and not each) shareholders of TTML who hold redeemable preference shares in proportion to their holding of fully paid-up redeemable preference shares of TTML of face value of INR 100 on the Record Date. Even after the allotment of the redeemable preference shares by BAL, the preference shareholders of TTML will continue to hold the preference shares of TTML held by them as on the Record Date.
3.	Promoters	The Scheme does not contemplate payment of any additional considerations to the Promoters except to the extent of their shareholding in TTML as detailed in point 1 and 2 above.
4.	Non-Promoter Shareholders	Please refer point 1 and 2 above regarding effect on the equity shareholders.
5.	Key Managerial Personnel and Directors	None of the Key Managerial Personnel ("KMP") of TTML (i.e. chief executive officer, company secretary, whole-time director, chief financial officer etc.) will be transferred to BAL as part of the Scheme. The KMPs will continue with TTML for the other businesses of TTML.
6.	Creditors	The Scheme is expected to be in the best interest of the Applicant Company's creditors.
7.	Depositors	Not Applicable. The Applicant Company does not have any Depositors.
8.	Debenture holders	Not Applicable. The Applicant Company does not have any Debenture holders.
9.	Deposit Trustee	Not Applicable.
10.	Debenture trustee	Not Applicable.
11.	Employees	In terms of Clause 5.5 of the Scheme, upon the Scheme coming into effect, all Transferring Employees *(as defined in the Scheme)* 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 *(as defined in the Scheme)* and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking to the Transferee Company. The Scheme also provides 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 paid (as and when payable) by the Transferee Company.

(i) **Disclosure about effect of the Scheme on material interests of Directors, KMP, Debenture Trustee and other Stakeholders:**

Please refer to point no. (h) above for the effect of the Scheme on material interests of Directors, KMP, Debenture Trustee and other Stakeholders.

(iv) Other Particulars of BAL as per Rule 6(3) of the Merger Rules

(a) Summary of the main objects as per the memorandum of association and main business carried on by BAL (Transferee Company)

The Transferee Company is presently engaged in the business of providing global telecommunications with operations in 16 (sixteen) countries across Asia and Africa.

In India, the Transferee Company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographics, it offers 2G, 3G and 4G wireless services and mobile commerce. The main objects as stated in the Memorandum of Association, are set out hereunder:

"1. To promote & establish Companies, Funds, Associations or Partnerships for providing telecom networks and/or to run and maintain telecom services like basic/fixed line services, cellular/mobile services, paging, videotext, voice mail and data systems, private switching network services, transmission network of all types, computer networks i.e. local area network, wide area network, Electronic Mail, Intelligent network. Multimedia communication systems or the combinations thereof and for execution of undertakings. Works, projects or enterprises in the Industry whether of a private or public character or any joint venture with any government or other authority in India or elsewhere and to acquire and dispose of shares/securities in such companies, and funds and interest in such associations or partnerships.

2. To provide telecom networks and to run and maintain telecom services like basic/fixed line services, cellular/ mobile services, paging, video-text, voice mail & data systems, private switching network services, transmission networks of all types, computer networks like local area network, wide area network, Electronic Mail, Intelligent network, Multi media communication systems or the combinations thereof.

3. To carry on the business of manufacturers, merchants, dealers, distributors, importers, exporters, buyers, sellers, agents and stockists, and to market, hire, lease, rent out, assemble, alter, install, service, design, research and improve, develop, exchange, maintain, repair, refurnish, store and otherwise deal in any manner in all types of telephone exchanges, telephone instruments -whether corded, cordless, mobile or of any other kind: tele- terminals, fax machines, telegraphs, recording instruments and devices, telephone message/ answering machines and devices; dialing machines, trunk dialing barring devices, wireless sets and other wireless communication devices like radio pagers, cellular phones, satellite phones etc; telecom switching equipments of all kinds; telecom transmission equipments of all kinds, test equipments, instruments, apparatus, appliances and accessories and equipment and machinery for the manufacture thereof and to provide technical services in respect thereof or relating thereto.

4. To buy, sell, manufacture, assemble, repair, design, alter, research and improve, develop, exchange, ware- house, let on hire, import, export, and deal in all sorts of Electronic, non- Electronic, Computerized and Electrical items and equipment including Computer and Data Processing Equipment, Peripherals, Printers, Disc-drives, Intelligent Terminals, Modems, Software, Hardware, Personal Computers, 'CAD'CAM' Computer, Graphic Systems, Office Automation Equipments, Word processors, Photopesetting, Text Editing and Electronic Printing and/or Typing Systems, Circuits, including integrated, hybrid, 'VLSI' Chips, Microprocessors and Microprocessor based equipment, Semiconductor Memories including bubble Memories, Discrete electronic devices, Facsimile Equipments, Copying Machines, Xerox Machines, Telephone Cable Pressurization Systems, Printed Circuit Boards, all sorts of automatic Float charges, Electronic, Electrical and Computerized Systems and Equipment and Plant and Machineries and Field Engineering support and for all above, their incidental and allied equipment, accessories, components, parts, sub-parts, tools, manufactured and semi manufactured goods, raw materials, plant and machineries, substance, goods, articles and things and VCR, VCP, Cassettes, Cameras, Radios, Stereo and Amplifiers, television sets, audio visual equipment, teleprinters, telecommunications satellite Station and electronic equipment, remote control systems, business machines, calculators, hoists, elevators, trolleys and their components including valves, transistors, resistors, condensors, coils and circuits.

5. To guarantee/ counter guarantee the obligations of any of its subsidiary/ associate/ group companies and/ or other companies in which the company has equity interest under any agreements/ contracts/ debentures, bonds, stocks, mortgages, charges and securities."

(b) Details of change of name, registered office and objects of the Transferee Company during the last five years

Change of Name: The Transferee Company was incorporated on July 7, 1995 under the provisions of the Companies Act, 1956 under the name 'Bharti Tele-Ventures Limited'. Thereafter, on April 24, 2006, the name of the Transferee Company was changed to its present name i.e. "Bharti Airtel Limited". Further, there has been no change in the name of the Transferee Company during the last five years.

Change of Registered Office: There has been no change in the registered office of the Transferee Company during the last five years.

Change of objects: There has been no change in the objects of the Transferee Company during the last five years.

(c) Details of the capital structure of Transferee Company including authorised, issued, subscribed and paid up share capital

The share capital structure of Transferee Company as on June 30, 2018 is as under:

Particulars	Amount (in Rs.)
Authorized Share Capital as on June 30, 2018	
29,50,60,00,000 equity shares having face value of Rs. 5/- each	1,47,53,00,00,000
Total	**1,47,53,00,00,000**
Issued, Subscribed and Fully Paid-up Share Capital as on June 30, 2018	
3,99,74,00,107 equity shares having face value of Rs. 5/- each	19,98,70,00,535
Total	**19,98,70,00,535**

Expected Post Scheme Capital Structure of the Transferee Company post sanction of the Scheme:

Particulars	Amount (in Rs.)
Authorized Share Capital	
29,50,59,80,000 equity shares having face value of Rs. 5/- each	1,47,52,99,00,000
1,000 preference shares having face value of Rs. 100/- each	1,00,000
Total	**1,47,53,00,00,000**
Issued, Subscribed and Fully Paid-up Share Capital	
3,99,83,70,981 equity shares having face value of Rs. 5/- each	19,99,18,54,905
530 preference shares having face value of Rs. 100/- each	53,000
Total	**19,99,19,07,905**

*Note 1: The expected authorized share capital of the Transferee Company post sanction of the Scheme as set out above does not include the authorized share capital of Tikona Digital Networks Private Limited (**"Tikona"**) that shall merge into the Transferee Company pursuant to the scheme of arrangement between Tikona, its shareholders and creditors and the Transferee Company.*

(d) Details of the Promoters and Directors along with their addresses

The details of the promoters of the Transferee Company as on June 30, 2018 are as set forth below:

Sr. No.	Name of the Promoter	Address
Promoters		
1.	Bharti Telecom Limited	Plot No. 16, Udyog, Vihar, Phase IV, Gurgaon – 122001, Haryana, India
2.	Pastel Limited	Level 3, Alexender House, 36 Cybercity, Ebene, Mauritius
3.	Indian Continent Investment Limited	6, Sir William Newton Street, Port Louis, Mauritius
4.	Viridian Limited	C/o Intercontinental Trust Limited at Level 3, Alexender House, 36 Cybercity, Ebene, Mauritius

Notes

(A) Bharti Telecom Limited is promoter of Bharti Airtel Limited as prescribed in its IPO Prospectus dated February 07, 2002.

(B) Pastel Limited qualifies as "deemed promoter" u/r 2(1)(t) of SEBI (Substantial Acquisition and Takeover) Regulations, 2011 but is not having control over the listed company nor is "person acting in concert" with promoter (Bharti Telecom Limited) as specified u/r 2(1)(q) of the Regulations.

(C) Indian Continent Investment Limited is person acting in concert with promoter "Bharti Telecom Limited".

(D) Viridian Limited is person acting in concert with Pastel Limited.

The Transferee Company has 11 (eleven) directors as on April 30, 2018 mentioned as under. The details of such directors are set forth below:

Sr. No.	Name of Director	Designation	Address
1.	Mr. Sunil Bharti Mittal	Chairman	19, Amrita Shergil Marg, New Delhi - 110003, India
2.	Mr. Gopal Vittal	Managing Director and CEO (India & South Asia)	A2/1202, World Spa East, Sector 30 & 41, Gurgaon – 122001, Haryana, India
3.	Mr. Ben Verwaayen	Independent Director	Prince's Gate 1, Flat 7, London SW7 1QJ,United Kingdom
4.	Mr. Craig Ehrlich	Independent Director	Block - B, 6/F, Best View Court, 66, Mac Donnell Road, Hong Kong
5.	Mr. D.K. Mittal	Independent Director	B-71, Sector 44, Noida – 201301, Uttar Pradesh, India
6.	Ms. Chua Sock Koong	Non-Executive Director	15A Oei Tiong Ham Park, Singapore - 268302
7.	Mr. Manish Kejriwal	Independent Director	Prabhat Building, 3rd Floor, Flat No 18, B Road, Churchgate, Mumbai - 400 020
8.	Mr. Rakesh Bharti Mittal	Non-Executive Director	4 Pearl Lane, DLF Chattarpur Farms, New Delhi – 110074, India
9.	Mr. Shishir Priyadarshi	Independent Director	24, Cret De Champel, Geneva, 1206, Switzerland

10.	Ms. Tan Yong Choo	Non-Executive Director	22, Park Villas Green, Singapore - 545430
11.	Mr. V. K. Viswanathan	Independent Director	F-01, First Floor, Legacy Caldera, 56, SRT Road, Cunningham Road, Bangalore – 560052, Karnataka, India

(e) The date of the board meeting of BAL at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not or participate on such resolution:

Details of Directors of Transferee Company who voted on the resolution passed on December 19, 2017 are as follows:

Sr. No.	Names of the Directors as on December 19, 2017	Voted in favor/against/ Abstain
1.	Mr. Sunil Bharti Mittal	Favour
2.	Mr. Gopal Vittal	Leave of Absence
3.	Mr. Ben Verwaayen	Leave of Absence
4.	Mr. Craig Ehrlich	Leave of Absence
5.	Mr. D.K. Mittal	Favour
6.	Ms. Chua Sock Koong	Leave of Absence
7.	Mr. Manish Kejriwal	Leave of Absence
8.	Mr. Rakesh Bharti Mittal	Favour
9.	Mr. Shishir Priyadarshi	Leave of Absence
10.	Ms. Tan Yong Choo	Leave of Absence
11.	Mr. V.K. Viswanathan	Favour

Note: Mr. Ben Verwaayen, Mr. Manish Kejriwal, Mr. Shishir Priyadarshi, Mr. Craig Ehrlich and Ms. Tan Yong Choo, directors participated in the meeting / discussions through audio conference and were granted leave of absence from physical presence.

