

REPORT OF THE AUDIT COMMITTEE OF BHARTI AIRTEL LIMITED RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN BHARTI AIRTEL LIMITED, NETTLE INFRASTRUCTURE INVESTMENTS LIMITED, AIRTEL DIGITAL LIMITED, TELESONIC NETWORKS LIMITED AND AIRTEL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013.

Members:

Mr. V.K. Viswanathan	-	Chairman
Mr. Manish Kejriwal	-	Member
Ms. Kimsuka Narasimhan	-	Member
Mr. Tao Yih Arthur Lang	-	Member

1. Background

- 1.1 **Bharti Airtel Limited** (“Bharti Airtel” or “Amalgamated Company” or “Demerged Company”), is a public limited company incorporated on July 7, 1995 under the Companies Act, 1956, having its registered office at Airtel Centre, Plot No. 16, Udyog Vihar, Phase-IV, Gurgaon, Haryana – 122015. The equity shares of Bharti Airtel are listed on BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) (collectively “Stock Exchanges”). Headquartered in India, Bharti Airtel is a global telecommunications company with operations in 18 countries across South Asia and Africa and ranks amongst the top three mobile operators globally and its mobile network covers a population of over two billion people. Bharti Airtel is India’s largest integrated telecom provider and the second largest mobile operator in Africa. At the end of December, 2020, Bharti Airtel had approximately 458 million customers across its operations. Bharti Airtel’s portfolio, offered through Bharti Airtel and its subsidiaries, includes high speed 4G/ 4.5G mobile broadband, ‘Airtel Xstream Fiber’ that promises speeds up to 1Gbps, converged digital TV solutions through the ‘Airtel Xstream 4K Hybrid Box’, digital payments through ‘Airtel Payments Bank’ as well as an integrated suite of services across connectivity, collaboration, cloud and security that serves over one million businesses. Bharti Airtel’s OTT services, housed in its subsidiary, ADL, include ‘Airtel Thanks’ app for self-care, ‘Airtel Xstream’ app for video, ‘Wynk Music’ for entertainment and ‘Airtel BlueJeans’ for video conferencing. In addition, Bharti Airtel has forged strategic partnerships with hundreds of companies across the world to enable the Bharti Airtel platform to deliver an array of consumer and enterprise services.
- 1.2 **Nettle Infrastructure Investments Limited** (“Nettle” or “Amalgamating Company 1”), is an unlisted public limited company incorporated on October 1, 2010 under the Companies Act, 1956, having its registered office at Airtel Centre, Plot No. 16, Udyog Vihar, Phase-IV, Gurgaon, Haryana – 122015. As on April 14, 2021, Bharti Airtel and Bharti Airtel Services Limited (a wholly owned subsidiary of Bharti Airtel), respectively, hold 90% and 10% of the equity share capital of Nettle. Nettle is engaged in the business of promoting, establishing and funding companies engaged in the business of providing telecom services and other companies engaged in the activities ancillary to the telecom industry.
- 1.3 **Airtel Digital Limited**, (“ADL” or “Amalgamating Company 2”), is an unlisted public limited company, incorporated on January 13, 2015, under the Companies Act, 2013 (“Companies Act”), currently having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi – 110070. As on April 14, 2021, Bharti Airtel and Nettle, respectively, hold 56% and 44% of the equity share capital of ADL. ADL is engaged in the business of procurement, aggregation and provision of content services to its B2B and B2C customers and also provision of OTT services which include ‘Airtel Thanks’

app for self-care, 'Airtel Xstream' app for video, 'Wynk Music' for entertainment and 'Airtel BlueJeans' for video conferencing.

