

**BHARTI AIRTEL SERVICES B.V.
AT AMSTERDAM**

Annual Report 2018/2019

7

CONTENTS

	Page
MANAGEMENT REPORT	3
FINANCIAL STATEMENTS	
I. Balance Sheet as at March 31, 2019	5
II. Profit and Loss Account 2018/2019	6
III. Notes to the company accounts	7
IV. Notes to the Balance Sheet as at March 31, 2019	10
V. Notes to the Profit & Loss Account over the year 2018/2019	14
OTHER INFORMATION	
1 Notification regarding the absence of an audit report	17
2 Statutory appropriation of profit	17
3 Appropriation of the result for the 2017/2018 financial year	17
4 Post Balance Sheet events	17

To the shareholders of
Bharti Airtel Services B.V.
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, 2018 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 board of directors is formed by;

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

The Balance Sheet is showing a total amount of USD 11,576,795 and the Profit and Loss Account is showing a post-tax result of USD nil.

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



I. BALANCE SHEET AS AT MARCH 31, 2019
 (Before result distribution)

	Notes	March 31, 2019		March 31, 2018	
		USD	USD	USD	USD
ASSETS					
Intangible fixed assets	(1)		-		18,658
Financial fixed assets					
Receivables from group companies	(2)		11,514,383		10,712,225
Current assets					
Receivables					
Taxes and social securities	(3) (a)	-		348	
Other receivables	(b)	-		97,878	
			-		98,226
Cash and cash equivalents	(4)		62,412		34,844
			<u>11,576,795</u>		<u>10,863,953</u>
EQUITY AND LIABILITIES					
Shareholder's equity					
Issued and paid-up share capital	(5)	20,385		22,327	
Other reserves		4,942,691		4,940,752	
Unappropriated results		-		-	
			4,963,076		4,963,079
Long-term debts					
Payable to group companies	(6)		3,091,524		3,022,000
Current liabilities					
Payable to group companies	(7)		3,522,195		2,878,874
			<u>11,576,795</u>		<u>10,863,953</u>

II. PROFIT AND LOSS ACCOUNT 2018/2019

	Notes	<u>2018/2019</u> USD	<u>2017/2018</u> USD
Income			
Management fees	(8)	722,037	822,708
Other income	(9)	44,124	-
Total income		<u>766,161</u>	<u>822,708</u>
Expenses			
Employee benefit expenses	(10)	72,212	207,307
Accommodation expenses	(11)	481,587	508,679
Other Operating expenses	(12)	15,712	4,216
Total expenses		<u>569,511</u>	<u>720,202</u>
Operating results		<u>196,649</u>	<u>102,506</u>
Finance income and expenses			
	(13)		
Interest expense and similar charges	(a)	157,960	97,854
Foreign currency exchange differences	(b)	20,032	(12,962)
Financial income and expenses		<u>177,992</u>	<u>84,892</u>
Depreciation	(14)	18,658	17,614
Result from operations before taxation		-	-
Taxation on result from operations		-	-
Result from operations after taxation		<u>-</u>	<u>-</u>

III. NOTES TO THE COMPANY ACCOUNTS

GENERAL

Activities

The activities of the Company consist of providing management services. The Company has its registered office at Overschiestraat 65, 1062 XD, Amsterdam, Netherlands. The Company has closed its London branch on 20 February, 2019.

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.

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 Netherlands Civil Code. As allowed in art.2:396 paragraph 6 of the Netherlands 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 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.

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 average number of employees in the Company, converted into full- time equivalents, amounted to 3.

The breakdown is as follows:

United Kingdom

<u>2018/2019</u>	<u>2017/2018</u>
<u>2</u>	<u>3</u>

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.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalized if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

A provision has been recognized for costs of periodical major maintenance. This provision is presented under the other provisions as a liability item.

Financial fixed assets

The receivables from and loans to associated companies are valued at face value after deduction of any provisions deemed necessary. 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.

Receivables and deferred assets

The receivables from and loans to associated companies, as well as the other receivables are valued at face value after deduction of any provisions deemed necessary.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

Current liabilities, accruals and deferred income

Liabilities are valued at nominal value, unless disclosed differently.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Principles for the 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.

Management fee

Management fee is determined as income from the supply of services on costs plus mark-up basis.

Other costs

Other costs are recognized based on the historical cost convention and are allocated to the reporting year to which they relate.

Amortization and depreciation

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Financial profit and losses on disposal of tangible fixed assets are recorded under amortization/depreciation, profit only to the extent that the profit is not deducted from replacement investments.

Taxes

The Company forms a fiscal unity with its parent company. A consolidated tax return is filed in which the parent company accounts for the Dutch tax implications of the group.

