The Board of Directors  
Bharti Infratel Limited  
901, Park Centra,  
Sector-30, NH-8, Gurugram,  
Haryana-122001, India  

Report of the Audit & Risk Management Committee of Bharti Infratel Limited  

Members:  

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<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>Bharat Sumant Raut</td>
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<td>Jitender Balakrishnan</td>
<td>Member</td>
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<td>R P Singh</td>
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<td>Sanjay Nayar</td>
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Members Present:  

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Background:  

Bharti Infratel Limited ("Company" or "Transferee Company") is a public listed company incorporated under the provisions of the Companies Act, 1956 having its registered office at 901, Park Centra, Sector 30, NH-8, Gurugram, Haryana-122001, India. The Company is engaged in the business of building, owning, operating and maintaining Passive Infrastructure at Sites in the 11 telecommunications circles of Assam, Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir, Madhya Pradesh and Chhattisgarh, North East, Odisha, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) and the commercial exploitation of such Passive Infrastructure by providing Passive Infrastructure services to telecommunications service providers and others in such circles in India pursuant to an Infrastructure Provider Category-I registration issued by the DoT. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

Indus Towers Limited ("Indus" or "Transferor Company") is a public limited company incorporated on November 20, 2007 as Indus Infratel Limited with the Registrar of Companies, National Capital Territory of Delhi and Haryana under the provisions of the Companies Act, 1956 having its registered office at Building No. 10, Tower-A, 4th Floor, DLF Cyber City, Gurugram, Haryana-122002, India. Its name was changed to Indus Towers Limited on March 28, 2008. Indus Towers Limited is an unlisted company. The transferor Company is engaged in the business of building, owning, operating and maintaining Passive Infrastructure at Sites in the 15 telecommunications circles of Andhra Pradesh, Delhi, Gujarat, Haryana, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Rajasthan, Tamil Nadu (including Chennai), Uttar Pradesh (East) and Uttar Pradesh (West) and West Bengal, and the commercial exploitation of such Passive Infrastructure by providing Passive Infrastructure services to telecommunications service providers and others in such circles in India pursuant to an Infrastructure Provider Category-I registration issued by the DoT.

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

(a) Draft Scheme of amalgamation and arrangement between Indus Towers Limited (Indus) and Bharti Infratel Limited (Company) and their respective shareholders and creditors by way of amalgamation of Indus into and with the Company, on a going concern basis under sections 230 to 232 of the Companies Act, 2013 ("Scheme");

(b) Valuation report dated April 24, 2018 issued by Walker Chandiok & Co LLP, an independent Chartered Accountant;

(c) Fairness opinion on valuation of assets and shares dated April 24, 2018 issued by J. P. Morgan India Private Limited, a SEBI registered merchant banker; and

(d) Certificate dated April 24, 2018 issued by Deloitte Haskins & Sells LLP, the statutory auditors of the Company, confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards specified by the Central Government under section 133 of the Companies Act, 2013 pursuant to Paragraph I.A.5 of Annexure I of the SEBI Circular;

Proposed Scheme of Arrangement:

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

1. The Scheme provides for amalgamation of Indus Towers Limited into and with Bharti Infratel Limited;
2. "Appointed Date" shall be the Effective Date;
3. Upon this Scheme becoming effective, the Transferor Company shall stand amalgamated as a going concern with the Transferee Company and all its Assets, liabilities, interests and obligations, as applicable, be transferred to and vested in the Transferee Company on a going concern basis; and
4. Upon this Scheme becoming effective name of the Transferee Company shall be changed to "Indus Towers Limited".

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

a. consolidation of the Passive Infrastructure business of the Companies resulting in expansion of such Companies' business which will assist in achieving higher long term financial returns thereby creating greater value for shareholders / stakeholders of the Transferee Company;
b. enhance competitive strength and future business potential, achieve cost reduction and efficiencies, productivity gains and logistical advantages by pooling the technologies and resources of the Companies thereby significantly contributing to future growth and maximizing shareholders' value;
c. availability of the combined resources and assets together with the synergies in the operational processes which can be utilized for improved quality of services to consumers by establishing consistently high service standards across the business leading to economies of scale, rationalization of network infrastructure, creation of efficiencies and optimization of capital and operational expenditure (including lower maintenance expenses and savings in energy costs);
d. building a strong and robust infrastructural capability for improved network quality and greater coverage to effectively meet future challenges in the ever-evolving telecom business and a strategic fit for serving existing market; and

e. bring about environmental benefits like reduction in diesel consumption, conservation of resources, energy savings, reduced pollution etc., due to enhanced sharing, improved tenancy etc.
Recommendation of the Audit & Risk Management Committee:

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

Date: April 24, 2018
Place: New Delhi

Bharat Sumant Raut
Chairman, Audit & Risk Management Committee