- 1.4 **Telesonic Networks Limited**, (“**Telesonic**” or “**Amalgamating Company 3**”), is an unlisted public limited company, incorporated on June 26, 2009, under the Companies Act, 1956, currently having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi – 110070. As on April 14, 2021, Bharti Airtel and Bharti Airtel Services Limited (a wholly owned subsidiary of Bharti Airtel), respectively, hold 95% and 5% of the equity share capital of Telesonic. Telesonic is engaged in the business of designing, planning, deploying, optimizing and managing broadband and fixed telephone networks across India. Telesonic also holds a registration certificate for infrastructure provider category-I (IP-I) and is engaged in the business relating to optical fiber cable (including underground and over ground cables).
- 1.5 **Airtel Limited**, (“**Resulting Company**”), is an unlisted public limited company, incorporated on March 16, 2021, under the Companies Act, having its registered office at Airtel Centre, Plot No. 16, Udyog Vihar, Phase-IV Gurgaon, Haryana – 122015. The Resulting Company is a newly incorporated wholly owned subsidiary of ADL. Bharti Airtel and Nettle, respectively, hold 56% and 44% of the equity share capital of ADL. The Resulting Company is a newly incorporated company and is yet to commence any business operations.
- 1.6 Capitalized terms used but not defined in this report shall have the meanings as ascribed to such terms under the composite scheme of arrangement between Bharti Airtel, Nettle, ADL, Telesonic and the Resulting Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act (“**Scheme**”). Further, Nettle, ADL and Telesonic are hereinafter collectively referred to as the “**Amalgamating Companies**”.
- 1.7 This report of the Audit Committee is made in order to comply with the requirements of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India (“**SEBI**”) regarding schemes of arrangement by listed entities and relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time and in this connection, the following documents were presented/ shared with the Audit Committee (“**Committee**”):
 - (a) The Scheme;
 - (b) Report dated April 14, 2021, issued to the Committee and the Board of Bharti Airtel on the recommendation of the Share Entitlement Ratio for the demerger issued by GT Valuation Advisors LLP, Registered Valuer (IBBI Registration No: IBBI/RV-E/05/2020/134) (“**Share Entitlement Report**”);
 - (c) Fairness Opinion dated April 14, 2021 issued to the Committee and the Board of Bharti Airtel by Ernst and Young Merchant Banking Services LLP, a SEBI Registered (Category – I) Merchant Banker (“**Fairness Opinion**”); and
 - (d) Certificate dated April 14, 2021 issued by Deloitte Haskins & Sells LLP, Chartered Accountants, the statutory auditors of Bharti Airtel certifying that the accounting treatment provided in the Scheme is in conformity with applicable accounting standards.

2. Proposed Scheme

- 2.1. The Committee noted that the salient features of the Scheme are as under.
- 2.2. The Scheme provides for the following:
 - (a) amalgamation of Nettle with and into Bharti Airtel (“**Amalgamation 1**”);
 - (b) amalgamation of ADL with and into Bharti Airtel (“**Amalgamation 2**”);
 - (c) amalgamation of Telesonic with and into Bharti Airtel (“**Amalgamation 3**”); and
 - (d) demerger of the Telecom Business Undertaking (*as defined in Clause 1.1(bbb) of Part I of the Scheme*) of Bharti Airtel and vesting of the same with the Resulting Company, on a going concern basis (“**Demerger**”), subsequent to the completion of Amalgamation 1, Amalgamation 2 and Amalgamation 3. Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected with the Scheme.
- 2.3. Clause 1.1(o) of Part I of the Scheme defines “Appointed Date” to mean the Effective Date.
- 2.4. Clause 1.1(bb) of Part I of the Scheme defines “Effective Date” to mean the date on which the Scheme comes into effect in accordance with Clause 3 of Part VI of the Scheme. The Committee noted that as per Clause 3 of Part VI of the Scheme, the effectiveness of the Scheme would be conditional upon satisfaction or waiver (if applicable) of the following conditions and the Scheme will take effect from the later of any of the dates set out below:
 - (a) Approval of the Appropriate Authorities for the transactions contemplated under the Scheme; and
 - (b) Certified copies of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, NCT of Delhi & Haryana, by each of the Companies.
- 2.5. Clause 1.1(mm) of Part I of the Scheme defines “Record Date” as a date, as may be determined by the Board of Bharti Airtel, for the purpose of determining the shareholders of Bharti Airtel to whom the CCPS of the Resulting Company will be issued and allotted and/ or cash consideration paid in in accordance with Clauses 10.2 and 10.4 of Part V of the Scheme.
- 2.6. The Committee noted the rationale and benefits of the proposed Scheme, as provided under Clause 3 of the Preamble to the Scheme, which are as follows:

“3. *RATIONALE AND BENEFITS OF THIS SCHEME*

- 3.1. *Insofar as the amalgamation of the Amalgamating Companies with the Amalgamated Company is concerned, such amalgamations will result in consolidation of entire operations of the Amalgamating Companies into the Amalgamated Company and will further simplify the group structure by aligning the interest of various stakeholders into the Amalgamated Company. The amalgamations shall also result in cost reduction, retaining talent, optimization of support functions, efficiencies and productivity gains by pooling the resources of the Amalgamated Company and the Amalgamating Companies, thereby significantly contributing to future growth and maximizing shareholders value. Further, the amalgamation of the Amalgamating Company 3 into the Amalgamated Company would consolidate all fibre assets (owned and leased) of the Demerged Company in a single entity and position the*

Demerged Company to effectively leverage such core infrastructure required across multiple businesses/legal entities thereby delivering greater shareholder value.

- 3.2. *Insofar as the demerger of the Telecom Business Undertaking (as defined in Clause 1.1(bbb) of Part I of this Scheme) of the Demerged Company into the Resulting Company is concerned, headquartered in India, the Demerged Company is a global telecommunications company with operations in 18 countries across South Asia and Africa. The Demerged Company ranks amongst the top three mobile operators globally and its mobile network covers a population of over two billion people. The Demerged Company is India's largest integrated telecom provider and the second largest mobile operator in Africa. At the end of December, 2020, the Demerged Company had approximately 458 million customers across its operations. The Demerged Company's portfolio, offered through the Demerged Company and its subsidiaries, includes high speed 4G/ 4.5G mobile broadband, 'Airtel Xstream Fiber' that promises speeds up to 1Gbps, converged digital TV solutions through the 'Airtel Xstream 4K Hybrid Box', digital payments through 'Airtel Payments Bank' as well as an integrated suite of services across connectivity, collaboration, cloud and security that serves over one million businesses. The Demerged Company's OTT services, housed in its subsidiary, the Amalgamating Company 2, include 'Airtel Thanks' app for self-care, 'Airtel Xstream' app for video, 'Wynk Music' for entertainment and 'Airtel BlueJeans' for video conferencing. In addition, the Demerged Company has forged strategic partnerships with hundreds of companies across the world to enable the Airtel platform to deliver an array of consumer and enterprise services.*
- 3.3. *Over the years, the Demerged Company has grown into a conglomerate having multiple business verticals that are differentiable from each other, including from its predominant business i.e. the Telecom Business (as defined in Clause 1.1(aaa) of Part I of this Scheme). These verticals that form part of the Residual Business (as defined in Clause 1.1(oo) of Part I of this Scheme) include tower infrastructure, digital TV or direct-to-home services, payments bank, telecom operations in Africa and various digital assets & services etc., all held under the Demerged Company's direct/ indirect subsidiaries and joint ventures.*
- 3.4. *The Telecom Business Undertaking of the Demerged Company (being solely focused on the Telecom Business) and the Residual Business of the Demerged Company, each has distinct business segments and associated market dynamics, like competition, distinct geographic focus, distinct strategy and distinct capital requirements. As a result, there are differences in the way in which the activities of the Telecom Business and the Residual Business are required to be organised and managed. The segregation and transfer of the Telecom Business Undertaking into the Resulting Company, as envisaged in this Scheme, will, without disturbing the current value accretion to the shareholders of the Demerged Company, enable sharper focus towards the Telecom Business, better alignment of Telecom Business and the Residual Business to their customers and the respective businesses to improve competitiveness, operational efficiencies and strengthen their position in the relevant market-place, resulting in a more sustainable long term growth and competitive edge. The segregation and transfer of the Telecom Business Undertaking to the Resulting Company will also align the interests of key stakeholders, which will benefit the strategic direction of the Resulting Company in the long term, thereby creating greater value for the shareholders/ stakeholders of the Demerged Company and the Resulting Company. It will also lead to sharper focus on the Telecom Business resulting in logistics alignment, creation of efficiencies and optimization of capital and operational expenditure.*
- 3.5. *One of the distinct advantages of carving out the Telecom Business into a standalone*

