

**Bharti Airtel Holding (Mauritius) Limited**

**Audited Financial Statements**

**For the year ended March 31, 2020**

**Bharti Airtel Holding (Mauritius) Limited**  
**Audited Financial Statements – March 31, 2020**

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**Bharti Airtel Holding (Mauritius) Limited**  
**Corporate Information**

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		<b>Date of appointment</b>
<b>DIRECTORS</b>	: Naushad Ally Sohoboo	June 27, 2018
	Jantina Catharina Van De Vreede	June 27, 2018
	Rajvardhan Singh Bhullar	June 27, 2018
<b>ADMINISTRATOR AND SECRETARY</b>	: IQ EQ Corporate Services (Mauritius) Ltd 33 Edith Cavell Street Port Louis, 11324 Republic of Mauritius	
<b>REGISTERED OFFICE</b>	: C/o IQ EQ Corporate Services (Mauritius) Ltd. 33 Edith Cavell Street Port Louis, 11324 Republic of Mauritius	
<b>BANKER</b>	: Standard Chartered Bank (Mauritius) Ltd 19, Bank Street, 6 <sup>th</sup> floor Standard Chartered Tower, Cybercity, Ebene - 72201 Republic of Mauritius	
<b>AUDITOR</b>	: Deloitte 7 <sup>th</sup> - 8 <sup>th</sup> Floor, Standard Chartered Tower, 19 – 21 Bank Street, Cybercity Ebene - 72201 Mauritius	

**Bharti Airtel Holding (Mauritius) Limited**  
**Commentary of the Directors**

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The directors present their commentary, together with the audited financial statements of Bharti Airtel Holding (Mauritius) Limited (the 'Company') for the year ended March 31, 2020.

**PRINCIPAL ACTIVITY**

The Company is principally engaged in investment holding.

**DIVIDENDS**

The directors do not recommend the payment of any dividend for the year.

**DIRECTORS**

The present membership of the Board of Directors is set out on page 1.

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at March 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ('IFRS') and comply with the Mauritius Companies Act 2001 and for such internal controls which are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**AUDITORS**

The Board of Directors has recommended the appointment of Deloitte as auditor for the year 2020-21. Deloitte has confirmed its willingness / eligibility to continue in office and a resolution concerning its re-appointment will be proposed at the next Annual General Meeting of shareholder.

**Bharti Airtel Holding (Mauritius) Limited**  
**Certificates from the Secretary**  
**Under Section 166(d) of the Companies Act 2001**

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We certify that, to the best of our knowledge and belief the Company has filed with the Registrar of Companies, all such returns as are required of Bharti Airtel Holding (Mauritius) Limited under the Section 166(d) of the Mauritius Companies Act 2001, for the year ended March 31, 2020.

Sd/-  
For IQ EQ Corporate Services (Mauritius) Ltd  
Corporate Secretary  
33, Edith Cavell Street  
Port Louis, 11324  
(Mauritius)

Date: July 14, 2020

**Independent auditor's report to the Shareholder of  
Bharti Airtel Holding (Mauritius) Limited**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of **Bharti Airtel Holding (Mauritius) Limited** (the "Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 March 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and cash flows for the year then ended in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter – Basis of preparation**

We draw attention to note 2.1 to the financial statements, which describes the basis of preparation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. Our opinion is not modified in respect of this matter.

**Report on other legal and regulatory requirements**

*Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

**Other information**

The directors are responsible for the other information. The other information comprises the Company Information, Commentary of the Directors and Certificate from the Secretary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent auditor's report to the Shareholder of  
Bharti Airtel Holding (Mauritius) Limited (Cont'd)**

**Responsibilities of directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the Company's shareholder, as a body, in accordance with the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

**Deloitte  
Chartered Accountants**

Sd/-  
**Vishal Agrawal  
Licensed by FRC**

**Bharti Airtel Holding (Mauritius) Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
*(All amounts are in United States Dollars - 'USD')*