(f) As on March 31, 2018, the amount due to unsuecred creditors of the Transferee Company is Rs. 297,64,13,00,000/- (Rupees Twenty Nine Thousand Seven Hundred and Sixty Four Crores Thirteen Lakhs only).

(g) None of the "Directors", (as defined under the Act and the rules framed thereunder), the "Key Managerial Personnel" (as defined under the Act and the rules framed thereunder) of the Transferee Company and their respective "Relatives" (as defined under the Act and the rules framed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of shareholding in the Transferee Company as set out below. The details of the shareholding of Directors, Key Managerial Personnel and their respective Relatives as on June 30, 2018 is as follows:

Sr. No.	Name / Designation	No. of shares held in the Applicant Company	No. of shares held in the Transferee Company
1.	Mr. Gopal Vittal Managing Director & CEO (India & South Asia)	Nil	3,42,664 equity shares
2.	Mr. Nilanjan Roy Chief Financial Officer	Nil	13,003 equity shares

Further, the security/bond trustee appointed in connection with the overseas bonds issued by the Transferee Company and the debenture trustee appointed in connection with the debentures issued by the Transferee Company are not expected to have any matrial interest in the Scheme.

(h) Disclosure about effect of the Scheme on material interests of directors, key managerial personnel, debenture trustee and other stakeholders:

Disclosure about the effect of the Scheme on the following persons:

SR. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Shareholders	In terms of Clause 6.1 of Part B of the Scheme, upon the Scheme coming into effect, the Transferee Company will issue and allot: (i) 1 (one) fully paid up equity share of face value INR 5 each of the Transferee Company to the equity shareholders of the Applicant Company ("TTML Equity Shareholders") for every 2,014 (two thousand fourteen) equity shares of the Applicant Company held in the Applicant Company on the Record Date (as defined in the Scheme); (ii) 10 (ten) fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 each of the Transferee Company to all (and not each) of the shareholders of the Applicant Company who hold redeemable preference shares ("TTML RPS Holder") in proportion to their holding of fully paid-up redeemable preference shares of the Applicant Company of face value of INR 100 on the Record Date (as defined in the Scheme).

SR. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
		Further, in terms of Clause 6.2 of Part B of the Scheme, 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 of Part B of the Scheme. The board of the Transferee Company ("Board") 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 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 the Transferee Company so allotted on the Stock Exchange (as defined in the Scheme) 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. Moreover, in terms of Clause 6.3.2 of Part B of the Scheme, the Board shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authority (as defined in the Scheme) 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 Part B 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 (setout under Clause 9 of Part C of the Scheme) have been satisfied, then in such event the Company shall pay cash computed at the rate of INR 100 per BAL RPS (as defined in the Scheme) to such TTML RPS Holder (as defined in the Scheme) as the case may be. The Transferee Company has only a single class of shareholders i.e., the equity shareholders of the Transferee Company.
2.	Promoters	Please refer to point 1 above regarding effect on the shareholders.
3.	Non-Promoter Shareholders	Please refer to point 1 above regarding effect on the shareholders.
4.	KMPs/Directors	Upon the Scheme coming into effect, the existing directors shall continue on the board of the Transferee Company and the existing KMPs shall continue being with the Transferee Company.
5.	Creditors and Debenture Holders	The Scheme is expected to be in the best interest of the creditors and debenture holders of the Transferee Company.
6.	Depositors/Deposit Trustee	Not Applicable. The Transferee Company does not have any depositors nor any deposit trustee.
7.	Debenture Trustee	The Scheme is expected to have no effect on the interests of the security/ bond trustee appointed in connection with the overseas bonds issued by the Transferee Company as well as the debenture trustee appointed in connection with the debentures issued by the Transferee Company.
8.	Employees	In terms of Clause 5.5 of the Scheme, upon the Scheme coming into effect, all Transferring Employees *(as defined in the Scheme)* 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 *(as defined in the Scheme)* and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking to the Transferee Company. The Scheme also provides 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 paid (as and when payable) by the Transferee Company.

(v) Other details regarding the Scheme required as per Rule 6(3) of the Merger Rules

(a) Relationship between the Applicant Company and Transferee Company:

There is no relationship between the Transferor Company and the Transferee Company.

(b) Appointed Date, Effective Date, Record Date and Share Entitlement Ratio:

Appointed Date: The appointed date for the Scheme is 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.

Effective Date: The effective date is the date on which the Scheme takes effect in accordance with Clause 9 of the Scheme.

Record Date: The record date means the 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 *(each as defined in the Scheme)*, as applicable, in accordance with Clause 6.1 of the Scheme.

Consideration for the Demerger – Share Entitlement Ratio:

In consideration of vesting of the Demerged Undertaking *(as defined in the Scheme)* of the Applicant Company in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot:

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

(c) Summary of the Valuation Report

The valuation report dated December 19, 2017 issued by S. R. Batliboi & Co. LLP and Walker Chandiok & Co. LLP, Chartered Accountants (former appointed by Applicant Company and the later appointed by the Transferee Company) describing inter alia the methodology adopted in arriving at the share entitlement ratio for the proposed demerger of the Applicant Company into the Transferee Company (**"Valuation Report"**).

The Share Entitlement Ratio has been arrived at by following Comparable Companies' Market/Transaction Multiple (**"CCM"**) method. Under the CCM method, value of the company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market variations 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. The Valuer 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.

The recommendation of the share entitlement ratio has been approved by the Board of the Applicant Company, Audit Committee of the Applicant Company, board of directors of the Transferee Company and audit committee of the Transferee Company.

A fairness opinion dated December 19, 2017 were issued by Opinions dated December 19, 2017 issued by Kotak Mahindra Capital Company Limited, explaining the rationale for its opinion as to the fairness of the share entitlement ratio from a financial point of view.

(d) Detail of capital restructuring

There shall be no capital restructuring of the Applicant Company or the Transferee Company pursuant to the Scheme.

(e) Detail of debt restructuring:

There shall be no debt restructuring of the Applicant Company or the Transferee Company pursuant to the Scheme.

(f) Rationale of the Scheme of Arrangement, and the benefit of the Scheme of Arrangement as perceived by the Board of Directors of the Applicant Company

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

(i) 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;

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

(iii) 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;

(iv) 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;

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

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

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

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

(g) No investigation or proceedings have been instituted or are pending in relation to the Applicant Company or the Transferee Company under the Act.

(h) Details of availability of the following documents for obtaining extracts from or making or obtaining copies

The following documents will be available for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors of the Applicant Company at its Registered Office at Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033, Maharashtra between 10:00 a.m. to 1:00 p.m. on any working day up to the date of the Meeting:

i. Copies of the papers and proceedings in the Company Scheme Application Nos. 194 of 2018 and Miscellaneous Application No. 638 of 2018 alongwith the certified copies of the order dated May 11, 2018 as modified by an order dated July 13, 2018 passed therein, directing the Applicant Company, to convene the Meeting of the secured creditors of the Applicant Company and the order passed by the NCLT bench at Delhi dated May 23, 2018 directing the Transferee Company to convene the Meeting of the secured creditors of the Transferee Company;

ii. Copy of the Scheme;

iii. Copies of the Memorandum of Association and Articles of Association of the Applicant Company and the Transferee Company;

iv. Copies of the latest audited financial statements of the Applicant Company and Transferee Company including consolidated financial statements;

v. Register of Directors' Shareholding of the Applicant Company and Transferee Company;

vi. Copy of the Fairness Opinion dated December 19, 2017 issued by Kotak Mahindra Capital Company Limited, providing its opinion on the fairness of the valuation of the S. R. Batliboi & Co. LLP and Walker Chandiok & Co. LLP, Chartered Accountants;

vii. Valuation Report;

viii. Complaint Reports;

ix. The certificates issued by Auditors of the Applicant Company to the effect that the accounting treatment, if any, proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act;

x. Copy of the respective Audit Committee Reports dated December 19, 2017 of the Applicant Company and Transferee Company;

xi. Observation Letters issued by Stock Exchanges;

xii. Copy of Form No. GNL-1 filed by the respective companies with the concerned Registrar of Companies along with challans, evidencing filing of the Scheme; and

xiii. any other contracts or agreements material to the Scheme.

(i) Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities in relation to the Scheme

i. The equity shares of the Applicant Company are listed on BSE and NSE. NSE was appointed as the designated stock exchange by the Applicant Company for the purpose of co-ordinating with the SEBI, pursuant to the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended by Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018, both issued by the Securities and Exchange Board of India (**"SEBI Scheme Circular"**). The Applicant Company has received observation letter regarding the Scheme from BSE on March 21, 2018 and from NSE on March 21, 2018. In terms of the observation letters, BSE and NSE conveyed their no adverse observations/no objection to the Scheme. Copy of the observation letters dated March 21, 2018 and March 21, 2018 as received from BSE and NSE are enclosed as **Annexure 4** and **5** respectively.

ii. As required by the SEBI Scheme Circular, the Applicant Company has filed its Complaints Report with BSE and NSE on February 13, 2018. The reports filed indicate that the Applicant Company has received nil complaints. A copy of the complaints report filed with BSE and NSE by the Applicant Company is enclosed as **Annexure 6**.

iii. The Competition Commission of India (**"CCI"**) has provided its approval on the transaction contemplated in the Scheme under Section 31(1) of the Competition Act, 2002 by way of an order dated November 16, 2017. A copy of the order of the CCI is enclosed as **Annexure 11**.

iv. The Scheme was filed by the Applicant Company with the Mumbai Bench of the NCLT on April 10, 2018, and the Mumbai Bench of NCLT has given directions to convene Meetings vide an Order dated May 11, 2018 as modified by an order dated July 13, 2018. The Scheme was filed by the Transferee Company with the Delhi Bench of the NCLT on April 10, 2018, and the Delhi Bench of NCLT has given directions to convene Meetings vide an Order dated May 23, 2018.

v. The Scheme is subject to approval by majority of persons representing three-fourths in value of the secured creditors of the Applicant Company, voting in person or by proxy, in terms of Section 230-232 of the Act.

(j) Salient sections of the Scheme

1. DEFINITIONS

Capitalised terms used herein but not defined shall have the meaning assigned to them in the draft of the Scheme enclosed as Annexure 1.

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;

1.12 **"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 leave 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 moneys 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.

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

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.

6. CONSIDERATION FOR DEMERGER

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

(l) 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

(m) 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 the 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 the Scheme.

6.3.5 The BAL RPS to be issued by Transferee Company pursuant to Clause 6.1 of the 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 the 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 In the books of the Transferee Company:

Upon the 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 the 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 the Scheme);

(iv) The difference, if any, being excess / deficit arising pursuant to the 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.

9. CONDITIONS PRECEDENT

9.1 The effectiveness of the Scheme shall be conditional upon satisfaction or waiver (if applicable) of the following conditions (**"Conditions Precedent"**) and the 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.

A copy of the proposed Scheme is attached as **Annexure 1** to this Notice and Explanatory Statement. The Scheme is not prejudicial to the interest of the shareholders and creditors of the Applicant Company.

The features set out above being only the salient features of the Scheme, which are subject to details set out in the Scheme, the secured creditors are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.

