

To,
The Board of Directors,
Bharti Airtel Limited
Airtel Centre,
Plot No. 16, Udyog Vihar,
Phase-IV Gurgaon,
Haryana – 122015.

NHL/02188

Independent Auditor's Certificate certifying the accounting treatment contained in the Proposed Scheme of Arrangement

1. This certificate is issued in accordance with the terms of our engagement letter dated April 13, 2021.
2. We, Deloitte Haskins & Sells LLP, (Firm Registration No 117366W/W-100018), Chartered Accountants, the Statutory Auditors of Bharti Airtel Limited (hereinafter referred to as "the Company / the Amalgamated Company / the Demerged Company"), have examined the proposed accounting treatment specified in Clause 12 of Parts II, III and IV along with sub clauses thereunder with regards to the proposed amalgamation of Nettle Infrastructure Investments Limited, Airtel Digital Limited and Telesonic Network Limited (hereinafter referred to as "the Amalgamating Companies") with the Amalgamated Company; as specified in the Proposed Scheme between the Company and the Amalgamating Companies and their respective shareholders and creditors in terms of provisions of Section 230 to 232 of the Companies Act, 2013 ("the Proposed Scheme") with reference to its compliance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other Generally Accepted Accounting Principles in India.
3. Further, we have also examined the proposed accounting treatment specified in Clause 12 of Part V along with sub clauses thereunder with regards to the proposed demerger of the Telecom Business Undertaking (hereinafter referred to as "the Demerged Undertaking") to Airtel Limited (hereinafter referred to as "the Resulting Company") from the Demerged Company; as specified in the Proposed Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders and creditors in terms of provisions of Section 230 to 232 of the Companies Act, 2013 ("the Proposed Scheme") with reference to its compliance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other Generally Accepted Accounting Principles in India.

Management's responsibility

4. The responsibility for the preparation of the Proposed Scheme and its compliance with the relevant laws and regulations, including the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, as applicable, read with the rules made there under, and other Generally Accepted Accounting Principles in India, as applicable, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



Auditor's Responsibility

5. Our responsibility is only to examine and report whether the proposed accounting treatment contained in Clause 12 of Parts II, III, IV and V along with sub clauses thereunder of the Proposed Scheme referred to above comply with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, as applicable, read with the rules made there under, and other Generally Accepted Accounting Principles in India, as applicable. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company, the Amalgamating Companies and the Resulting Company.
6. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India (ICAI) in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial Information, and other Assurance and Related Service Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Proposed Scheme.

Opinion

8. Based on our examination and according to the information and explanations given to us, we are of the opinion that the proposed accounting treatment contained in Clause 12 of Parts II, III and IV along with sub clause thereunder of the Proposed Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, as applicable, read with the rules made there under, and other Generally Accepted Accounting Principles in India, as applicable.
9. Based on our examination and according to the information and explanations given to us, we are of the opinion that the proposed accounting treatment for demerger of the Demerged Undertaking as contained in Clause 12 of Part V along with sub clauses thereunder of the Proposed Scheme is not specifically addressed by any of the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013. Accordingly, if proposed accounting treatment mentioned in Clause 12 of Part V along with sub clauses thereunder is approved by the competent authority i.e., the National Company Law Tribunal (NCLT), the proposed accounting treatment contained in Clause 12 of Part V along with sub clauses thereunder of the Proposed Scheme would be considered in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and Generally Accepted Accounting Principles in India.
10. For ease of references, extract of Clause 12 of Parts II, III, IV and V of the Proposed Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is stamped by us only for the purposes of identification.

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Restriction on use

11. This certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and proviso to sub section 7 of section 230 of the Companies Act, 2013 for onward submission to the BSE Limited, the National Stock Exchange of India Limited and the National Company Law Tribunal with respect to the Proposed Scheme. This certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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



Nilesh Lahoti
Partner
(Membership No. 130054)
UDIN: 21130054AAAABG4578

Place: Gurugram
Date: April 14, 2021

Annexure I

Relevant extract of the proposed Scheme of Arrangement between Bharti Airtel Limited (Amalgamated Company/ Demerged Company), Nettle Infrastructure Investments Limited (Amalgamating Company 1), Airtel Digital Limited (Amalgamating Company 2), Telesonic Networks Limited (Amalgamating Company 3) and Airtel Limited (Resulting Company) and their respective shareholders and creditors under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Scheme')