	Notes	For the year ended March 31, 2020	From June 27, 2018 (date of incorporation) to March 31, 2019
<b>Income</b>			
Income		-	-
<b>Expenses</b>			
Other operating expenses	5	7,609	14,097
Provision for impairment on investment in subsidiary	7	81,098,681	-
		<b>81,106,290</b>	<b>14,097</b>
<b>Loss before tax</b>		<b>(81,106,290)</b>	<b>(14,097)</b>
Income tax expense	6	-	-
<b>Loss for the year/period</b>		<b>(81,106,290)</b>	<b>(14,097)</b>
Other comprehensive income for the year/period		-	-
<b>Total comprehensive loss for the year/period</b>		<b>(81,106,290)</b>	<b>(14,097)</b>

The accompanying notes 1 to 14 form an integral part of these financial statements.



**Bharti Airtel Holding (Mauritius) Limited**  
**Statement of Financial Position**  
*(All amounts are in United States Dollars - 'USD')*

	Notes	As of	As of
		March 31, 2020	March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	7	309,551	76,358,232
		<b>309,551</b>	<b>76,358,232</b>
<b>Current assets</b>			
Cash and cash equivalents	8	3,669	2,084
		<b>3,669</b>	<b>2,084</b>
<b>Total assets</b>		<b>313,220</b>	<b>76,360,315</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9	165,080,001	160,020,001
Retained earnings		(164,772,157)	(83,665,867)
<b>Total equity</b>		<b>307,844</b>	<b>76,354,134</b>
<b>Current liabilities</b>			
Other payables	10	5,376	6,181
<b>Total liabilities</b>		<b>5,376</b>	<b>6,181</b>
<b>Total equity and liabilities</b>		<b>313,220</b>	<b>76,360,315</b>

The accompanying notes 1 to 14 form an integral part of these financial statements.

Approved by the Board of Directors on July 14, 2020 and signed on its behalf by:

Sd/-  
**Director**

Sd/-  
**Director**

**Bharti Airtel Holding (Mauritius) Limited**  
**Statement of Changes in Equity**  
*(All amounts are in United States Dollars - 'USD')*

	Share capital		Retained earnings	Total equity
	No of shares	Amount		
Issue of equity share capital	160,020,001	160,020,001	-	160,020,001
Loss for the period	-	-	(14,097)	(14,097)
<b>Total comprehensive loss</b>	-	-	<b>(14,097)</b>	<b>160,005,904</b>
<b>Transaction with owners of equity</b>				
Common control transaction (refer note 7)	-	-	(83,651,769)	(83,651,769)
<b>As of March 31, 2019</b>	<b>160,020,001</b>	<b>160,020,001</b>	<b>(83,665,867)</b>	<b>76,354,134</b>
Issue of equity share capital	5,060,000	5,060,000	-	5,060,000
Loss for the year	-	-	(81,106,290)	(81,106,290)
<b>Total comprehensive loss</b>	-	-	<b>(81,106,290)</b>	<b>(76,046,290)</b>
<b>As of March 31, 2020</b>	<b>165,080,001</b>	<b>165,080,001</b>	<b>(164,772,157)</b>	<b>307,844</b>

The accompanying notes 1 to 14 form an integral part of these financial statements.

**Bharti Airtel Holding (Mauritius) Limited**  
**Statement of Cash Flows**  
*(All amounts are in United States Dollars - 'USD')*

	For the year ended March 31,2020	From June 27, 2018 (date of incorporation) to March 31, 2019
<b>Operating activities</b>		
Loss before tax	(81,106,290)	(14,097)
<b>Adjustments for:</b>		
Provision for impairment on investment in subsidiary	81,098,681	-
<b>Operating cash flows before changes in working capital</b>	<b>(7,609)</b>	<b>(14,097)</b>
<b>Changes in working capital:</b>		
(Decrease) / Increase in other payables	(806)	6,181
<b>Net cash used in operations before tax</b>	<b>(8,415)</b>	<b>(7,916)</b>
<b>Net cash flows used in operating activities (a)</b>	<b>(8,415)</b>	<b>(7,916)</b>
<b>Investing activities</b>		
Investment in subsidiary (refer note 7)	(5,050,000)	(10,001)
<b>Net cash flows used in investing activities (b)</b>	<b>(5,050,000)</b>	<b>(10,001)</b>
<b>Financing activities</b>		
Proceeds from issue of shares (refer note 9)	5,060,000	20,001
<b>Net cash flows generated from financing activities (c)</b>	<b>5,060,000</b>	<b>20,001</b>
<b>Net increase in cash and cash equivalents during the year/period (a)+(b)+(c)</b>	<b>1,585</b>	<b>2,084</b>
Cash and cash equivalents as at beginning of the year/period	2,084	-
<b>Cash and cash equivalents as at end of the year/period (refer note 8)</b>	<b>3,669</b>	<b>2,084</b>