2. DOCUMENTS REQUIRED TO BE CIRCULATED FOR THE TRIBUNAL CONVENED MEETING UNDER SECTION 232(2) OF THE ACT AND SEBI SCHEME CIRCULAR:

As required under Section 232(2) of the Act and paragraph 8 of the SEBI Scheme Circular, the following documents are being circulated with this notice and the explanatory statement:

(a) Scheme of Arrangement, enclosed as **Annexure 1**;

(b) Valuation Report, enclosed as **Annexure 2**;

(c) Copy of the Fairness Opinion dated December 19, 2017 issued by Kotak Mahindra Capital Company Limited as **Annexure 3**;

(d) Copy of the observation letters issued by the stock exchanges to Applicant Company as **Annexures 4** and **5**;

(e) Complaints reports submitted by the Applicant Company as **Annexure 6**;

(f) Report adopted by the Board of Directors of the Applicant Company pursuant to the provisions of Section 232(2)(c) of the Act, enclosed as **Annexure 7**;

(g) Report adopted by the Board of Directors of the Transferee Company pursuant to the provisions of Section 232(2)(c) of the Act, enclosed as **Annexure 8**;

(h) Audited Accounting Statement of the Applicant Company for the period ending March 31, 2018, enclosed as **Annexure 9**;

(i) Audited Accounting Statement of the Transferee Company for the period ending March 31, 2018, enclosed as **Annexure 10**; and

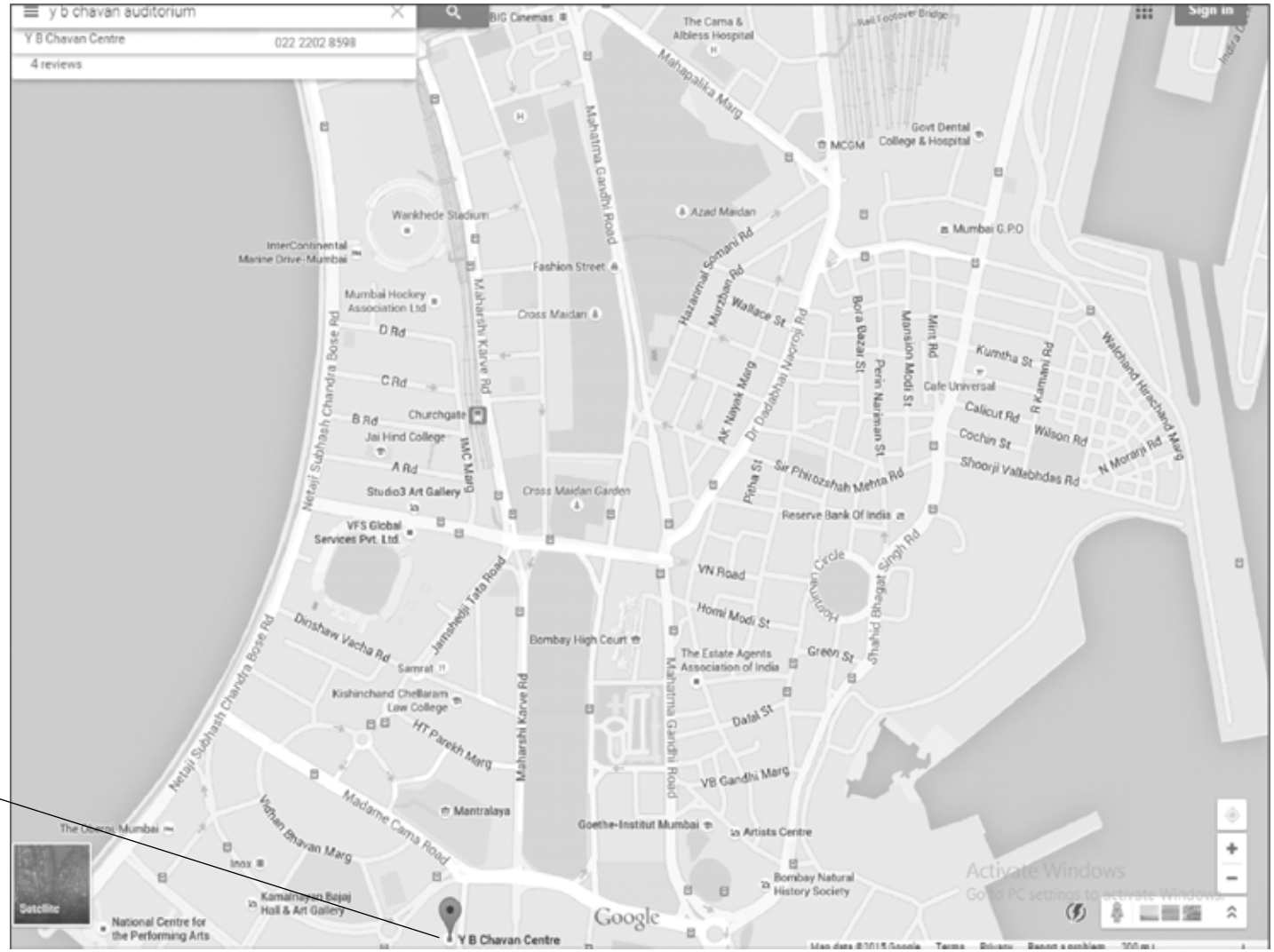
(j) Order of the CCI dated November 16, 2017 approving the transaction contemplated in the Scheme under Section 31(1) of the Competition Act, 2002, enclosed as **Annexure 11**.

Sd/-
Mr. N. Srinath
DIN:00058133
Chairperson appointed for the Meeting

Dated at this 20th day of July, 2018

Registered Office:
Tata Teleservices (Maharashtra) Limited
Voltas Premises, T. B. Kadam Marg,
Chinchpokli, Mumbai – 400 033,
Maharashtra

ROUTE MAP



Y B Chavan Centre
General Jagannathrao Bhosle Road,
Nariman Point,
Opp. Mantralaya
Mumbai - 400 021.

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

TATA TELESERVICES (MAHARASHTRA) LTD.

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

TATA TELESERVICES (MAHARASHTRA) LTD.

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.

TATA TELESERVICES (MAHARASHTRA) LTD.

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);

TATA TELESERVICES (MAHARASHTRA) LTD.

(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 leave 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 moneys 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;

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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;

TATA TELESERVICES (MAHARASHTRA) LTD.

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;

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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

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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:

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

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

Share Capital	Amount (INR in crores)
Authorized Share Capital	
5500,000,000 equity shares of INR 5 each	2750
TOTAL	2750
Issued and paid-up Share Capital	
3,997,400,102 equity shares of INR 5 each	1998.7
TOTAL	1998.7

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PART C - DEMERGER AND VESTING OF DEMERGED UNDERTAKING OF TRANSFEROR COMPANY INTO TRANSFEREE COMPANY

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 fulfil 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.

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(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

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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

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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

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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

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(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.

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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

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(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.

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Schedule 1

Spectrum (auction acquired) forming part of Demerged Undertaking

800 Mhz	Mhz	Auction Year	Allotment letter date	Spectrum Expiry date	Price/Mhz (Rs crs)	Cost (Rs crs)
Maharashtra	2.50	Mar15	28-May-15	27-May-35	799	1,999
Mumbai	2.50	Mar15	21-Apr-16	20-Apr-36	727	1,819
1800 Mhz						
Mumbai	0.60	Oct16	10-Nov-16	9-Nov-36	489	294
Mumbai	4.40	Oct16	10-Nov-16	29-Sep-37	489	2,152
Maharashtra	4.00	Oct16	10-Nov-16	9-Nov-36	318	1,272
Maharashtra	1.00	Oct16	10-Nov-16	29-Sep-37	318	318
2100 Mhz						
Maharashtra	5.00	Jun10	1-Sep-10	31-Aug-30	252	1,258

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Schedule 2

Terms of BAL RPS

1.	Dividend	10% per annum
2.	Face value	INR 100
3.	Term and Redemption	Mandatorily redeemable at par at the end of 18 months from the date of issuance
4.	Transferability	Transferable
5.	Voting/Non-Voting	Non- Voting

TATA TELESERVICES (MAHARASHTRA) LTD.

S.R. BATLIBOI & CO. LLP	Walker Chandiok & Co LLP
Golf View Corporate Tower – B, Sector – 42, Sector Road, Gurgaon – 122 002, Haryana, India.	(Formerly Walker, Chandiok & Co) 5th Floor, No.65/2, Block 'A', Bagmane Tridib, Bagmane Tech Park, CV Raman Nagar Bengaluru – 560 093.

Dated: 19 December 2017

To

The Board of Directors	**The Board of Directors**
Tata Teleservices (Maharashtra) Limited A, E & F Blocks, Voltas Premises TB Kadam Marg, Chinchpokli Mumbai – 400 033	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 Chandiok & 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 'we' 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.

SDC

S.R. Batliboi & Co. LLP New Delhi

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.

SDC

S.R. Batliboi & Co. LLP New Delhi

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.

SDC

S.R. Batliboi & Co. New Delhi

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 publically 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.

SDC

S.R. Batliboi & Co. LLP New Delhi

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 data 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

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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.

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S.R. Batliboi & Co. New Delhi

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:

Shareholding pattern as at 30 September 2017	No. of shares	% shareholding
Promoter & Group	1,45,36,72,327	74.36%
Non Promoter	50,12,55,400	25.64%
Total	**1,95,49,27,727**	**100.00%**

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 3,99,74,00,102 equity Shares of INR 5 each fully paid up. The shareholding pattern is as follows:

Shareholding pattern as at 30 September 2017	No. of shares	% shareholding
Promoter & Group	2,68,37,81,555	67.14%
Non Promoter	1,31,25,16,810	32.83%
Employee Benefit Trust	11,01,737	0.03%
Total	**3,99,74,00,102**	**100.00%**

Source: BSE filing

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS *

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

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

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 uncertainities surrounding the continuation of the business. Hence, we have not considered DCF method for valuation purpose.

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S. R. Batliboi & Co. LLP New Delhi

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.

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S.R. Batliboi & Co. LLP New Delhi

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.

SDL

S R Batliboi & Co. LLP New Delhi

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

Valuation Approach	CMB of TTML (A)		BAL (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA		NA	
Income Approach	NA		NA	
Market Approach – Market Price method	NA		514.66	100%
Market Approach – Comparable Companies' Multiple method	0.09	100%	-	-
Relative Value per Share	**0.09**		**514.66**	
Exchange Ratio (rounded off) (B/A)			**5,964**	

Table B: Upper Range

Valuation Approach	CMB of TTML (A)		BAL (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA		NA	
Income Approach	NA		NA	
Market Approach – Market Price method	NA		514.66	100%
Market Approach – Comparable Companies' Multiple method	0.33	100%	-	-
Relative Value per Share	**0.33**		**514.66**	
Exchange Ratio (rounded off) (B/A)			**1,575**	

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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 Sanjay Vij

Partner

Membership No: 95169

Place: Gurgaon

Date: 19 December 2017

Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co)

Chartered Accountants

ICAI Firm Registration No.: 001076N/N500013

Per Shashishekhar Chaugule

Partner

Membership No: 212151

Place: Bengaluru

Date: 19 December 2017

Encls:
Annexures

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

Currency INR mn	Notes	Weight (%)	CMB of TTML Lower Range	CMB of TTML Upper Range
Trading multiple				
Enterprise Value based on EV/Revenue multiple	1	100%	9,426	10,557
Enterprise Value			**9,426**	**10,557**
Less: gross debt			(9,500)	(9,500)
Equity Value			-	**1,057**
Equity Value in INR per share			-	**0.54**

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

Currency INR mn	Value-Lower Range	Value-Upper Range
EV/ Revenue multiple		
Chosen multiple	1.25	1.40
Revenue - TTML's CMB Unit - FY18 estimate	7,541	7,541
Enterprise Value of TTML's CMB Unit	**9,426**	**10,557**

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S. R. Batliboi & Co. LLP New Delhi

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

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

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

Currency INR mn	Value-Lower Range	Value-Upper Range
EV/ Revenue multiple		
Chosen multiple	1.28	1.34
Revenue - TTML's CMB Unit - FY18 estimate	7,541	7,541
Enterprise Value of TTML's CMB Unit	**9,669**	**10,139**

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S.R. Batliboi & Co. LLP New Delhi

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Investment Banking

December 19, 2017

The Board of Directors
Tata Teleservices Maharashtra Limited
Voltas 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 Chandiok & 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").