IV. NOTES TO THE BALANCE SHEET AS AT MARCH 31, 2018**FIXED ASSETS****1. Tangible fixed assets**

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
<i>Book value as of April 1, 2018</i>		
Purchase price	2,228,442	2,226,778
Accumulated depreciation	<u>(2,209,784)</u>	<u>(2,192,170)</u>
	<u>18,658</u>	<u>34,608</u>
<i>Movements</i>		
Acquisitions during the period	-	1,664
Depreciation during the period	(18,658)	(17,614)
Disposal of assets during the year	<u>(212,760)</u>	<u>-</u>
	<u>(231,418)</u>	<u>(15,950)</u>
<i>Book value as of March 31, 2019</i>		
Purchase price	2,015,682	2,228,442
Accumulated depreciation	<u>(2,015,682)</u>	<u>(2,209,784)</u>
	<u>-</u>	<u>18,658</u>
Depreciation rates	%	%
Tangible fixed assets	20-33	20-33

2. Financial fixed assets

	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Receivables from group companies	11,514,383	10,712,225
	<u>11,514,383</u>	<u>10,712,225</u>
	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Receivables from group companies		
Bharti Airtel International (Netherlands) B.V.	11,514,383	10,792,346
	<u>11,514,383</u>	<u>10,792,346</u>

As a result of not charging interest the fiscal and commercial value of the loan differs substantially. No redemption scheme has been agreed on above balance representing management fees recoverable from Bharti Airtel International (Netherlands) B.V.

Current assets**3. Receivables**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(a) Taxes and social securities		
Value added taxes	-	348
	<u>-</u>	<u>348</u>
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
(b) Other receivables		
Prepayment and accrued income	-	97,878
	<u>-</u>	<u>97,878</u>

4. Cash and cash equivalents

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Cash at Bank	62,412	34,844
	<u>62,412</u>	<u>34,844</u>

Following closure of the Company's UK Branch, the bank account of the UK Branch was closed on March 27, 2019. The balance in the account was transferred to the bank account of parent company Bharti Airtel Africa B.V. in the Netherlands. However, the balance amount was credited after 31st March 2019.

EQUITY AND LIABILITIES**5. Shareholder's Equity**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	USD	USD
Issued and paid-up share capital		
18,152 ordinary shares at par value Euro 1.00	20,385	22,327
	<u>20,385</u>	<u>22,327</u>

The statutory share capital amounts to Euro 90,760. 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.

Other reserves	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Balance as of April 1	4,940,752	4,943,669
Allocation of previous financial year net result	-	-
	<u>4,940,752</u>	<u>4,943,669</u>
Foreign currency changes on share capital	1,939	(2,917)
Balance as of March 31	<u><u>4,942,691</u></u>	<u><u>4,940,752</u></u>

6. Long-term debts

Payable to group companies	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Bharti Airtel Africa B.V.	3,091,524	3,022,000
Balance as of March 31	<u><u>3,091,524</u></u>	<u><u>3,022,000</u></u>

7. Current Liabilities

Payable to group companies	<u>March 31, 2019</u> USD	<u>March 31, 2018</u> USD
Loan from Bharti Airtel Africa B.V.	3,522,195	2,878,874
Balance as of March 31	<u><u>3,522,195</u></u>	<u><u>2,878,874</u></u>

The calculated interest rate as at year ended is based on 3 months libor+ 225 bps (in 2017/18: 3 months libor + 225 bps). Any outstanding principal loan amount 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 entity

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel Africa 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 PROFIT & LOSS ACCOUNT OVER THE YEAR 2018/2019
8. Operating Income

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Management fees	722,037	822,708
	<u>722,037</u>	<u>822,708</u>

9. Other Income

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Profit on sale of fixed assets	44,124	-
	<u>44,124</u>	<u>-</u>

Operating expenses**10. Employee benefit expenses**

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Wages and salaries	72,212	207,307
	<u>72,212</u>	<u>207,307</u>

11. Accommodation expenses

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Office Lease - UK Branch	481,587	508,679
	<u>481,587</u>	<u>508,679</u>

12. Other operating expenses

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Legal and professional charges	3,517	-
IT expenses	1,510	2,691
Insurance expenses	7,980	-
Others	2,705	1,525
	<u>15,712</u>	<u>4,216</u>

13. Finance income and expenses

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
(a) Interest expense and similar charges		
Interest expenses on loan from Bharti Airtel Africa B.V.	157,699	97,301
Bank charges	260	553
	<u>157,960</u>	<u>97,854</u>
(b) Foreign currency exchange differences		
Unrealized exchange gains/losses	20,032	(12,962)
	<u>20,032</u>	<u>(12,962)</u>

14. Depreciation

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Equipment	18,658	17,614
	<u>18,658</u>	<u>17,614</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: 1st July 2019

13. Finance income and expenses

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
(a) Interest expense and similar charges		
Interest expenses on loan from Bharti Airtel Africa B.V.	157,699	97,301
Bank charges	260	553
	<u>157,960</u>	<u>97,854</u>
(b) Foreign currency exchange differences		
Unrealized exchange gains/losses	20,032	(12,962)
	<u>20,032</u>	<u>(12,962)</u>


14. Depreciation

	<u>2018/2019</u>	<u>2017/2018</u>
	USD	USD
Equipment	18,658	17,614
	<u>18,658</u>	<u>17,614</u>

On behalf of the management board of the Company

J.C. Uneken - van de Vreede
Director

D. Van Kootwijk
Director


F. Paul
Director

Date: 1st July 2019

OTHER INFORMATION

OTHER INFORMATION

1 Notification regarding the absence of an audit report

Bharti Airtel Services B.V. is exempt from the audit requirement because it is within the limits set in Article 2:396 paragraph 1 of the Netherlands Civil Code. Therefore the annual account does 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 financial year 2017/2018

The annual accounts for 2017/2018 were 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 Post Balance Sheet events

There is no post Balance Sheet event to report.

7