The accompanying notes 1 to 14 form an integral part of these financial statements.

## **1. CORPORATE INFORMATION**

Bharti Airtel Holding (Mauritius) Limited (the "Company") is domiciled and incorporated, on June 27, 2018, in Mauritius under the Companies Act 2001 as a private company limited by shares. The Company has been issued Category – 1 Global Business Licence. The registered office of the Company is situated at 33 Edith Cavell Street, Port Louis, 11324, Mauritius.

The Company is principally engaged in investment holding. The financial statements are authorised for issue by the Company's Board of Directors on the date stamped on page 7.

The Company is a wholly owned subsidiary of Network i2i Limited, a company domiciled and incorporated in Mauritius. Bharti Airtel Limited, the Intermediate parent company, is incorporated in India and listed on the stock exchange in India.

### **2.1 BASIS OF PREPARATION**

The financial statements have been prepared in accordance with the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence. The directors have considered the exemption available under Section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001. The Company has not prepared group financial statements as required by IFRS 10, Consolidated Financial Statements, and these financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) on a stand-alone basis.

The financial statements of the Company have been prepared under the historical cost convention and are presented in United States Dollars ("USD"), which is the Company's functional currency.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (refer note 3 on critical accounting judgments and key sources of estimation uncertainty).

The significant accounting policies used in preparing the financial statements are set out in note 2.2 of the notes to the financial statements.

### **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a. Common control transactions**

Business combinations arising from transfers of interest in entities that are under common control are accounted at historical carrying cost as considered in the consolidated financial statements of Bharti Airtel Limited. The difference between any consideration given /received and the aggregate historical carrying amounts of assets and liabilities of the interest acquired is recorded in retained earnings, a component of equity.

**b. Financial instruments**

**A. Recognition, classification and presentation**

The financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value through profit or loss, and b) those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the non-derivative financial liabilities as measured at amortised cost.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Company recognises its investment in subsidiary at cost less any impairment losses. The said investment is tested for impairment whenever circumstances indicate that its carrying values may exceed the recoverable amount (viz. higher of the fair value less costs to sell and the value-in-use).

**B. Measurement – Non-derivative financial instruments**

**I. Initial measurement**

At initial recognition, the Company measures the non-derivative financial instruments (except off-market financial guarantee) at its fair value plus, in the case of a financial instruments not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss. Any off-market financial guarantees, issued in relation to obligations of subsidiaries, are initially recognised at fair value (as part of the cost of the investment in the subsidiary).

**II. Subsequent measurement - financial assets**

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

**i. Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective-interest rate ('EIR') method (if the impact of discounting / any transaction costs is significant). Interest income from these financial assets is included in finance income.

**ii. Financial assets at fair value through profit or loss ('FVTPL')**

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in statement of profit or loss within finance income / finance costs separately from the other gains / losses arising from changes in the fair value.

## **Bharti Airtel Holding (Mauritius) Limited**

### **Notes to Financial Statements**

*(All amounts are in United States Dollars - 'USD'; unless stated otherwise)*

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All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

#### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts, including all fees and points paid or received that form an integral part of credit-adjusted interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month, expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **iii. Derecognition of financial assets**

The financial assets are de-recognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The resultant impact of derecognition is recognised in the statement of profit and loss.

### **III. Subsequent measurement - financial liabilities**

#### **i. Financial liabilities measured at amortised cost**

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period. Other financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

#### **ii. Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **iii. Derecognition of financial liabilities**

The financial liabilities are de-recognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released.