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Bandra Kurla Complex
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Further, we have had discussions with S.R. Batliboi & Co. LLP and Walker Chandiok & 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**

Authorised Signatory

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

BSE
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DCS/AMAL/AJ/R37/1071/2017-18 **March 21, 2018**

The Company Secretary
TATA TELESERVICES (MAHARASHTRA) LTD.
C Block, Voltas Premises,
T.B. Kadam Marg, Chinchpokli,
Mumbai, Maharashtra-400033

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited

We are in receipt of Draft Scheme of Arrangement between Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 20, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company."**
- **"Company shall duly comply with various provisions of the Circulars."**
- **"Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."**
- **"It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

S&P BSE SENSEX
BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
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Corporate Identity Number : L67120MH2005PLC155188

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The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nitin Pujari
Sr. Manager

S&P BSE SENSEX

BSE Limited (Formerly Bombay Stock Exchange Ltd.)
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Corporate Identity Number : L67120MH2005PLC155188

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50
Stock of the nation

Ref: NSE/LIST/14646

March 21, 2018

The Company Secretary
Tata Teleservices (Maharashtra) Limited
D-26, TTC Industrial Area,
MIDC, Sanpada,
PO Turbhe, Navi Mumbai – 400703

Kind Attn.: Mr. Kiran Thacker

Dear Sir,

Sub: Observation Letter for Draft Scheme of Arrangement amongst Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited and their respective shareholders and creditors.

We are in receipt of the draft scheme of arrangement amongst Tata Teleservices (Maharashtra) Limited and Bharti Airtel Limited and their respective shareholders and creditors, filed by Tata Teleservices (Maharashtra) Limited vide application dated December 27, 2017.

Based on our letter reference no Ref: NSE/LIST/14646 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated March 20, 2018, has given following comments:

a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, and from the receipt of this letter is displayed on the website of the listed company.*

b. *The Company shall duly comply with various provisions of the Circulars.*

c. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

The validity of this "Observation Letter" shall be six months from March 21, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Kautuk Upadhyay
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed
Signer: Kautuk Rohit Upadhyay
Date: Wed, Mar 21, 2018 16:52:20 IST
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Cor NSE E), Mumbai 400 051, India
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TATA

Format for Report on Complaints

Part A

Sr. No.	Particulars	Number
1	Number of complaints received directly	0
2	Number of complaints forwarded by Stock Exchange / SEBI	0
3	Total Number of complaints/comments received (1+2)	0
4	Number of complaints resolved	0
5	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For Tata Teleservices (Maharashtra) Limited

Kiran Thacker
Company Secretary

Date: February 13, 2018

TATA TELESERVICES (MAHARASHTRA) LIMITED
Registered Office : Voltas Premises T. B. Kadam Marg Chinchpokli Mumbai 400 033
Tel.:91 22 6667 1414 Fax: 91 22 6660 5335 email : investor.relations@tatatel.co.in
CIN: L64200MH1995PLC086354 Website www.tatateleservices.com

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA TELESERVICES (MAHARSHTRA) LIMITED (THE "COMPANY"/"TRANSFEROR COMPANY") ON JUNE 20, 2018 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND BHARTI AIRTEL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS OF THE COMPANY

The Board of Directors of the Company ("**Board**") at its meeting held on December 19, 2017 approved a scheme of arrangement amongst the Company and Bharti Airtel Limited (**"BAL" or "Transferee Company"**) and their respective shareholders and creditors (the **"Scheme"**) under Section 230 to 232 of the Companies Act, 2013 ("**Act**"). The Board noted that under Section 232(2)(c) of the Act a report is required to be adopted by the Directors explaining, *inter alia*, the effect of the Scheme on shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties and the report is required to be circulated to the Shareholders and creditors.

Accordingly, the Board considered the following documents and adopted the report as required by Section 232(2)(c) of the Act, which is annexed hereto as Annexure 1.

1. The Scheme.
2. Valuation Report dated December 19, 2017 issued by S. R. Batliboi & Co. LLP and Walker Chandiok & Co. LLP, Chartered Accountants ("Valuation Report").
3. Fairness opinion dated December 19, 2017 issued by Kotak Mahindra Capital Company Limited.
4. The Report of the Audit Committee dated December 19, 2017.

EFFECT OF THE SCHEME OF ARRANGEMENT AMONGST TATA TELESERVICES (MAHARSHTRA) LIMITED (**"TTML"** OR **"TRANSFEROR COMPANY"**) AND BHARTI AIRTEL LIMITED (**"BAL"** OR **"TRANFEREE COMPANY"**) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (THE "**SCHEME**") ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS OF THE TRANSFEROR COMPANY

Sr. No.	Persons	Effect of the Scheme
1.	Equity Shareholders	In terms of Clause 6 of the Scheme, BAL will allot 1 (one) fully paid up equity shares of BAL of face value INR 5 each to equity shareholders of TTML for every 2,014 (two thousand fourteen) equity shares of TTML held in TTML on such date as may be mutually agreed by TTML and BAL ("**Record Date**"). Even after the allotment of the equity shares by BAL, the equity shareholders of TTML will continue to hold the equity shares of TTML held by them as on the Record Date.
2.	Preference Shareholders	In terms of Clause 6 of the Scheme, BAL will allot 10 (ten) fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 each of BAL to all (and not each) shareholders of TTML who hold redeemable preference shares in proportion to their holding of fully paid-up redeemable preference shares of TTML of face value of INR 100 on the Record Date. Even after the allotment of the RPS by BAL, the preference shareholders of TTML will continue to hold the preference shares of TTML held by them as on the Record Date.

Sr. No.	Persons	Effect of the Scheme
3.	Key Managerial Personnel	None of the Key Managerial Personnel of TTML (i.e., Chief Executive Officer, Company Secretary, Whole-Time Director, Chief Financial Officer etc.) will be transferred to BAL as part of the Scheme. The KMPs will continue with TTML for the other businesses of TTML.
4.	Promoters	The Scheme does not contemplate payment of any additional considerations to the Promoters except to the extent of their shareholding in TTML as detailed in point 1 and 2 above.
5.	Non-Promoter Shareholders	Please refer point 1 and 2 above regarding effect on the equity shareholders.

Particulars of Share Exchange Ratio:

As per Clause 6.1 of the Scheme, the consideration for demerger shall be in the form of equity and redeemable preference shares to be issued by the Transferee Company as set out in detail below.

"Upon the coming into effect of the Scheme 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:

i. 1 (one) BAL Equity Share (fully paid up equity shares of BAL of face value INR 5 (Rupees five only) each) 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

ii. 10 (ten) BAL RPS (fully paid-up redeemable, non-participating, non-cumulative preference shares of face value INR 100 (Rupees hundred only) each) to all (and not each) TTML RPS Holders in proportion to their holding of TTML RPS on the Record Date."

The ratio in which equity and redeemable preference shares of the Transferee Company are to be issued and allotted to the relevant members of the Transferor Company as set out above is herein referred to as the "**Share Exchange Ratio**".

The Share Exchange Ratio has been arrived at by following Comparable Companies' Market/Transaction Multiple ("CCM") method. The Valuer 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.

For and on behalf of Board of Directors of Tata Teleservices (Maharashtra) Limited

N Srinath
Managing Director
DIN: 00058133

Date: June 20, 2018

Place: Mumbai

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BHARTI AIRTEL LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013

1. Background

1.1 The proposed scheme of arrangement amongst Tata Teleservices (Maharashtra) Limited ("**Transferor Company**") and Bharti Airtel Limited ("**Company**") and their respective shareholders and creditors ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") was approved by the board of directors of the Company ("**Board**") *vide* resolution dated December 19, 2017.

1.2 Thereafter, the Scheme was filed by the Company with the New Delhi Bench of the Hon'ble National Company Law Tribunal ("**Tribunal**"). The Hon'ble Tribunal *vide* an order dated May 23, 2018, directed that the respective meetings of the equity shareholders and the unsecured creditors of the Company be held on Friday, August 3, 2018 at Ocean Pearl Retreat, Chattarpur Mandir Road, Satbari I, New Delhi - 110070 from 10:30 A.M. to 11:30 A.M. and from 1:30 P.M. to 2:30 P.M., for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme (collectively, the "**Meetings**").

1.3 The provisions of Section 232(2)(c) of the Act require the directors of the Company to adopt a report explaining the effect of the arrangement pursuant to the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders and to lay out in particular, the share exchange ratio, specifying any special valuation difficulties. In terms of the Section 232(2) (c) of the Act, the said report as adopted by the directors of the Company is required to be circulated along with the notices convening the concerned Meetings.

1.4 Accordingly, this report of the Board is being made in pursuance of the requirements of Section 232(2)(c) of the Act and in this connection, the following documents were presented/ shared with the Board:

(a) The Scheme as approved by the Board *vide* resolution dated December 19, 2017;

(b) The share entitlement report dated December 19, 2017 issued by S.R. Batliboi & Co. LLP and Walker Chandiok & Co LLP ("**Share Entitlement Report**");

(c) The fairness opinion dated December 19, 2017 issued to the Company by RBSA Capital Advisors LLP, a merchant banker registered with the Securities and Exchange Board of India ("**Fairness Opinion**"); and

(d) The report of the Audit & Risk Management Committee of the Company dated December 19, 2017.

2. Effect of the Scheme in terms of Section 232(2)(c) of the Act

S. NO.	EFFECT OF THE SCHEME ON	
1.	**Key Managerial Personnel / Employees of the Company**	Upon the Effective Date (*defined under Clause 1.15 of Part A of the Scheme*), all Transferring Employees shall be deemed to have become the employees of the Company, on terms and conditions not less favourable than those on which they are employed by the Transferor Company in the Demerged Undertaking (*defined under Clause 1.12 of*

		Part A of the Scheme) and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking to the Company. The Transferring Employees are defined as 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.
2.	**Equity shareholders:** Promoters of the Company	In terms of Clause 6.1 of Part B of the Scheme, upon Part C of the Scheme becoming effective and in consideration of vesting of the Demerged Undertaking of the Transferor Company in the Company, the Company shall, issue and allot: 1 (one) BAL Equity Share (*defined under Clause 1.6 of Part A of the Scheme*) to TTML Equity Holders (*defined under Clause 1.29 of Part A of the Scheme*) on the Record Date (*defined under Clause 1.27 of Part A of the Scheme*) for every 2,014 (two thousand fourteen) TTML Equity Shares (*defined under Clause 1.30 of Part A of the Scheme*) each held in the Transferor Company on the Record Date; and 10 (Ten) BAL RPS (*defined under Clause 1.7 of Part A of the Scheme*) to all (and not each) TTML RPS Holders (*defined under Clause 1.32 of Part A of the Scheme*) in proportion to their holding of TTML RPS (*defined under Clause 1.31 of Part A of the Scheme*) on the Record Date. Further, in terms of Clause 6.2 of Part B of the Scheme, the 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 of Part B of the Scheme. The Board 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 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 the Company so allotted on the Stock Exchange (*defined under Clause 1.27 of Part A of the Scheme*) 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.
3	**Equity shareholders:** Non promoter shareholders of the Company	

		Moreover, in terms of Clause 6.3.2 of Part B of the Scheme, the Board of Company shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authority (*defined under Clause 1.4 of Part A of the Scheme*) 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 Part B 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 (*setout under Clause 9 of Part C of the Scheme*) have been satisfied, then in such event the Company shall pay cash computed at the rate of Rs. 100 per BAL RPS to such TTML RPS Holder as the case may be. The Company has only a single class of shareholders i.e., the equity shareholders of the Company.

