

**BHARTI AIRTEL MADAGASCAR HOLDINGS B.V.  
AT AMSTERDAM**

Annual Report 2018/2019

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To the shareholders of  
Bharti Airtel Madagascar Holdings B.V. (the "Company")  
Overschiestraat 65  
1062 XD Amsterdam

Dear shareholders,

Please find attached the financial statements for the year starting on April 1, 2018 and ending on March 31, 2019 of the Company (hereinafter referred to as the "Year 2018/2019").

We have prepared the annual accounts of the Year 2018/2019 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at March 31, 2019 and the Profit and Loss Account for the Year 2018/2019 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.


The activities of the Company consist of providing holding and finance services. On March 31, 2019 the management board consists of three persons as follow:

- J.C. Uneken- van de Vreede
- D. Van Kootwijk
- J. Paul.

The Balance Sheet is showing a total amount of USD 175,087,869 and the Profit and Loss Account is showing a negative post-tax result of USD 14,817,300. The loss for the Year 2018/2019 amounts to USD 14,817,300 compared with a loss for the year 2017/2018 of USD 3,726,559.

For purposes of corporate income tax, the Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. The corporate income tax of the subsidiaries of the Company is reported in the accounts of Bharti Airtel International (Netherlands) B.V. The withholding taxes paid by the subsidiaries of the Company are reported in the accounts of the subsidiaries. The withholding taxes are recognized in the Profit and Loss Account as general expenses. We will gladly provide further explanations upon request.

Sincerely yours,

  
J.C. Uneken - van de Vreede  
On behalf of the management board of the Company



**FINANCIAL STATEMENTS**

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**I. BALANCE SHEET AS AT MARCH 31, 2019**

(Before result distribution)

	Notes	March 31, 2019		March 31, 2018	
		US\$*1,000	US\$*1,000	US\$*1,000	US\$*1,000
<b>ASSETS</b>					
<b>Financial fixed assets</b>					
Participations in group companies	(1)		99,033		99,033
<b>Current assets</b>					
<b>Receivables</b>					
Receivables from group companies	(2) (a)	76,026		125,112	
Other receivables	(b)	<u>29</u>		<u>29</u>	
			76,055		125,141
<b>Cash and cash equivalents</b>	(3)		0		0
			<u>175,088</u>		<u>224,174</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's equity</b>					
Issued and paid-up share capital	(4)	20		22	
Other reserves		(21,548)		(17,824)	
Unappropriated results		<u>(14,817)</u>		<u>(3,726)</u>	
			(36,345)		(21,528)
<b>Long-term debts</b>					
Payable to group companies	(5)		-		245,702
<b>Current liabilities</b>					
Payable to group companies	(6)		211,433		-
			<u>175,088</u>		<u>224,174</u>

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**II. PROFIT & LOSS ACCOUNT 2018/2019**


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	Notes	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
<b>Expenses</b>			
Other costs		<u>5</u>	<u>-</u>
		5	-
<b>Finance income and expenses</b>			
Interest income from group companies	(7)		
Interest expense and similar charges	(a)	(3,452)	5,087
	(b)	(11,361)	(8,813)
<b>Financial income and expenses</b>		<u>(14,813)</u>	<u>(3,726)</u>
<b>Result from operations before taxation</b>		<u>(14,817)</u>	<u>(3,726)</u>
Taxation on result from operations		-	-
<b>Result from after taxation</b>		<u><u>(14,817)</u></u>	<u><u>(3,726)</u></u>

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**III. NOTES TO THE COMPANY ACCOUNTS****GENERAL****Activities**

The activities of the Company consist of providing holding and finance services. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, Netherlands.

**Group structure**

The Company forms part of the Bharti Airtel Group of companies. Immediate parent Company is Bharti Airtel Africa B.V. and the step up parent Companies are;

- Airtel Africa Limited, United Kingdom
- Bharti Airtel Limited, India.

**Consolidation**

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Bharti Airtel Limited, India. Copies of the consolidated accounts are available at the Trade Register of the Chamber of Commerce in Amsterdam. The consolidated accounts will be filed together with the financial statements of the Company.