entity is its integration under the fold of the Demerged Company's digital platform as described hereinafter.

- (a) *In recent past, the Demerged Company has, much like the rest of the telecom industry witnessed a steady rise in consumption of mobile data by its users, and along with that, the demand for various digital services has also risen significantly. Further, the recent COVID-19 pandemic fuelled adoption and greater consumption of digital services by the users.*
 - (b) *Keeping pace with this trend, 'Airtel' has remained focussed on digital innovations to remain the network of choice, and it has significantly expanded its portfolio to include high speed 4G/4.5G mobile broadband, 'Airtel Xstream Fiber' that promises speeds upto 1Gbps, converged digital TV solutions through the 'Airtel Xstream 4K Hybrid Box', digital payments through 'Airtel Payments Bank' as well as an integrated suite of services across connectivity, collaboration, cloud and security that serves over one million businesses. It also renders over-the-top (OTT) services that include 'Airtel Thanks' app for self-care, 'Airtel Xstream' app for video, 'Wynk Music' for entertainment and 'Airtel BlueJeans' for video conferencing. Most of these services are rendered by the Demerged Company's subsidiary, the Amalgamating Company 2, which is proposed to be amalgamated into the Amalgamated Company.*
 - (c) *The Demerged Company believes that the world is moving towards a digital future where telecommunication will continue to play a pivotal role. As countries move further on their digital path, telecom companies will come across numerous opportunities to contribute towards enabling this journey. The Demerged Company is thus desirous of creating a consolidated digital platform encompassing various digital assets and services, along with the telecommunication business under its fold. A digital platform such as this will enable sharper focus towards the "digital agenda" and will also provide greater efficiencies to the digital platform in accessing the substantial user base of telecommunication business. The user base of the telecommunication business is anticipated to be at the core of the digital business.*
 - (d) *It is also expected that the formation of a consolidated digital platform will position it suitably to attract interest of investors, strategic partners and joint venture partners having the necessary ability, experience and interests, and shall provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.*
 - (e) *To this end, it is also desirable that the Resulting Company should continue to be owned predominantly by Amalgamated Company, in order to maintain its attractiveness from the standpoint of potential investors and/ or strategic partners since the digital and telecommunication businesses are intertwined with each other. Thus, the Resulting Company is proposed to remain unlisted after the demerger.*
 - (f) *Accordingly, this Scheme provides for demerger of the Telecom Business Undertaking into the Resulting Company.*
- 3.6. *Separately, the demerger of Telecom Business to the Resulting Company is expected to result in the segregation of non-telecom Residual Business from Telecom Business.*
- 3.7. *This Scheme is expected to be in the best interests of the shareholders, employees and*

creditors of each of the Companies, as it would result in enhancement of shareholder value, operational efficiencies and greater focus and would enable each of the aforesaid Companies to vigorously pursue revenue growth and expansion opportunities.