### **C. Measurement - derivative financial instruments**

Derivative financial instruments are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss within finance income / finance costs.

#### **c. Foreign currency transactions**

##### **A. Functional currency**

The Financial Statements are presented in United States Dollars ('USD') which is the functional and presentation currency of the Company.

##### **B. Transactions and balances**

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in profit and loss within finance costs / finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognised in profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

#### **d. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily

## **Bharti Airtel Holding (Mauritius) Limited**

### **Notes to Financial Statements**

*(All amounts are in United States Dollars - 'USD'; unless stated otherwise)*

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convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents comprise of cash at bank.

#### **e. Taxes**

##### **Current tax**

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

##### **Deferred tax**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The Company considers the projected future taxable income and tax planning strategies in making this assessment.



## **Bharti Airtel Holding (Mauritius) Limited**

### **Notes to Financial Statements**

*(All amounts are in United States Dollars - 'USD'; unless stated otherwise)*

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### **f. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

#### **g. Share capital and issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### **h. Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established.

#### **i. Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating policy decisions.

### **3. Critical accounting estimates, assumptions and judgements**

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Company, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

#### **3.1 Key sources of estimation uncertainties**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

### **Impairment reviews**

The Company conducts impairment reviews of investments in subsidiary whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use based on future cash flows, after taking into account past experience and management's best estimate about future developments. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on existing market conditions as well as forward looking estimates at the end of each reporting period.

### **Uncertain tax treatments**

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## **3.2 Critical judgements in applying the Company's accounting policies**

### **Determination of functional currency**

The Company has determined its functional currency as USD which is the currency of the primary economic environment in which it operates. The management has considered the factors as prescribed in IAS 21 "The Effects of Changes in Foreign Exchange Rates" for determining the functional currency. The items included in the financial statements are measured using that functional currency.

## **4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

### **4.1 New and revised IFRSs applied with no material effect on the financial statements**

The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following interpretation effective from the current year.

<b>S. No.</b>	<b>Improvements/ Amendments to Standards</b>	<b>Effective date- annual periods beginning on or after</b>
1	IFRIC 23 Uncertainty over income tax treatments	January 01, 2019

#### **IFRIC 23, Uncertainty over Income Tax Treatments**

IASB has issued IFRIC 23, Uncertainty over Income Tax Treatments, effective for annual reporting periods beginning on or after January 1, 2019. IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. IFRIC 23 addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

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- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

IFRIC 23 does not have any impact on the financial statements of the Company.

#### 4.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective for annual periods beginning on or after the respective dates as indicated:

S. No.	Improvements/ Amendments to Standards	Effective date-annual periods beginning on or after
1	IAS 1 Presentation of financial statements-Amendments regarding the definition of material	January 1, 2020
2	IAS 1 Presentation of financial statements-Amendments regarding classification of liabilities	January 1, 2022
3	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 1, 2020
4	IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
5	IFRS 7 Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
6	IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020

The Company's financial reporting will be presented in accordance with these requirements, which are being evaluated but not expected to have an impact on the results, financial position or cash flows of the Company, from April 1, 2020.

#### 5. Other operating expenses

	For the year ended March 31, 2020	From June 27, 2018 (date of incorporation) to March 31, 2019
Bank charges	2,140	666
Legal and professional fees	475	7,250
Audit fees	4,994	6,181
	<b>7,609</b>	<b>14,097</b>

#### 6. Income Tax

The Company, being the holder of a Category 1, Global Business Category ('GBC1'), is liable to income tax in Mauritius on its taxable profit arising from its worldwide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBC1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign

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tax is based on 80% of the Mauritian tax on the relevant foreign sourced income ("Deemed Foreign Tax Credit"). In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income.

However, with effect from 1 Jan 2019, GBC1 will be known as Global Business License ('GBL') and the deemed foreign tax credit previously available to GBC1 will be abolished. A partial exemption regime will be in place whereby an income tax exemption of 80% shall be available on certain specified income.