**LIST OF PARTICIPATING INTERESTS**

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital
	%
Airtel Madagascar S.A. Antananarivo, Madagascar	0.92
Celtel (Mauritius) Holdings Limited Ebene, Mauritius	51.00
Channel Sea Management Limited Ebene, Mauritius	100.00
Montana International Ebene, Mauritius	60.00



**GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS**

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As allowed in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result is based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969.

The value of the participating interests according to the principles of accounting purposes may be different from the value according to the valuation principles for the tax purposes.

The annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in US Dollars. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

**Assumption of continuity**

The Company has an equity deficit of USD 36,345,047 as at March 31, 2019. The loss for 2018/2019 amounted to USD 14,817,300. The deficit is fully funded by intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of the group companies to continue the said loans. The group companies confirmed their willingness continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

**Financial instruments**

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per Balance Sheet item.

The Company does not use derivatives.

**Translation of foreign currency**

The financial statements are presented in US dollar, which is the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (transactions not in the functional currency of the transaction entity) are translated at the foreign exchange rate at transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the Balance Sheet date. All differences are taken to the income statement. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; differences are taken to the Other reserves within shareholder's equity.

**Staff members**

During the Year 2018/2019 the Company had no employees, and hence incurred no wages, salaries or related social security charges, nor during the previous period.



**PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES****Impairment**

At each Balance Sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**Financial fixed assets**

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recognized at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Receivables are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after Balance Sheet date. They are included in the current assets.

**Cash and cash equivalents**

The cash is valued at face value. If cash equivalents are not freely disposable, this has been taken into account in the valuation.

**Non-current liabilities**

Liabilities are valued at nominal value, unless determined differently.

**Long-term debts**

Borrowings are valued at nominal value. Payables to group companies are included in long-term debts, except for maturities less than 12 months after Balance Sheet date. They are included in the current liabilities.

**PRINCIPLES FOR THE DETERMINATION OF THE RESULT****Principles for determination of the result**

Profit or loss is determined as the difference between the realizable value of services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

**Financial income and expenses**

Financial income and expenses comprises of interest income and expense of loans for the current reporting period.

**Taxes**

The Company forms a fiscal unity with Bharti Airtel International (Netherlands) B.V. A consolidated tax return is filed in which Bharti Airtel International (Netherlands) B.V. accounts for the Dutch tax implications of the group.



## IV. NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET AS PER MARCH 31, 2019

## ASSETS

## 1. Financial fixed assets

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
Participations in group companies	99,033	99,033
	<u>99,033</u>	<u>99,033</u>

The company's interests in other companies comprise the following:

Name, registered office	Share in issued capital as percentage
Celtel Madagascar S.A., Madagascar	0.92%
Celtel (Mauritius) Holdings Limited at Ebene, Mauritius	51%
Channel Sea Management Ltd., Ebene, Mauritius	100%
Montana International S.A., Ebene, Mauritius	60%

The acquisition price of the group of above companies is USD 99,033,123.

## Current assets

## 2. Receivables

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
<b>(a) Receivables from Group Companies</b>		
Celtel (Mauritius) Holdings Limited at Ebene, Mauritius	76,026	125,112
	<u>76,026</u>	<u>125,112</u>

The loan is interest free with final maturity on 31 December 2021. Any outstanding principal loan amount and accrued interest thereon will be payable in full upon request of the lender by giving a notice to the borrower of 3 (three) months in advance.

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
<b>(a) Other receivables</b>		
Withholding Tax	29	29
	<u>29</u>	<u>29</u>

## 3. Cash and cash equivalents

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
Cash at Bank	0	0
	<u>0</u>	<u>0</u>

Cash balances are free for disposal by the Company.

**EQUITY AND LIABILITIES****4. Shareholder's Equity**

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
<b>Issued and paid-up share capital</b>		
18,000 Ordinary shares of EUR 1.00	20	22
	<u>20</u>	<u>22</u>

The statutory share capital amounts to Euro 90,000. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.123 as at 31 March 2019 (31 March 2018: Euro 1.230) Translation differences are recorded in Other reserves.

