Annexure 11

B S R & Associates LLP

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The Board of Directors
Bharti Airtel Limited
Bharti Crescent 1,
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31 October 2017

Sub: Valuation by B S R & Associates LLP, Chartered Accountants for the proposed transfer of dark fibre business of Bharti Airtel Limited under a court scheme

Dear Sir,

We refer to the engagement letter dated 4 October 2017 with B S R & Associates LLP, Chartered Accountants (hereinafter referred to as "B S R" or "us" or "we") wherein Bharti Airtel Limited ("BAL", the "Client", "Company", or "You") has requested B S R to carry out valuation of dark fibre business of BAL ("Target operations" or "Target business") proposed to be transferred to a wholly owned subsidiary of BAL, specifically, Telesonic Network Limited ("TNL") under a court scheme ("Proposed Transfer"). Management of BAL does not envisage any further transaction in TNL in the foreseeable future post the aforementioned transaction.

SCOPE AND PURPOSE OF THE VALUATION REPORT

BAL, together with its subsidiaries, provides telecommunication systems and services worldwide. Its mobile services india segment offers voice and data telecom services through 2G/3G/4G wireless technologies; and intra city fiber networks and mobile commerce services in India. As part of operations, BAL owns and operates fiber network – both dark and lit, spanning over 200,000 (owned +IRU) km.

We understand that BAL wants to consolidate its dark fibre business in TNL and transfer the Target operations to TNL within a court scheme.

The transfer is proposed to be achieved by way of a scheme of arrangement under Section 230 – 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 for transfer and vesting of the Target operations to TNL as a going concern, on slump sale basis ("Scheme"). Under the Scheme of Proposed Transfer, lump sum cash consideration shall be paid by TNL to BAL, in accordance with Section 2(42C) of the IT Act.

B S R has been requested by the management of BAL ("Management") to carry out valuation of the Target operations and submit a Valuation Report ("Valuation Report") in connection with the Proposed Transfer.

This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

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 service does not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Valuation Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; and (ii) the date of this Valuation Report. Further, based on the carved out balance sheet of the Target operations as on 30 September 2017 ("Period end Balance Sheet").

A valuation of this nature is necessarily based on (a) representations from the Management, financial, economic and other conditions in general and industry trends in particular as in effect on and (b) the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

This Valuation Report only represent our recommendation based upon information received from the Company till 28 October 2017 and other sources and the said recommendation shall be considered to be in the nature of non-binding advice. Further, Valuation 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 judgment. There is, therefore, no indisputable single value. While we have provided our recommendation of the Valuation of the Target operations based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Valuation. You acknowledge and agree that you have the final responsibility for the determination of the valuation at which the Proposed Transfer shall take place and factors other than our Valuation Report will need to be taken into account in determining the Valuation.

In the course of the Valuation, we were provided with both written and verbal information/guidance, including market, technical, financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Valuation Report and (ii) the accuracy of information made available to us by the Company. We have not carried out a due diligence or audit of the Target operations for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Proposed Transfer. We do not express any form of assurance that the financial information or other information as prepared and provided by the Company is accurate. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Company 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. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

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Our conclusions are based on these assumptions and information given by/ on behalf of the Company. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Company and its impact on the Valuation Report. Also, we assume no responsibility for technical information (if any) furnished by the Company. However nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Valuation 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.

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 Company, their directors, employees or agents. In no circumstances shall the liability of a B S R, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation Report shall exceed the amount paid to B S R in respect of the fees charged by it for these services.

The Valuation Report assumes that the Company and Target operations comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Target operations 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 Period end Balance Sheets of the Target operations. Our conclusion of value assumes that the assets and liabilities of the Target operations, reflected in their respective latest balance sheets remain intact as of the Valuation Report date.

This Valuation Report does not address the relative merits of the Proposed Transfer as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Company's claim to title of assets has been made for the purpose of this Valuation Report and the Company's 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 of the Valuation Report.

We owe responsibility to the Company which has retained us, and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of the other. We do not accept any liability to any third party in relation to the issue of this Valuation Report. This Valuation Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement. Further, it cannot be used for purpose other than in connection with the Proposed Transfer, without out prior consent. In addition, this Valuation Report does not in any manner address the prices at which Proposed Transfer

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will take place and we express no opinion or recommendation as to how the shareholders of Company should vote at any shareholders meeting(s) to be held in connection with the Proposed Transfer.

SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the Management:

- Unaudited carved out financials pertaining to the Target operations for FY 2017 and six month period ending 30 September 2017;
- Projected cash flows for the Target operations from 1 October 2017 to 31 March 2027 (Management Business Plan);
- Interviews and discussions with the Management to augment our knowledge of the Target operations;
- Certificate for replacement value of dark fibre dated 06 October 2017 issued by Protocol Valuers Private Limited provided to us by the Management;
- Other information, explanations and representations that were required and provided by the Management;
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by Management. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis, review and enquires, as we considered necessary.