- 3.8. *In view of the abovementioned reasons and in order to avoid multiplicity of schemes and the consequent increase in cost and effort that may have to be expended by the Companies, the NCLT and the Appropriate Authorities, it is considered desirable and expedient to implement this Scheme.”*
- 2.7. The Committee noted that, as per the Scheme, upon the Effective Date and with effect from the Appointed Date, the Amalgamating Companies will, in accordance with Section 2(1B) of the Income-Tax Act, 1961 and Sections 230 to 232 and other applicable provisions of the Companies Act, stand amalgamated with the Amalgamated Company and all the Amalgamating Company 1 Assets, the Amalgamating Company 2 Assets and the Amalgamating Company 3 Assets, as the case may be, Liabilities, interests and obligations, as applicable, be transferred and vested in the Amalgamated Company, on a going concern basis, without any requirement of a further act or deed.
- 2.8. In terms of Clause 9.1 of Part II of the Scheme (in relation to Nettle), Clause 9.1 of Part III of the Scheme (in relation to ADL) and Clause 9.1 of Part IV of the Scheme (in relation to Telesonic), upon the Effective Date, the existing issued and paid-up equity share capital of the Amalgamating Companies, as held by their shareholders and their nominees, will, without any further application, act, instrument or deed, be automatically cancelled. Consequently, upon the Effective Date, the investments in the equity share capital of the Amalgamating Companies appearing in the books of accounts of their shareholders and their nominees will stand cancelled. Further, in terms of the Scheme, upon the Effective Date, the Amalgamating Companies shall stand dissolved without being wound up, in accordance with the Companies Act and their names shall be struck off.
- 2.9. The Committee also noted that, as per the Scheme, upon the Effective Date and with effect from the Appointed Date, the Telecom Business Undertaking, will, in accordance with Section 2(19AA) of the Income-Tax Act, 1961 and Sections 230 to 232 and other applicable provisions of the Companies Act, without any further act, instrument or deed, be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company, as a going concern.
- 2.10. In relation to the consideration for the Demerger in terms of Clause 10 of Part V of the Scheme, the Committee noted the following:
- (a) In terms of Clause 10.2 of Part V of the Scheme, upon the Effective Date and in consideration of vesting of the Telecom Business Undertaking of Bharti Airtel into the Resulting Company in terms of this Part V of the Scheme, the equity shareholders of Bharti Airtel as on the Record Date shall be entitled to CCPS (*as defined in Clause 1.1(t) of Part I of the Scheme*) of the Resulting Company, in the following ratio (“**Share Entitlement Ratio**”):
- 1 (One) CCPS to the equity shareholders of Bharti Airtel, for every 43,936 (Forty Three Thousand Nine Hundred Thirty Six) fully paid-up equity shares of Bharti Airtel of face value Rs. 5/- (Indian Rupees Five only) each (“**Bharti Airtel Equity Shares**”).*

However, in terms of Clause 10.3 of Part V of the Scheme, in the event, the number of equity shares of Bharti Airtel issued and outstanding as on the Record Date differs from the number of shares issued and outstanding as on April 14, 2021, then the Share

Entitlement Ratio as on the Record Date would be adjusted as follows:

1 (One) CCPS to the equity shareholders of Bharti Airtel as on the Record Date, for such number of Bharti Airtel Equity Shares equivalent to the Outstanding Shares divided by 1,25,000 (One Lakh Twenty Five Thousand).

*where, “**Outstanding Shares**” shall mean the total number of equity shares of Bharti Airtel issued and outstanding as of the Record Date.*

- (b) The terms of the CCPS shall be as provided under Schedule 1 of the Scheme and Clause 10.8 of Part V of the Scheme.
- (c) In terms of Clause 10.4 of Part V of the Scheme, for the purpose of issuance and allotment of CCPS of the Resulting Company as mentioned in Para 2.10(a) above:
 - (i) the shareholding of an equity shareholder of Bharti Airtel is such that such equity shareholder becomes entitled to a fraction of a CCPS of the Resulting Company, as per the Share Entitlement Ratio set out in Para 2.10(a) above, then the Resulting Company shall not issue CCPS against such fractional entitlement to such equity shareholder; and
 - (ii) the shareholding of an equity shareholder of Bharti Airtel is such that such equity shareholder becomes entitled to less than 10 (Ten) CCPS (“**Threshold Number**”) as per the Share Entitlement Ratio set out in Para 2.10(a) above, then the Resulting Company shall not issue CCPS in respect of such CCPS to such equity shareholder.

and the Resulting Company shall, in each event, referred to in Para 2.10(c)(i) and Para 2.10(c)(ii) above, in lieu of the CCPS (or the fractional entitlement) to be issued, pay cash to such equity shareholder of Bharti Airtel, equivalent to the Effective Date FMV of the CCPS, determined in the manner as set out in Clause 4.2 of Part VI of the Scheme (*dealing with exit rights in relation to the CCPS*), in proportion to their entitlements.