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
<b>Other reserves</b>		
Balance as of April 1	(17,821)	(13,672)
Allocation of previous financial year net result	(3,726)	(4,149)
	<u>(21,547)</u>	<u>(17,821)</u>
Foreign currency changes on share capital	(1)	(3)
Balance as of March 31	<u>(21,548)</u>	<u>(17,824)</u>

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
<b>Unappropriated results</b>		
Balance as of April 1	(3,726)	(4,149)
Unappropriated results	(14,817)	(3,726)
	<u>(18,543)</u>	<u>(7,875)</u>
Appropriation of result previous year	3,726	4,149
Balance as of March 31	<u>(14,817)</u>	<u>(3,726)</u>

**5. Long-term debts****(a) Payable to shareholder**

	March 31, 2019 US\$*1,000	March 31, 2018 US\$*1,000
Bharti Airtel Africa B.V.	-	245,702
Balance as of March 31	<u>-</u>	<u>245,702</u>

**6. Current Liabilities**

	<u>March 31, 2019</u> US\$*1,000	<u>March 31, 2018</u> US\$*1,000
<b>Payables to group companies</b>		
Bharti Airtel Africa B.V.	211,423	-
Channel Sea Management Company (Mauritius) Limited, Mauritius	10	-
	<u>211,433</u>	<u>-</u>

The loan is interest free (in 2017/2018: 3 month libor+ 225 bps). Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

**ASSETS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET****Contingent liabilities***Tax-group liability*

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. as of 8 June, 2010. Under the Tax Collection Act, the Company is jointly and severally liable for the taxes payable by the group.




**V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019****7. Finance income and expenses****(a) Interest and other income from group companies**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Interest income on loans to Celtel (Mauritius) Holdings Limited	(3,452)	5,087
	<u>(3,452)</u>	<u>5,087</u>

**(b) Interest expense and similar charges**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Interest expenses on loan from Bharti Airtel Africa B.V.	(11,361)	(8,813)
	<u>(11,361)</u>	<u>(8,813)</u>

On behalf of the management board of the Company

  
J.C. Uneken - van de Vreede  
Director

  
D. Van Kootwijk  
Director

J. Paul  
Director

Date: 24<sup>th</sup> June 2019



**V. NOTES TO THE SPECIFIC ITEMS OF THE PROFIT & LOSS ACCOUNT 2018/2019****7. Finance income and expenses****(a) Interest and other income from group companies**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Interest income on loans to Celtel (Mauritius) Holdings Limited	(3,452)	5,087
	<u>(3,452)</u>	<u>5,087</u>

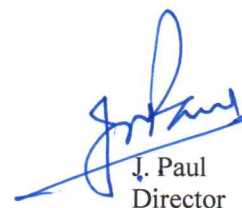
**(b) Interest expense and similar charges**

	<u>2018/2019</u> US\$*1,000	<u>2017/2018</u> US\$*1,000
Interest expenses on loan from Bharti Airtel Africa B.V.	(11,361)	(8,813)
	<u>(11,361)</u>	<u>(8,813)</u>

On behalf of the management board of the Company

J.C. Uneken - van de Vreede  
Director

D. Van Kootwijk  
Director

  
J. Paul  
Director

Date: 24<sup>th</sup> June 2019

**OTHER INFORMATION**

## **OTHER INFORMATION**

### **1 Notification regarding the absence of an audit report**

The Company is exempt from audit requirement because it is within the limits set in Article 2: 396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts do not include an audit report.

### **2 Statutory appropriation of profit**

According to the Company's Articles of Association, article 22, the annual meeting of shareholders determines the appropriation of the company's net result for the year.

### **3 Appropriation of the result for the 2017/2018 financial year**

The annual account for the Year 2017/2018 was adopted by the General Meeting held on July 12, 2018. The General Meeting has determined the appropriation of the result as it was proposed.

### **4 Proposed appropriation of result for the financial year 2018/2019**

The management board proposes that the result for the financial year 2018/2019 amounting to USD 14,817,300 (loss) should be transferred to Other reserves. The financial statements do (not yet) reflect this proposal.

### **5 Post Balance Sheet events**

Interest rate on loan from Bharti Airtel Africa B.V. set to 0% w.e.f. 01 April, 2019.