3. Valuation

3.1 The above mentioned Share Entitlement Report recommends the share entitlement ratio for the proposed demerger of the consumer mobile business ("**CMB**") of the Transferor Company into the Company. The said Share Entitlement Report recommends that the share entitlement ratio for the proposed transaction should be anywhere in the following range:

- Lower Range: 1 equity share of the Company of Rs. 5 each fully paid up for every 5,964 shares of the Transferor Company of Rs. 10 each fully paid up (*reference invited to Table A of the Share Entitlement Report*).

- Upper Range: 1 equity share of the Company of Rs. 5 each fully paid up for every 1,575 shares of the Transferor Company of Rs. 10 each fully paid up (*refer invited to Table B of the Share Entitlement Report*).

3.2 The Share Entitlement Report states that the above is based on the overlapping equity ranges for CMB of the Transferor Company as per the valuers' workings of Rs. 0.09 per share to Rs. 0.33 per share and that the issuance of redeemable preference shares by the Company to the RPS holders in the Transferor Company were not considered for the estimation of the share entitlement ratio.

3.3 The Share Entitlement Report further states that any other matter including economic rationale for the proposed transaction per se or accounting, legal or tax matters involved in the proposed transaction have not been examined.

3 4 Moreover, the above mentioned Fairness Opinion has been issued in respect of the Share Entitlement Report.

3.5 No special valuation difficulties were reported by the valuers

4. Adoption of the Report by the Board

4.1 The Board has adopted this report after noting and considering the information set forth in this report.

Certified True Copy
For and on behalf of the Bharti Airtel Limited

Rohit Krishan Puri
Dy. Company Secretary

BHARTI AIRTEL LIMITED NEW DELHI

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.: +91-11-4166 6137, Email id: compliance.officer@bharti.in, www.airtel.com
CIN: L74899DL1995PLC070609

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA TELESERVICES (MAHARASHTRA) LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Tata Teleservices (Maharashtra) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400 028
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 12, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

Chartered Accountants
FRN 012754N/N500016
Mumbai

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to the Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Note 32;

ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 17 and 22;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: May 30, 2018

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices (Maharashtra) Limited on the financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Tata Teleservices (Maharashtra) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Chartered Accountants
FRN 012754N/N500016
Mumbai

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)
Mumbai - 400 028
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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report
Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Tata Teleservices (Maharashtra) Limited on the financial statements for the year ended March 31, 2018
Page 2 of 2

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sharmila A. Karve
Partner
Membership No. 043229

Place: Mumbai
Date: May 30, 2018

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Teleservices (Maharashtra) Limited on the Ind AS financial statements for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statement, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

Chartered Accountants
FRN 012754N/N500016
Mumbai

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T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Teleservices (Maharashtra) Limited on the financial statements for the year ended March 31, 2018
Page 2 of 3

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax, as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in crores)#	Period to which the amount relates	Forum where the dispute is pending
The Income-tax Act, 1961	Income tax including interest and penalty, as applicable	6.68	2011-12	Commissioner of Income Tax (Appeals)
Service Tax under Finance Act, 1994	Service tax demand including interest and penalty, as applicable	225.43	2007-08 to 2013-14	CESTAT-Mumbai
		1.28	2008-09 to 2011-12	Commissioner of Service Tax (Appeals)-II Mumbai
		8.50	2008-09 to 2011-12	Commissioner Service Tax, Mumbai
		40.42	2011-12 to 2014-15	Commissioner Service Tax, Mumbai-II
		2.58	2004-05 to 2009-10	High Court
		0.16	2007-08 to 2008-09	Joint commissioner of Sales tax (Appeals), Navi Mumbai

#net of amount paid under protest.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. As the Company has not paid/ provided for managerial remuneration during the year, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

Chartered Accountants
FRN 012754N/N500016
Mumbai

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Teleservices (Maharashtra) Limited on the financial statements for the year ended March 31, 2018

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with the directors. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number 043229

Place: Mumbai
May 30, 2018

TATA TELESERVICES (MAHARASHTRA) LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

Rs. in crores

	Note No.	As at March 31, 2018	As at March 31, 2017 (refer note 40)	As at April 1, 2016 (refer note 40)
Assets				
Non-current assets				
Property, plant and equipment	3	793.66	1,592.45	1,941.83
Capital work-in-progress		26.59	26.87	47.59
Intangible assets	3	53.27	5,867.50	1,421.32
Intangible assets under development		-	-	2,198.23
Right to spectrum, earmarked pending allotment		-	2,476.66	2,000.47
Loans and other financial assets	4	21.05	28.93	51.60
Income tax assets		-	-	113.81
Other non-current assets	5	601.00	661.18	639.70
Total non-current assets		1,495.57	10,653.59	8,414.55
Current assets				
Inventories	6	0.13	2.04	4.68
Financial assets				
Investments	7	377.79	679.62	592.08
Trade receivables	8	157.88	226.91	289.07
Cash and cash equivalents	9	39.16	37.03	66.99
Loans and other financial assets	10	16.15	14.50	10.80
Income tax assets	11	53.06	93.86	-
Other current assets	12	159.27	198.38	81.90
		803.44	1,252.34	1,045.52
Assets classified as held for sale	13	1,081.15	-	-
Total current assets		1,884.59	1,252.34	1,045.52
Total Assets		3,380.16	11,905.93	9,460.07
Equity and liabilities				
Equity				
Equity Share capital	14	1,954.93	1,954.93	1,954.93
Other equity	15	(17,114.08)	(7,863.77)	(5,941.12)
Total Equity		(15,159.15)	(5,908.84)	(3,986.19)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	7,862.21	10,662.42	7,526.17
Long term provisions	17	124.21	1.58	0.89
Total non-current liabilities		7,986.42	10,664.00	7,527.06
Current liabilities				
Financial liabilities				
Borrowings	18	5,306.44	4,305.36	3,414.11
Trade payables	19	482.19	521.25	525.72
Other financial liabilities	20	2,462.20	1,531.75	1,286.24
Other current liabilities	21	88.29	109.13	95.90
Short term provisions	22	890.92	683.29	597.23
		9,230.04	7,150.77	5,919.20
Liabilities directly associated with assets classified as held for sale	23	1,322.85	-	-
Total current liabilities		10,552.89	7,150.77	5,919.20
Total liabilities		18,539.31	17,814.77	13,446.26
Total Equity and liabilities		3,380.16	11,905.93	9,460.07

See accompanying notes forming part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration Number - 012754N/N500016

Sharmila A. Karve
Partner
Membership Number: 043229

Place : Mumbai
Date : May 30, 2018

For and on behalf of the Board of Directors

Hiroo Mirchandani
(Director)
(DIN No. 06992518)

D. T. Joseph
(Director)
(DIN No. 01716572)

N. Srinath
(Managing Director)
(DIN No. 00058133)

Kush S. Bhatnagar
(Chief Financial Officer)

Kiran Thacker
(Company Secretary)

Place : Mumbai
Date : May 30, 2018

TATA TELESERVICES (MAHARASHTRA) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in crores

	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	24	1,868.51	2,702.91
Other income	25	35.49	(14.41)
Total Income		1,904.00	2,688.50
Expenses			
Cost of goods sold	26	2.31	8.27
Employee benefits expenses	27	103.00	125.90
Provision for contingencies		155.82	32.81
Other expenses	28	1,472.45	1,881.75
		1,733.58	2,048.73
Earning before Interest, Depreciation, Amortization and tax		170.42	639.77
Depreciation and amortisation expenses	3	532.91	795.82
Finance cost	29	1,568.97	1,282.27
Finance income	30	(9.61)	(18.74)
Profit on sale of current investments		(21.53)	(21.93)
Total expenses		3,804.32	4,086.15
Loss before exceptional items and tax		(1,900.32)	(1,397.65)
Exceptional items	31	7,941.67	958.82
Loss before tax		(9,841.99)	(2,356.47)
Current tax		-	-
Deferred tax		-	-
Tax expense		-	-
Loss after tax		(9,841.99)	(2,356.47)
Other Comprehensive Income			
Items that may be reclassified to profit and loss			
Effective portion of gains on designated portion of hedging instruments in cash flow hedge/ (loss) transferred to P&L on termination of hedged relationship		(67.80)	67.79
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans		1.12	(0.39)
Total other comprehensive income / (loss)		(66.68)	67.40
Total comprehensive income / (loss) for the year		(9,908.67)	(2,289.07)
Earnings per equity share (Face value of Rs. 10 each) (refer note 45)			
Basic (In Rs.)		(50.34)	(12.05)
Diluted (In Rs.)		(50.34)	(12.05)

See accompanying notes forming part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration Number - 012754N/N500016

For and on behalf of the Board of Directors

Sharmila A. Karve
Partner
Membership Number: 043229

Hiroo Mirchandani
(Director)
(DIN No. 06992518)

D. T. Joseph
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N. Srinath
(Managing Director)
(DIN No. 00058133)

Kush S. Bhatnagar
(Chief Financial Officer)

Kiran Thacker
(Company Secretary)

Place : Mumbai
Date : May 30, 2018

Place : Mumbai
Date : May 30, 2018

TATA TELESERVICES (MAHARASHTRA) LIMITED

STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2018

Rs. in crores

	Equity Share Capital	Other Equity				Total
		Equity component of compound financial instruments	Reserves & Surplus		Other Reserves	
			Securities premium	Retained earnings	Cash flow hedge reserves	
Balance as on April 1, 2017	**1,954.93**	**366.42**	**525.43**	**(8,823.41)**	**67.79**	**(5,908.84)**
Loss for the year	-	-	-	(9,841.99)	-	(9,841.99)
Other comprehensive income/(loss)						-
Gains/ (loss) arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	-	-	-	-	(67.79)	(67.79)
0.1% Inter-Corporate Deposits from investing company	-	658.35	-	-	-	658.35
Remeasurements of defined benefit plans	-	-	-	1.12	-	1.12
Balance as on March 31, 2018	**1,954.93**	**1,024.77**	**525.43**	**(18,664.28)**	**0.00**	**(15,159.15)**

FOR THE YEAR ENDED MARCH 31, 2017

Rs. in crores

	Equity Share Capital	Other Equity				Total
		Equity component of compound financial instruments	Reserves & Surplus		Other Reserves	
			Securities premium	Retained earnings	Cash flow hedge reserves	
Balance as on April 1, 2016	**1,954.93**	**-**	**525.43**	**(6,466.55)**	**-**	**(3,986.19)**
Loss for the year	-	-	-	(2,356.47)	-	(2,356.47)
Other comprehensive income/(loss)						-
Gains/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	-	-	-	-	67.90	67.90
Gains/ (loss) arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	-	-	-	-	(0.11)	(0.11)
Issue of 0.1% redeemable preference shares to Investing Company	-	366.42	-	-	-	366.42
Remeasurements of defined benefit plans	-	-	-	(0.39)	-	(0.39)
Balance as on March 31, 2017	**1,954.93**	**366.42**	**525.43**	**(8,823.41)**	**67.79**	**(5,908.84)**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration Number - 012754N/N500016