If the equity shareholders of Bharti Airtel entitled to receive cash consideration under Clause 10.4 of Part V hold more than one-fourth in value of the equity share capital of Bharti Airtel, then the Threshold Number shall stand reduced to the nearest whole number such that equity shareholders holding not less than three-fourths in value of the equity share capital in Bharti Airtel become CCPS holders of the Resulting Company.

Equity shareholders of Bharti Airtel to whom CCPS are issued and allotted by the Resulting Company are referred to as the “**Resulting Company Allottees**”.

The payment of cash consideration to equity shareholders of Bharti Airtel who are (i) persons resident outside India, and (ii) who hold such equity shares under the repatriable route of foreign investment shall be made in the manner as set out under Clause 10.7 of Part V of the Scheme.

The CCPS issued by the Resulting Company will not be listed or admitted on any Stock Exchange.

- (d) In terms of Clause 10.7 of Part V of the Scheme, to give effect to the provisions of Clause 10.4 of Part V stated above in Para 2.10(c) in relation to payment of cash consideration to a person resident outside India who holds such shares under the

repatriable route of foreign investment and is to be paid cash consideration as provided under Para 2.10(c)(i) and Para 2.10(c)(ii) above (“**Small NR Shareholders**”), the Resulting Company shall issue and allot requisite number of CCPS to a trustee/ custodian/ merchant banker nominated by the Resulting Company, who shall hold such CCPS on behalf of the Small NR Shareholders in a separate escrow account. Within 30 (thirty) days of such issuance and allotment of the CCPS to the trustee/ custodian/ merchant banker, Bharti Airtel and/or its (direct or indirect) wholly owned subsidiaries shall purchase from such trustee/ custodian/ merchant banker all the CCPS issued to the Small NR Shareholders at the Effective Date FMV. The trustee/ custodian/ merchant banker shall then distribute the proceeds from such sale to the Small NR Shareholders proportionate to CCPS issued to them.

- (e) In terms of Clause 10.5 of Part V of the Scheme, for the purpose of allotment of CCPS of the Resulting Company, in case any member, as on Record Date, holds Bharti Airtel Equity Shares in physical form, the Resulting Company shall not issue CCPS to such member in physical form but shall, subject to applicable laws, issue the corresponding CCPS in dematerialised form, to a demat account held by a trustee nominated by the Board of the Resulting Company or into a suspense account opened in the name of the Resulting Company with a depository or into an escrow account opened by the Resulting Company with a depository, as determined by the Board of the Resulting Company, where such CCPS shall be held on behalf of such Resulting Company Allottees. The CCPS so held in a trustee's account or suspense account or escrow account, as the case may be, shall be transferred to the respective Resulting Company Allottees once such Resulting Company Allottees provides details of his/ her/ its demat account to the Resulting Company, along with such documents as maybe required. The respective Resulting Company Allottees shall have all the rights attached to such CCPS, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of the CCPS from the trustee. All costs and expenses incurred in this respect shall be borne by the Resulting Company.
- (f) In terms of Clause 10.6 of Part V of the Scheme, the CCPS to be issued by the Resulting Company in respect of the Bharti Airtel Equity Shares which are held in abeyance under the provisions of Section 126 of the Companies Act (erstwhile Section 206A of the Companies Act, 1956) or are otherwise shall, pending allotment or settlement of the dispute by an order of a court or otherwise, also be kept in abeyance by the Resulting Company. Further, for the avoidance of doubt, it is clarified that the CCPS to be issued by the Resulting Company in respect of Bharti Airtel Equity Shares which are (a) held in the suspense account of Bharti Airtel in accordance with the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, shall also be held in a suspense account opened by the Resulting Company, and (b) transferred by Bharti Airtel in the name of Investor Education and Protection Fund in accordance with Section 126(6) of the Companies Act shall also be transferred by the Resulting Company to the Investor Education and Protection Fund, in accordance with applicable law.