OVERVIEW OF TARGET OPERATIONS

As part of its operations, BAL owns and operates fiber network – both dark and lit, spanning over 200,000 (owned +IRU) km. As per Management, BAL began investing in fiber network in 2002 with majority of laying work happening between 2007 and 2009.

APPROACH - BASIS OF TRANSFER

The Proposed Transfer contemplates the transfer of Target operations to TNL pursuant to the Scheme.

There are several commonly used and accepted methods for determining the valuation of Target operations, which have been considered in the present case, to the extent relevant and applicable, including:

1. Replacement Cost method
2. Discounted Cash Flows method
3. Comparable Companies' Multiples and Transaction multiples method
4. Market Price method

It should be understood that the valuation of any business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company/Target operations. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Target operations and other factors which generally influence the valuation of companies and their assets.

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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 Proposed Transfer 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.

Replacement Cost Method

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.

The Replacement cost estimates the value of an asset based on the current cost to purchase or replace that asset. The Replacement cost method reflects the idea that the fair value of an asset should not exceed the cost to obtain a substitute asset of comparable features and functionality. This method is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or re-create an asset with similar utility.

Given that the Target operations are asset intensive, we have considered replacement cost method as primary method for our analysis. The estimate of replacement cost of the dark fibre based on optical fibre type, ducting cost, laying cost and right of way cost and technical life is as per the technical report by Protocol Valuers Private Limited, dated 6 October 2017. The details on total length and remaining useful is as provided by the Management.
Based on the information provide, net asset value of Target operations is computed as follows:

Computation of NAV (INR Million)	
Net equity value (book value) as at 30th Sept 2017	45,407
Net equity value (replacement cost) as at 30th Sept 2017	45,647
Difference	**240**

Note: 1) The estimate of current cost for laying of dark fibre and technical life is as per the technical report provided by Protocol Valuers Private Limited, dated 6 October 2017. The difference in book value and replacement value is on account of fair valuation of dark fibre assets.
2) We have not carried out any separate fair valuation of the individual assets and liabilities of Target operations
3) Details on total length of dark fibre and remaining useful life has been provided by Management
Source: Management information; Technical valuation of dark fibre assets by Protocol Valuers Private Limited; B S R analysis

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 lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

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Management has provided us with the forecast free cash flow of Target operations. We must emphasize that realisations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Management Business Plan, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

After analysisng the historical financial information and forecast business business, we concluded to assign nil weight to DCF method for the following reasons:

- Telecom sector in India is currently undergoing consolidation and hence, there could be potential loss of customers which may impact revenue assumptions considered in the Business Plan
- Contracts with customers carry indefeasible right to use and hence assessing renewal rates at the end of the contract period is also challenging.
- Further, the Target operations are asset intensive and its value is primarily from the underlying asset than its operations.
- In addition to above points, target operations is in a way B2B business with few customers, therefore, accurate forecasting of revenue over long term period may not be easy.

Given the above, we have we have not given any weightage to DCF method for our analysis.

Comparable Companies' Multiple (CCM) / Comparable Transactions Multiple method

Under this method, value of the Target operations is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed 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.

There are no public listed comparable company in India in similar business as the Target operations. We also referred to international companies to benchmark the Business with its international peers. However, based on discussion with Management, we understand that these companies are not comparable due to several reasons including difference in accounting policies relating to revenue recognition, depreciation and amortisation policy, different realisation, utilisation levels, size of operations, useful life of assets and business mix amongst others. Hence, we have not considered comparable companies multiples of our analysis.

Market Price 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. Though BAL is a listed entity, the market price cannot be specifically attributed to the Target operations. Hence this method has not been considered for valuation of Target operations.

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BASIS OF TRANSFER

The basis of transfer of the Target operations have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. We have assigned 100 per cent weight to the value arrived using the Replacement Cost method to arrive at the valuation for the Target operations.

Based on the factors discussed and outlined above, the valuation of the Target operations for the purpose of transfer is as follows:

Valuation Summary:

Net Equity Valuation Conclusion (INR Million)		
Method	**Weightage**	**Value**
Replacement cost method	100%	45,647
Concluded Net Equity Value		**45,647**

Note: Income approach and market approach are not applicable for the reasons mentioned under headers "Discounted Cash Flows ("DCF") Method", "Comparable Companies' Multiple (CCM) / Comparable Transactions Multiple method" and "Market Price Method" above.

Respectfully submitted.

For B S R & Associates LLP,
Chartered Accountants
Firm Registration No: 116231W

Mahek Vikamsey
Partner
Membership No: 108235
Dated: 31 October 2017

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