Part II of the Scheme

12. Accounting treatment in the books of the Amalgamated Company

12.1 Upon this Scheme becoming effective, the Amalgamated Company shall account for the merger of the Amalgamating Company 1 in its books of accounts in accordance with 'Pooling of Interest Method' of accounting as laid down in Appendix-C of Ind-AS 103 (Business combinations of entities under common control) as under:

- (a) The acquired assets and liabilities from the Amalgamating Company 1 would be recorded at their respective carrying amounts as appearing in the respective financial statements (which are equivalent to the carrying amounts as appearing in the consolidated financial statements of the Amalgamated Company) of the Amalgamating Company 1 as on the Effective Date;
- (b) No adjustments will be made to reflect fair values and also no new assets or liabilities will be recognized;
- (c) In case of any differences in the accounting policies between the Amalgamated Company and the Amalgamating Company 1, the impact of the same will be quantified and adjusted in the retained earnings of the Amalgamated Company to ensure that the financial statements of the Amalgamated Company reflect the true financial position on the basis of consistent accounting policies;
- (d) The identity of the reserves (relating to Telecom Business) transferred would be preserved and would appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Company 1. For example, the general reserve of the Amalgamating Company 1 would be recognised as a general reserve of the Amalgamated Company and the capital reserve of the Amalgamating Company 1 would become the capital reserve of the Amalgamated Company. Accordingly, the reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend by the Amalgamated Company after the business combination;
- (e) The Amalgamated Company shall cancel the investments pertaining to the Amalgamating Company 1 as per Clause 9.1 of this Part II of this Scheme, against assets, liabilities and reserves acquired from the entity. The difference, if any, between the carrying values of assets, liabilities and reserve balance under Clause 12.1(a) of this Part II above, transferred to the Amalgamated Company and cancellation of investments in lieu of the amalgamation shall be recorded as business restructuring reserve (capital reserve) and presented separately;
- (f) To the extent, there are inter-company balances between the Amalgamated Company and the Amalgamating Company 1, the rights and obligations in respect thereof shall stand cancelled; and

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(a Bharti Enterprise)

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- (g) *The financial information in the financial statements in respect of prior periods would be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Amalgamated Company.*

Part III of the Scheme

12. Accounting treatment in the books of the Amalgamated Company

- 12.1 Upon this Scheme becoming effective, the Amalgamated Company shall account for the merger of the Amalgamating Company 2 in its books of accounts in accordance with 'Pooling of Interest Method' of accounting as laid down in Appendix-C of Ind-AS 103 (Business combinations of entities under common control) as under:
- (a) *The acquired assets and liabilities from the Amalgamating Company 2 would be recorded at their respective carrying amounts as appearing in the respective financial statements (which are equivalent to the carrying amounts as appearing in the consolidated financial statements of the Amalgamated Company) of the Amalgamating Company 2 as on the Effective Date;*
 - (b) *No adjustments will be made to reflect fair values and also no new assets or liabilities will be recognized;*
 - (c) *In case of any differences in the accounting policies between the Amalgamated Company and the Amalgamating Company 2, the impact of the same will be quantified and adjusted in the retained earnings of the Amalgamated Company to ensure that the financial statements of the Amalgamated Company reflect the true financial position on the basis of consistent accounting policies;*
 - (d) *The identity of the reserves (relating to Telecom Business) transferred would be preserved and would appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Company 2. For example, the general reserve of the Amalgamating Company 2 would be recognised as a general reserve of the Amalgamated Company and the capital reserve of the Amalgamating Company 2 would become the capital reserve of the Amalgamated Company. Accordingly, the reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend by the Amalgamated Company after the business combination;*
 - (e) *The Amalgamated Company shall cancel the investments pertaining to the Amalgamating Company 2 as per Clause 9.1 of this Part III of this Scheme, against assets, liabilities and reserves acquired from the entity. The difference, if any, between the carrying values of assets, liabilities and reserve balance under Clause 12.1(a) of this Part III above, transferred to the Amalgamated Company and cancellation of investments in lieu of the amalgamation shall be recorded as business restructuring reserve (capital reserve) and presented separately;*
 - (f) *To the extent, there are inter-company balances between the Amalgamated Company and the Amalgamating Company 2, the rights and obligations in respect thereof shall stand cancelled; and*
 - (g) *The financial information in the financial statements in respect of prior periods would be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Amalgamated Company.*