For and on behalf of the Board of Directors

Sharmila A. Karve
Partner
Membership Number: 043229

Hiroo Mirchandani
(Director)
(DIN No. 06992518)

D. T. Joseph
(Director)
(DIN No. 01716572)

N. Srinath
(Managing Director)
(DIN No. 00058133)

Kush S. Bhatnagar
(Chief Financial Officer)

Kiran Thacker
(Company Secretary)

Place : Mumbai
Date : May 30, 2018

Place : Mumbai
Date : May 30, 2018

TATA TELESERVICES (MAHARASHTRA) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs in crores

	Year ended March 31, 2018	Year ended March 31, 2017
A Cash flows from operating activities		
Loss before tax	**(9841.99)**	(2356.47)
Adjustments for :		
Depreciation and amortisation expense	**532.91**	795.82
Impairment of Property, plant and equipment, Intangible assets and CWIP	**7,677.37**	905.41
Restructuring cost	**264.30**	-
(Gain) / Loss on sale of property, plant and equipment	**(0.53)**	2.88
(Gain) / Loss on financial assets mandatorily measured at FVTPL	**(0.08)**	8.28
Net (Gain) / loss on sale of investments	**(21.53)**	(21.93)
Interest income on security deposits at amortised cost	**(2.81)**	(3.04)
Hedge ineffectiveness on cash flow hedges	**(69.41)**	(4.86)
(Gain) / Loss on derivatives not designated in hedge accounting relationship	**71.74**	66.58
Liabilities no longer required written back	**(3.11)**	(54.70)
Impairment loss on financial assets	**36.44**	31.37
Provision for contingencies	**155.82**	86.22
Finance cost	**1,568.97**	1282.27
	368.09	737.83
Movements in working capital:		
Decrease in Inventories	**1.91**	2.64
(Increase) / decrease in Trade receivables	**(12.14)**	45.95
(Increase) / decrease in Other assets	**17.86**	(136.26)
Increase in Trade payables	**224.83**	49.84
Increase / (decrease) in Other liabilities	**(27.97)**	9.39
Increase / (decrease) in provisions	**(0.35)**	0.56
Cash generated from operations	**572.23**	709.95
Net income tax refund	**40.80**	19.95
Cash generated from operating activities	**613.03**	729.90
B Cash flow from investing activities		
Payments for property, plant and equipment (including capital advances)	**(78.25)**	(897.48)
Payments for intangible assets under development and right to spectrum earmarked pending allotment	**-**	(1,241.42)
Proceeds from disposal of property, plant and equipment	**0.83**	7.64
Payments to acquire current investments	**(5,576.24)**	(8,418.44)
Proceeds from disposal of current investments	**5,902.79**	8,351.88
Cash generated from / (used) for investing activities	**249.13**	(2197.82)
C Cash flow from financing activities		
Proceeds from issue of redeemable preference shares	**-**	2,015.98
Proceeds from Intercorporate Deposits received	**3,700.00**	-
Proceeds from long term borrowings	**-**	1,280.75
Repayment of long term borrowings	**(5,645.37)**	(994.16)
Proceeds from short term borrowings	**6,055.37**	2,725.70
Repayment of short term borrowings	**(2,618.32)**	(3,175.62)
Finance cost paid	**(1007.10)**	(811.61)
Cash (used) for / generated from financing activities	**(516.42)**	1,041.04
Net increase/(decrease) in cash or cash equivalents (A+B+C)	**345.74**	(426.89)
Cash and cash equivalents at the beginning of the year	**(361.65)**	65.23
Cash and cash equivalents at the end of the year	**(15.91)**	(361.65)
	345.74	(426.89)

Note: Cash flow statement has been prepared under the "Indirect method" es set out in Ind AS 7 on statement of Cash flow as notified under Companies (Accounts) Rules, 2015.

In terms of our report ettached
For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration Number - 012754N/N500016

Sharmila A. Karve
Partner
Membership Number: 043229

Place : Mumbai
Date : May 30, 2018

For and on behalf of the Board of Directors

Hiroo Mirchandani
(Director)
(DIN No. 06992518)

N. Srinath
(Managing Director)
(DIN No. 00058133)

D. T. Joseph
(Director)
(DIN No. 01716572)

Kush S. Bhatnagar
(Chief Financial Officer)

Kiran Thacker
(Company Secretary)

Place : Mumbai
Date : May 30, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase - II
Gurugram - 122 002
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
BHARTI AIRTEL LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **BHARTI AIRTEL LIMITED** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2018, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act,2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act,2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Standalone Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 23(i)(f)(v) to the Standalone Financial Statements which describes the uncertainties related to the legal outcome of Department of Telecommunications demand with respect to one time spectrum charges.

Our opinion is not modified in respect of this matter.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in these Standalone Financial Statements have been audited by the predecessor auditor. The report of the predecessor auditor on comparative financial statements for the year ended and as at March 31, 2017 dated May 9, 2017 expressed an unqualified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: New Delhi
Date: April 24, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bharti Airtel Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 , based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: New Delhi
Date: April 24, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, and is in the process of updating quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.

b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the records examined by us and based on examination of property tax receipts, utility bills, lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed or court orders approving schemes of arrangements /amalgamations provided to us, we report that, the title in respect of self-constructed buildings and the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties that have been taken on lease and disclosed as property, plant and equipment in the financial statements, based on our examination of the lease agreements or court orders approving the schemes of arrangement or amalgamations, we report that the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. As explained to us, the inventories, except for those lying with the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect

of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.

v. According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Services Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the provisions relating to duty of excise are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Goods and Service Tax, cess which have not been deposited on account of any dispute. Details of dues of Income-tax, Sales Tax, Value Added Tax, Service Tax and Customs Duty which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statutes	Nature of the Dues	Amount Disputed (in Rs. Million)	Period to Which the amount Relates	Forum where the dispute is pending
Andhra Pradesh VAT Act, 2005	Sales Tax	87	2004-13	Tribunal
Andhra Pradesh VAT Act, 2005	Sales Tax	52	2013-15	Deputy Commissioner (Appeals)
Bihar VAT Act, 2005	Sales Tax	0*	2015-16	Assistant Commissioner
Bihar VAT Act, 2005	Sales Tax	2	2006-07	Commercial Tax Officer
Bihar VAT Act, 2005	Sales Tax	1	2016-17	Deputy Commissioner
Bihar VAT Act, 2005	Sales Tax	22	2015-17	Joint Commissioner (Appeal)
Bihar VAT Act, 2005	Sales Tax	139	2005-15	Tribunal
Chhattisgarh VAT Act, 2003	Sales Tax	0*	2006-07	Assistant Commissioner
Delhi VAT Act, 2004	Sales Tax	6	2011-14	Assistant Commissioner
The Gujarat VAT Act, 2003	Sales Tax	1	2005-07	Assistant Commissioner
The Karnataka VAT Act, 2003	Sales Tax	291	2005-06	Assistant Commissioner
The Karnataka VAT Act, 2003	Sales Tax	0*	2012-13	Deputy Commissioner
The Karnataka VAT Act, 2003	Sales Tax	2	2016-17	Joint Commissioner (Appeal)
The Kerala VAT Act, 2003	Sales Tax	1	2005-17	Commercial Tax Officer
The Kerala VAT Act, 2003	Sales Tax	0*	2016-17	Intelligence Officer Ernakulum
Kerala Sales Tax Act	Sales Tax	0*	2005-11	Commercial tax Officer
Kerala Sales Tax Act	Sales Tax	16	2005-10	Deputy Commissioner, Appeal
Kerala Sales Tax Act	Sales Tax	0*	2008-10	Intelligence Officer Squad
Kerala Sales Tax Act	Sales Tax	1	2002-05	Tribunal
The Kerala VAT Act, 2003	Sales Tax	71	2006-07	High Court of Kerala
The Kerala VAT Act, 2003	Sales Tax	44	2007-12	Asst. Commissioner, Spl Circle III, Ernakulam
The Kerala VAT Act, 2003	Sales Tax	0*	2015-16	Intelligence Inspector, Squad No. I, Tellichery

Name of the Statutes	Nature of the Dues	Amount Disputed (in Rs. Million)	Period to Which the amount Relates	Forum where the dispute is pending
The Kerala VAT Act, 2003	Sales Tax	0*	2015-16	Intelligence Inspector, Squad No. 3, Ernakulam
The Madhya Pradesh VAT Act, 2002	Sales Tax	7	2008-10,2012-13	Tribunal
The Madhya Pradesh VAT Act, 2002	Sales Tax	0*	2004-08	Commercial Tax Officer
The Madhya Pradesh VAT Act, 2002	Sales Tax	1	2008-10	Deputy Commissioner
The Madhya Pradesh VAT Act, 2002	Sales Tax	22	1997-04	Deputy Commissioner, Appeal
The Madhya Pradesh VAT Act, 2002	Sales Tax	0*	2005-06	Assistant Commissioner
The Maharashtra VAT Act, 2002	Sales Tax	0*	2003-04	Joint Commissioner, Appeal
Punjab VAT Act, 2005	Sales Tax	1	2009-17	Deputy Excise and Taxation Commissioner
Punjab VAT Act, 2005	Sales Tax	30	2003-04	High Court
Punjab VAT Act, 2005	Sales Tax	1	2002-03	Jt. Director(Enforcement)
Punjab VAT Act, 2005	Sales Tax	1	2008-10	Tribunal
Rajasthan VAT Act, 2003	Sales Tax	2	2015-16	Commercial Tax Officer
The Tamil Nadu VAT Act, 2003	Sales Tax	0*	2010-11	Deputy Commissioner
The Uttar Pradesh VAT Act, 2008	Sales Tax	11	2005-13	Assessing officer
The Uttar Pradesh VAT Act, 2008	Sales Tax	21	2002-05	Assistant Commissioner
The Uttar Pradesh VAT Act, 2008	Sales Tax	0*	2017-18	Commercial Tax Officer
The Uttar Pradesh VAT Act, 2008	Sales Tax	1	2007-08	Joint Commissioner
The Uttar Pradesh VAT Act, 2008	Sales Tax	6	2008-10	High court
The Uttar Pradesh VAT Act, 2008	Sales Tax	2	2003-10	Joint Commissioner, Appeal
The Uttar Pradesh VAT Act, 2008	Sales Tax	9	2005-13	Tribunal
The Uttar Pradesh VAT Act, 2008	Sales Tax	1	2015-16	Additional Commissioner
The Uttar Pradesh VAT Act, 2008	Sales Tax	9	2003-17	Deputy Commissioner

Name of the Statutes	Nature of the Dues	Amount Disputed (in Rs. Million)	Period to Which the amount Relates	Forum where the dispute is pending
The West Bengal VAT Act, 2003	Sales Tax	0*	1996-97	The Deputy Commissioner of Commercial Taxes
The West Bengal VAT Act, 2003	Sales Tax	0*	1995-98	Commercial Tax Officer
The West Bengal VAT Act, 2003	Sales Tax	9	2005-06	Revision Board
The West Bengal VAT Act, 2003	Sales Tax	3	1997-12	Tribunal
Sub Total (A)		**877**		
Finance Act, 1994 (Service tax provisions)	Service Tax	278	1995-08	Supreme Court
Finance Act, 1994 (Service tax provisions)	Service Tax	7	2002-07	High court
Finance Act, 1994 (Service tax provisions)	Service Tax	7,226	1995-16	Tribunal
Finance Act, 1994 (Service tax provisions)	Service Tax	571	1999-13	Commissioner of Service Tax
Sub Total (B)		**8,082**		
Custom Act, 1962	Custom Act	4,128	2001-05	Supreme Court
Custom Act, 1962	Custom Act	755	2003-15	Tribunal
Sub Total (C)		**4,883**		
Income Tax Act, 1961	Income Tax	128	2001-03, 2004-08	Supreme Court
Income Tax Act, 1961	Income Tax	10,519	1996-97, 2003-10	High Court
Income Tax Act, 1961	Income Tax	24,338	1995-2015	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	607	1998-2015	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	638	1996-97; 2004-17	Assessing Officer
Sub Total (D)		**36,230**		
Grand Total(A+B+C+D):		**50,071**		

The above mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case of Contingent Liabilities. Of the above cases, total amount deposited in respect of Sales Tax is 327 Mn, Service Tax is 472 Mn, Income Tax is 10,968 Mn and Custom Duty is 2,141 Mn.