2.11. In relation to the exit rights in relation to the CCPS in terms of Clause 4 of Part VI of the Scheme, the Committee noted the following:

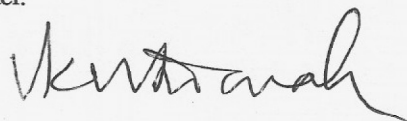
- (a) Upon issuance and allotment of the CCPS to the Resulting Company Allottees, the Resulting Company Allottees (except as provided under Clause 10.4 of Part V of the Scheme) shall have the right to tender the CCPS issued to them to Bharti Airtel and/or its (direct or indirect) wholly owned subsidiaries, at anytime on or prior to 3 years from the Effective Date by issuing a transfer notice to Bharti Airtel for sale of all the CCPS held by such Resulting Company Allottee by providing the relevant information in the format prescribed under the Scheme (“**Transfer Notice**”) and that

Bharti Airtel and/ or its (direct or indirect) wholly owned subsidiaries, as the case maybe, shall purchase such CCPS within 30 (thirty) days from the date of receipt of such Transfer Notice at the then Prevailing Fair Market Value. Pursuant to the issuance of the Transfer Notice, the Resulting Company Allottees shall undertake such steps as required under applicable law for completion of the transfer of the CCPS, including issuance of appropriate transfer instructions to depositories/ depository participants as the case may be. The Resulting Company Allottees shall be responsible for obtaining all requisite approvals for the purchase of the CCPS by Bharti Airtel and/or its (direct or indirect) wholly owned subsidiaries, as the case maybe, at their own expense.

- (b) The fair market value of the CCPS (“**Prevailing Fair Market Value**”) shall be determined by a registered valuer and shall be valid for a period of 6 (six) months from such determination. The process for determination of the Prevailing Fair Market Value shall be repeated at expiry of each period of 6 (six) months till the expiry of 3 years from the Effective Date. The initial Prevailing Fair Market Value as on the Effective Date shall be notified by Bharti Airtel and/or its (direct or indirect) wholly owned subsidiaries on or prior to the Record Date and shall be valid for a period of 6 (six) months from the Effective Date (“**Effective Date FMV**”). The updated Prevailing Fair Market Value shall also be notified by Bharti Airtel and/ or its (direct or indirect) wholly owned subsidiaries.
- 2.12. In terms of Clause 11.1 of Part V of the Scheme, the reduction of securities premium of Bharti Airtel on account of the transfer of reserves of Bharti Airtel to the Resulting Company as per Clause 12 of Part V of the Scheme and the consequential capital reduction shall be effected as a part of the Scheme and not under a separate procedure, in terms of Section 52(1) read with Section 66 of the Companies Act.
- 2.13. The Committee further noted that it was clarified in the Scheme that the ‘Airtel’ brand shall continue to be owned by Bharti Airtel and that as part of the demerger of the Telecom Business Undertaking, the Resulting Company will have the right to use the ‘Airtel’ brand for a period of 5 (five) years from the Appointed Date without payment of any royalty or fees to Bharti Airtel. In this regard, Bharti Airtel and the Resulting Company may enter into agreements in relation to the aforementioned arrangements for the ‘Airtel’ brand.

3. Recommendation of the Audit Committee

- 3.1 The Committee, on the basis of its evaluation and independent judgement and consideration of the Scheme, Share Entitlement Report and the Fairness Opinion, approves and recommends the Scheme for favorable consideration by the board of directors of Bharti Airtel.



Name: V.K. Viswanathan
Designation: Independent Director and Chairman of Audit Committee
Date: April 14, 2021
Place: Bengaluru