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Part IV of the Scheme:

12. Accounting treatment in the books of the Amalgamated Company

- 12.1 Upon this Scheme becoming effective, the Amalgamated Company shall account for the merger of the Amalgamating Company 3 in its books of accounts in accordance with 'Pooling of Interest Method' of accounting as laid down in Appendix-C of Ind-AS 103 (Business combinations of entities under common control) as under:
- (a) The acquired assets and liabilities from the Amalgamating Company 3 would be recorded at their respective carrying amounts as appearing in the respective financial statements (which are equivalent to the carrying amounts as appearing in the consolidated financial statements of the Amalgamated Company) of the Amalgamating Company 3 as on the Effective Date;
 - (b) No adjustments will be made to reflect fair values and also no new assets or liabilities will be recognized;
 - (c) In case of any differences in the accounting policies between the Amalgamated Company and the Amalgamating Company 3, the impact of the same will be quantified and adjusted in the retained earnings of the Amalgamated Company to ensure that the financial statements of the Amalgamated Company reflect the true financial position on the basis of consistent accounting policies;
 - (d) The identity of the reserves (relating to Telecom Business) transferred would be preserved and would appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Company 3. For example, the general reserve of the Amalgamating Company 3 would be recognised as a general reserve of the Amalgamated Company and the capital reserve of the Amalgamating Company 3 would become the capital reserve of the Amalgamated Company. Accordingly, the reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend by the Amalgamated Company after the business combination;
 - (e) The Amalgamated Company shall cancel the investments pertaining to the Amalgamating Company 3 as per Clause 9.1 of this Part IV of this Scheme, against assets, liabilities and reserves acquired from the entity. The difference, if any, between the carrying values of assets, liabilities and reserve balance under Clause 12.1(a) of this Part IV above, transferred to the Amalgamated Company and cancellation of investments in lieu of the amalgamation shall be recorded as business restructuring reserve (capital reserve) and presented separately;
 - (f) To the extent, there are inter-company balances between the Amalgamated Company and the Amalgamating Company 3, the rights and obligations in respect thereof shall stand cancelled; and
 - (g) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements of the Amalgamated Company.

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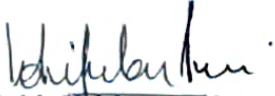
Part V of the Scheme

12. Accounting Treatment in the books of the Demerged Company

12.1 Upon the coming into effect of this Scheme and with effect from the Effective Date:

- (a) The transfer of the Telecom Business Undertaking shall be accounted for in the books of the Demerged Company in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act and/ or as per generally accepted accounting principles;
- (b) The Demerged Company shall derecognize the respective carrying value of assets, liabilities and reserves pertaining to the Telecom Business Undertaking as appearing in financial statements of the Demerged Company as on the Effective Date;
- (c) All the reserves (viz. securities premium, retained earnings, general reserve, share-based payment reserve, capital reserve and any other reserve) of the Telecom Business Undertaking at their carrying values, which will be computed based on proportionate net assets of the Telecom Business Undertaking and Residual Business of Demerged Company as on the Effective Date;
- (d) In line with Clause 1.1(ccc) of Part I of this Scheme, an amount equivalent to payables in INR as at Effective Date towards FCCB (as defined under Clause 1.1(ee) of Part I of this Scheme) liabilities will be recoverable from the Resulting Company. Post Effective Date, financing cost (including interest, exchange differences and others, if any) on such FCCB liabilities will be reimbursed by the Resulting Company till FCCB liabilities are fully settled by the Demerged Company; and
- (e) the difference between (i) the assets and the liabilities; and (ii) the reserves of the Telecom Business Undertaking so transferred would be recognised as business restructuring reserve (capital reserve).

For **Bharti Airtel Limited**



Rohit Krishan Puri
Dy. Company Secretary & Compliance Officer

Date: April 14, 2021

Place: New Delhi



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