* Amount less than million are appearing as '0'.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

ix. During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013, except that the commission of Rs.67.64 million to non-executive directors is in excess by Rs. 33.12 million, basis the lower limits approved by the Shareholders of the Company. As informed, the Company would be seeking Shareholders' approval for the said excess amount at the ensuing Annual General Meeting.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company, directors of subsidiary company or directors of associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: New Delhi
Date: April 24, 2018

Bharti Airtel Limited
Standalone Balance Sheet
(All amounts are in millions of Indian Rupees)

	Notes	As of March 31, 2018	As of March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	6	476,911	381,176
Capital work-in-progress	6	27,387	11,818
Intangible assets	7	749,183	734,052
Intangible assets under development	7	28,040	84,184
Investment in subsidiaries and joint ventures	8	481,219	459,538
Financial assets			
- Investments	8	63	52
- Derivative instruments	9	80	213
- Loans and security deposits	10	10,290	10,389
- Others	11	260	556
Income tax assets		19,595	16,164
Deferred tax assets	12	14,244	8,808
Other non-current assets	13	27,142	42,596
		1,834,414	**1,749,546**
Current assets			
Inventories		63	39
Financial assets			
- Derivative instruments	9	195	634
- Trade receivables	14	43,196	32,118
- Cash and cash equivalents	15	4,626	1,087
- Other bank balances	15	825	647
- Loans	10	72,496	72,081
- Others	11	11,837	13,200
Other current assets	13	81,721	33,295
Assets-held-for-sale	5		13,729
		214,959	**166,830**
Total assets		**2,049,373**	**1,916,376**
Equity and liabilities			
Equity			
Share capital	16	19,987	19,987
Other equity		1,008,622	992,086
		1,028,609	**1,012,073**
Non-current liabilities			
Financial liabilities			
- Borrowings	18	544,681	503,421
- Derivative instruments	9	124	186
- Others	19	19,354	21,881
Deferred revenue		18,371	18,321
Provisions	20	1,830	2,330
		584,360	**546,139**
Current liabilities			
Financial liabilities			
- Borrowings	18	80,680	65,478
- Current maturities of long-term borrowings	18	28,797	32,048
- Derivative instruments	9	228	1,662
- Trade payables	22	176,990	149,698
- Others	19	92,529	62,149
Deferred revenue		30,242	30,311
Provisions	20	1,262	1,291
Current tax liabilities		2,447	3,885
Other current liabilities	21	23,229	11,842
		436,404	**358,164**
Total liabilities		**1,020,764**	**904,303**
Total equity and liabilities		**2,049,373**	**1,916,376**

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W / W-100018)

Hemant M. Joshi
Partner
Membership No: 38019

Place: **New Delhi**

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman
DIN: 00042491

Gopal Vittal
Managing Director & CEO
(India and South Asia)
DIN: 02291778

Nilanjan Roy
Global Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **April 24, 2018**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Bharti Airtel Limited
Standalone Statement of Profit and Loss
(All amounts are in millions of Indian Rupees; except per share data)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	24	536,630	622,763
Other income		2,356	1,843
		538,986	**624,606**
Expenses			
Network operating expenses	25	139,512	145,360
Access charges		78,944	80,505
License fee / spectrum charges (revenue share)		55,630	69,416
Employee benefits expense	26	17,209	17,385
Sales and marketing expenses	27	30,519	32,320
Other expenses	28	36,171	38,524
		357,985	**383,510**
Profit from operating activities before depreciation, amortisation and exceptional items		**181,001**	**241,096**
Depreciation and amortisation	29	130,486	122,034
Finance costs	30	59,107	52,546
Finance income	30	(8,417)	(23,421)
Non-operating expenses		596	2,324
(Loss) /profit before exceptional items and tax		**(771)**	**87,613**
Exceptional items	31	6,041	172,708
Loss before tax		**(6,812)**	**(85,095)**
Tax expense / (credit)			
Current tax	12	(2,204)	(45)
Deferred tax	12	(5,400)	14,206
Profit / (loss) for the year		**792**	**(99,256)**
Other comprehensive income ('OCI')			
Items not to be reclassified to profit or loss :			
- Re-measurement gains / (losses) on defined benefit plans	26	87	(36)
- Tax (charge) / credit	12	(30)	11
Other comprehensive income / (loss) for the year		**57**	**(25)**
Total comprehensive income / (loss) for the year		**849**	**(99,281)**
Earnings per share (Face value : Rs. 5 each) (In Rupees)			
Basic and Diluted	32	0.20	(24.84)

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W / W-100018)

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Membership No. 38019

Place: New Delhi

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DIN: 02291778

Nilanjan Roy
Global Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **April 24, 2018**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

Bharti Airtel Limited
Standalone Statement of Changes in Equity
(All amounts are in millions of Indian Rupees; except per share data)

	Share capital		Other equity - Reserves and Surplus								
	No of shares (in '000)	Amount	Securities premium account	Retained earnings	General reserve	Business restructuring reserve	Debenture redemption reserve	Share - based payment reserve	Capital reserve	Total	Total equity
As of April 1, 2016	3,997,400	19,987	106,650	934,735	27,030	16,313	-	3,825	8,751	1,097,304	1,117,291
Loss for the year	-	-	-	(99,256)	-	-	-	-	-	(99,256)	(99,256)
Other comprehensive loss	-	-	-	(25)	-	-	-	-	-	(25)	(25)
Total comprehensive loss	-	-	-	**(99,281)**	-	-	-	-	-	**(99,281)**	**(99,281)**
Transaction with owners of equity											
Employee share-based payment expense	-	-	-	-	-	-	-	298	-	298	298
Exercise of share options	-	-	-	-	-	-	-	(144)	-	(144)	(144)
Dividend paid (including tax)	-	-	-	(5,456)	-	-	-	-	-	(5,456)	(5,456)
Merger of subsidiary	-	-	530	(720)	(445)	-	-	-	-	(635)	(635)
As of March 31, 2017	3,997,400	19,987	107,180	829,278	26,585	16,313	-	3,979	8,751	992,086	1,012,073
Profit for the year	-	-	-	792	-	-	-	-	-	792	792
Other comprehensive income	-	-	-	57	-	-	-	-	-	57	57
Total comprehensive profit	-	-	-	**849**	-	-	-	-	-	**849**	**849**
Transaction with owners of equity											
Employee share-based payment expense	-	-	-	-	-	-	-	337	-	337	337
Exercise of share options	-	-	-	-	3,510	-	-	(3,646)	-	(136)	(136)
Creation of debenture redemption reserve	-	-	-	-	(7,500)	-	7,500	-	-	-	-
Dividend paid (including tax)	-	-	-	(15,350)	-	-	-	-	-	(15,350)	(15,350)
Common control transactions*	-	-	-	30,836	-	-	-	-	-	30,836	30,836
As of March 31, 2018	3,997,400	19,987	107,180	845,613	22,595	16,313	7,500	670	8,751	1,008,622	1,028,609

*This includes gains of Rs 2,335 due to regulatory changes in the funding arrangements as to previous year transactions

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W / W-100018)

Hemant M. Joshi
Partner
Membership No: 38019

Place: **New Delhi**

For and on behalf of the Board of Directors of Bharti Airtel Limited

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Managing Director & CEO
(India and South Asia)
DIN: 02291778

Nilanjan Roy
Global Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **April 24, 2018**

Bharti Airtel Limited
Standalone Statement of Cash Flows

(All amounts are in millions of Indian Rupees)

	For the year ended March 31, 2018	March 31, 2017
Cash flows from operating activities		
Loss before tax	**(6,812)**	**(85,095)**
Adjustments for:		
Depreciation and amortisation	130,486	122,034
Finance costs	59,107	52,546
Finance income	(8,417)	(23,421)
Exceptional items	5,688	152,405
Employee share-based payment expenses	337	298
Other non-cash items	8,351	8,143
Operating cash flow before changes in working capital	**188,740**	**226,910**
Changes in working capital		
Trade receivables	(19,814)	(7,500)
Trade payables	14,546	24,929
Inventories	(24)	14
Provisions	(95)	180
Other financial and non-financial liabilities	8,413	2,388
Other financial and non-financial assets	(29,819)	(20,827)
Net cash generated from operations before tax	**161,947**	**226,094**
Income tax paid	(2,404)	(14,439)
Net cash generated from operating activities (a)	**159,543**	**211,655**
Cash flows from investing activities		
Purchase of property, plant and equipment	(193,180)	(156,143)
Proceeds from sale of property, plant and equipment	4,886	3,053
Purchase of intangible assets*	(28,855)	(170,135)
Payment towards Spectrum - Deferred payment liability *	(9,909)	(9,804)
Net proceeds from current investments	35	47
Proceeds from buyback of share by subsidiary		12,350
Proceeds from sale of investment of subsidiaries	65,933	146,223
Investment in subsidiaries	(41,814)	(74,283)
Loan given to subsidiaries	(72,135)	(98,797)
Loan repayment by subsidiaries	71,512	82,288
Dividend received	4,200	16,511
Interest received	4,911	5,858
Net cash used in investing activities (b)	**(194,416)**	**(242,832)**
Cash flows from financing activities		
Proceeds from borrowings	149,422	140,419
Repayment of borrowings	(57,313)	(122,391)
Net proceeds / repayment of short-term borrowings	(33,794)	32,832
Interest and other finance charges paid	(4,291)	(10,850)
Proceeds from exercise of share options	3	3
Dividend paid (including tax)	(15,350)	(5,456)
Net cash generated from financing activities (c)	**38,677**	**34,557**
Net increase in cash and cash equivalents during the year (a+b+c)	**3,804**	**3,380**
Add : Cash and cash equivalents as at the beginning of the year	822	(2,558)
Cash and cash equivalents as at the end of the year (refer Note 15)	**4,626**	**822**

*Cash flows towards spectrum acquisitions are based on the timing of payouts to DOT (viz. upfront / deferred)

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W / W-100018)

Hemant M. Joshi
Partner
Membership No. 38919

Place: New Delhi

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman
DIN: 00042491

Gopal Vittal
Managing Director & CEO
(India and South Asia)
DIN: 02291778

Nilanjan Roy
Global Chief Financial Officer

Pankaj Tewari
Company Secretary

Date: **April 24, 2018**

DELOITTE HASKINS & SELLS LLP Chartered Accountants

सत्यमेव जयते

Fair Competition
For Greater Good

भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

By e-mail and speed post

Comb. Reg. No.: C-2017/10/531 **16th November, 2017**

To

Mr. Samir Gandhi/ Ms. Aditi Gopalakrishnan
AZB & Partners
Plot No. A8, Sector 4
Noida, U.P. 201301

Subject: **Communication under sub-regulation (5) of Regulation 28 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011**

Reference is invited to the notice (bearing Registration No.C-2017/10/531) filed by Bharti Airtel Limited (**"Airtel"**) on 16.10.2017 under sub-section (2) of Section 6 of the Competition Act, 2002 (**"Act"**)

2. In this regard, you are hereby informed that the Commission, in its meeting held today, considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Act. This approval is, however, without prejudice to the proceedings under Section 43A of the Act.

3. The order of the Commission in this regard will follow.

(Smita Jhingran)
Secretary

Hindustan Times House, (3rd, 4th & 7th Floor), 18-20, Kasturba Gandhi Marg, New Delhi-110 001, INDIA
Phone : + 91-11-23473400 Fax : + 91-11-23704686 Website : www.cci.gov.in

Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2017/10/531)

Dated: 16.11.2017

Notice under Section 6 (2) of the Competition Act, 2002 given by Bharti Airtel Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S. L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representatives of the parties: M/s AZB & Partners

Order under Section 31 (1) of the Competition Act, 2002

1. On 16.10.2017, the Competition Commission of India ("**Commission**") received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ("**Act**"), given by Bharti Airtel Limited ("**Airtel**").

2. The proposed combination envisages acquisition of 100 percent of the consumer mobile business currently run by Tata Teleservices Limited ("**TTSL**") and Tata Teleservices (Maharashtra) Limited ("**TTML**") ("**Tata CMB**") by Airtel ("**Proposed Combination**"). The Notice was filed with the Commission pursuant to execution of a binding term sheet, by and between Airtel, TTSL, TTML and Tata Sons Limited on 12.10.2017 ("**Acquisition Agreement**"). Airtel submitted certain additional information/clarification(s) vide emails dated 26.10.2017, 03.11.2017 and 07.11.2017 and 10.11.2017.

3. Airtel, a part of Bharti Enterprises group ("**Bharti Group**"), is a publicly traded global telecommunications corporation with operations in 17 countries across Asia and Africa. It is engaged in provision of various B2C and B2B telecommunication services. B2C services include, *inter-alia*, retail mobile telephony services, wireline services etc. and B2B services include, *inter-alia*, National Long Distance Services ("**NLD**"), International Long Distance Services ("**ILD**") etc. Airtel provides mobile telephony services in all telecom circles in India.

4. TTSL, a part of Tata Group, is engaged in the business of wired telephone service, wireless telephone service and Internet and broadband services in a number of telecom circles in India. TTML is an associate company of TTSL and is a telecom service provider in Maharashtra.

5. The Commission observed that the Proposed Combination envisaged acquisition of consumer mobile business or retail mobile telephony business of Tata companies by Airtel.

6. The Commission observed that retail mobile telephony services can be classified on the basis of various criteria such as type of service, type of customer and type of access equipment. However, considering the fact that the Proposed Combination is not likely to result in appreciable adverse effect on competition, for the reasons contained in the ensuing paragraphs, exact delineation of the relevant product market is left open.

7. As regards relevant geographic market, the Commission decided that the same may be defined in terms of each overlapping circle, i.e., Karnataka, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, UP (East), UP (West), Punjab, Haryana, Gujarat, Delhi, Kolkata, Kerala, Odisha, Bihar, Rajasthan, West Bengal, Himachal Pradesh, Mumbai and Maharashtra.

Assessment in terms of factors contained in Section 20(4) of the Act

Concentration analysis

8. The Commission noted that the issue of market shares and concentration is also dealt in the guidelines for transfer/merger of service licences on compromises, arrangement and

amalgamation of companies, issued by Ministry of Communications and Information Technology, Government of India in 2014 ("**DoT Merger Guidelines**"). As per the DoT Merger Guidelines, in case of merger or acquisition or amalgamation proposals that result in market share in any service area exceeding 50 percent, the resultant entity should reduce its market shares to 50 percent within a period of one year from the date of approval of merger or acquisition or amalgamation ("**Market Share Caps**"). As regards holding of spectrum by a TSP, the Commission noted that the spectrum holding in a licensed service area is subject to cap of 25 percent of the total spectrum assigned and 50 percent of the spectrum assigned in a specific band. ("**Spectrum Caps**"). The Parties have submitted that they will comply with the Spectrum Caps and the Market Share Caps. However, in this regard, the Commission observed that assessment of a proposed combination would need to be based, independently of such guidelines, on factors as contained in Section 20(4) of the Act.

9. The Commission, considering revenue market shares[1], observed that market is highly concentrated with pre-combination HHIs exceeding 2000 in all telecom circles (except Haryana, Mumbai and Punjab where HHIs are more than 1800). The position of the Parties in various telecom circles can be tabulated as under:

Table 1: Revenue based market share of the Parties in overlapping circles

Combined Market Share	**Number and name of Circles**
Less than 20%	1 [Kerala]
20% < 30%	1 [Gujarat]
30%<40%	9 [Tamil Nadu; Haryana; UP (East); UP (West); Madhya Pradesh; Maharashtra; Mumbai; West Bengal; Kolkata]
40% < 50%	3 [Delhi; Punjab; Rajasthan]
More than 50%	5 [Himachal Pradesh; Karnataka; Andhra Pradesh; Bihar; Odisha]

10. As a next step in competition assessment, the Commission examined the impact of the Proposed Combination on the level of concentration as reflected in incremental HHI. Such

[1] The market shares, incremental market shares, HHIs and incremental HHIs are calculated on the basis of market shares in terms of gross revenue of the Parties and other operators in overall retail mobile telephony services market for the quarter ending 30.06.2017.

examination was undertaken for 17 telecom circles wherein the combined market share is estimated to be more than 30 percent. The Commission observed that the change in HHI is significant in respect of all the telecom circles (except West Bengal and Himachal Pradesh), ranging from around 168 in Rajasthan to around 958 in Karnataka.

11. The Commission noted that the spectrum holding of the Acquirer may exceed Spectrum Caps in terms of total spectrum assigned in Bihar telecom circle. However, based on examination of spectrum holding of different TSPs in all overlapping telecom circles, the Commission noted that the spectrum seems to be fairly distributed between the various TSPs. Further, the Commission also noted that there is a significant quantity of unsold spectrum in each telecom circle which may also obviate any access issues.

Likelihood that the combination would result in the removal of a vigorous and effective competitor or competitors in the market

12. The Commission assessed as to how Tata CMB is placed in terms of closeness of competition to Airtel and its overall effectiveness as a competitor. In this regard, the Commission noted the following:

    i. Tata CMB has a limited product offering. It is engaged in providing 2G and 3G services. Tata CMB does not include 4G services and as submitted, it does not intend to invest in spectrum and network for introducing 4G services;

    ii. The Diversion Ratio from Airtel to Tata CMB is negligible. As regards diversion from Tata CMB to Airtel, it is noted that though there is significant diversion, Airtel is not the only preferred operator and there is equally significant diversion to Vodafone and Idea; and

    iii. The market share of Tata CMB has been steadily declining in almost all the overlapping telecom circles. The same is also reflected in the revenue and EBIDTA of Tata CMB. […]

    The aforesaid analysis reveal that Tata CMB neither seems to be a close competitor of Airtel nor an effective competitor going forward.

Buyer Power

13. The Commission in its earlier decision in combination of Idea and Vodafone's telecommunication business[2] had observed that that there is significant constraint on the TSPs from the buyer side in the mobile retail telephony services market. The observation was based on factors such as multi-SIMing, ease of substitution due to option of mobile number portability and significant churn rates. The Commission noted that the same assessment also applies in the instant case.

Extent of competition likely to be maintained after the Proposed Combination

14. The retail mobile telephony services market, post the Proposed Combination would have four private TSPs including the Aircel, RJio, Vodafone-Idea and the Acquirer and one state owned TSP *i.e.*, BSNL/MTNL in all telecom circles.

15. The Commission examined the size and resources of the competitors and is of the opinion that they are in a position to exercise adequate competitive constraints on the Acquirer and to eliminate any likelihood of appreciable adverse effect on competition, if any resulting from the Proposed Combination.

Level of combination in the market

16. The Commission observed that telecom sector is witnessing a stage of consolidation and therefore, it become important to also assess the impact of reduction in number of competitors on the competition. In this regard, the Commission is of the opinion that keeping in view its observations on the effectiveness of Tata CMB as a competitor going forward, the Proposed Combination is not likely to cause a significant change in competition dynamics.

17. Considering the aforesaid factors in totality, the Commission is of the opinion that the Proposed Combination is not likely to result in substantial change in competition dynamics

[2] Combination Registration No. C-2017/04/502 filed by Vodafone and Idea.

in retail mobile telephony services in any of the overlapping telecom circles and accordingly does not raise unilateral or coordinated effects concerns.

18. Considering the facts on record, details provided in the Notice given under Section 6(2) of the Act and assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have an appreciable adverse effect on competition in India and therefore, hereby approves the same under Section 31(1) of the Act. This order is, however, issued without prejudice to the proceedings under Section 43A of the Act.

19. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.

20. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.

21. The Secretary is directed to communicate to the Acquirer accordingly.

TATA TELESERVICES (MAHARASHTRA) LIMITED

Corporate Identification Number: L64200MH1995PLC086354
Registered Office: Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033
Tel: 91 22 6667 1414 **Fax:** 91 22 6660 5335 **Email:** investor.relations@tatatel.co.in
Website: www.tatateleservices.com

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT MUMBAI

COMPANY SCHEME APPLICATION NO. 194 OF 2018

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230-232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Scheme of Arrangement between Tata Teleservices (Maharashtra) Limited (**"Applicant Company"** or **"Transferor Company"** or the **"Company"**) and Bharti Airtel Limited (**"Transferee Company"**) and their respective shareholders and creditors.

Tata Teleservices (Maharashtra) Limited [CIN: L64200MH1995PLC086354], a company incorporated under the Indian Companies Act, 1956 having its registered office at Voltas Premises T. B. Kadam Marg, Chinchpokli, Mumbai – 400 033	)))))	…….....Applicant Company

PROXY FORM

Name of the secured creditor :

Registered address :

E-mail ID :

I/We, being the secured creditor(s) of the above named company, hereby appoint:

1. Name :

   Address :

   Email-ID :

   Signature :

   or failing him/her

2. Name :

Address :

Email-ID :

Signature :

or failing him/her :

3. Name :

Address :

Email-ID :

Signature :

as my/our proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the meeting of the secured creditors of the Company, convened pursuant to the direction of the Hon'ble National Company Law Tribunal, Mumbai Bench, to be held on Thursday, August 30, 2018 at 2:30 p.m. (1430 hours), at "Rangaswar", 4th Floor, Yashwantrao Chavan Pratishthan Mumbai, Gen. Jagannathrao Bhosale Marg, Nariman Point, Mumbai – 400 021 for the purpose of considering and approving the Scheme of Arrangement as detailed in the Notice of the Meeting and at any adjournment or adjournments thereof and to vote, for me/us and in my/our name (s)..... (here, if for, insert 'FOR', or if against, insert 'AGAINST') arrangement embodied in the said Scheme as my/our proxy.

Signed this _____ day of _____ 2018

Signature of Secured Creditor _____

Signature of Proxy holder (s) _____

Affix Revenue Stamp Re. 1

Notes:

(i) This Proxy Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

(ii) This Proxy Form shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

(iii) This Proxy Form is valid only if it is properly stamped and such stamp is cancelled.

(iv) Blank, incomplete or undated Proxy Form shall not be considered valid.

(v) This proxy-holder shall prove his/her identity at the time of attending the Meeting.

(vi) For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the secured creditors of the Company.