The reconciliation between the actual income tax charge and the accounting loss is as follows:

	<b>For the year ended</b>	<b>From June 27, 2018 (date of incorporation) to</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Loss before tax	<b>(81,106,290)</b>	<b>(14,097)</b>
Income tax at 15%	(12,165,944)	(2,115)
<i>Effect of:</i>		
Tax impact on expense not deductible for tax purpose	12,164,802	2,115
Deferred tax asset not recognised	1,141	-
Income tax expense	<b>-</b>	<b>-</b>

Deferred tax asset, amounting to USD 1,141 for year ended 31 March, 2020 and USD 2,115 for period ended 31 March, 2019 has not been recognised in the financial statements as it is not probable that the Company will have sufficient taxable profit against which the unused tax losses could be utilized in the foreseeable future.

The expiry schedule of the above losses are as follows:-

	<b>As of</b>	
<b>Upto year ending</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
March 31, 2025	7,609	-
	<b>7,609</b>	<b>-</b>

**7. Investment in subsidiary**

	<b>As of</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Bharti Airtel Overseas (Mauritius) Limited: (Unquoted) 165,060,001 ordinary shares of USD 1 each ( March 31, 2019:160,010,001 ordinary shares of USD 1 each)*	81,408,232	160,010,001
Less: Provision for impairment on investment in subsidiary^	(81,098,681)	-
Less: Common control transaction#	-	(83,651,769)
	<b>309,551</b>	<b>76,358,232</b>

\*During the year ended March 31, 2020, the Company has invested in 5,050,000 ordinary shares of USD 1 each in Bharti Airtel Overseas (Mauritius) Limited (BAOML).

**^Impairment test for investment in a subsidiary**

The Company assesses at the end of each reporting period whether there is objective evidence that investment in its subsidiary is impaired.

As at March 31, 2020, the carrying value of investment in BAOML, the subsidiary of the Company was USD 81,408,232.

BAOML had made a downstream investment of USD 81,098,681 in Bharti Airtel Ghana Holdings B.V. (a joint venture of BAOML and Millicom Ghana Limited) which had invested in its wholly owned subsidiary, Airtel Ghana Limited. Airtel Ghana Limited is engaged in the business of providing telecommunication services in Ghana. These downstream subsidiaries and joint venture do not have any other business operations / sources of revenue generation.

On March 31, 2020, the Company performed a formal impairment analysis given the persistent decline in the business performance and resultant losses of Airtel Ghana Limited. The recoverable amount of investment in BAOML was derived from the future cash flow projections of the operations of Airtel Ghana Limited.

As a result of this impairment analysis, the recoverable amount of its investment in BAOML (to the extent of investment in Airtel Ghana Limited) was determined to be Nil and consequently, a provision for impairment loss of USD 81,098,681 has been recognised.

# During the year ended March 31, 2019, Network i2i Limited ('Ni2i', immediate parent of the Company) had made investment of USD 160,000,000 in the company, with respect to the underlying investment in Bharti Airtel Ghana Holdings B.V. (a joint venture entity held by the Group under Bharti Airtel Overseas (Mauritius) Limited). Since, this was a common control transaction, investment was recorded at historical carrying cost in the Group. The excess of consideration paid for the acquisition of the investments over the carrying amount of the investment was recognised in 'Other equity' as common control transaction. The said transaction was consummated by Ni2i assigning the shareholder loan ("SHL") receivable from its subsidiary Bharti Airtel International (Netherlands) BV ("BAIN") amounting to USD 160,000,000 to the Company and the Company in turn assigned the same to BAOML. The said assignment between Ni2i and the Company was settled by issuance of 160,000,000 ordinary shares of USD 1 each in the Company to Ni2i (being the consideration amount). Further, the assignment between the Company and BAOML was settled by issuance of 160,000,000 ordinary shares of USD 1 each in BAOML to the Company (being the consideration amount). The Company had additionally invested USD 10,001 in BAOML against issued 10,001 ordinary equity shares.

**8. Cash and Cash Equivalents**

	<b>As of</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Cash at bank	3,669	2,084
	<b>3,669</b>	<b>2,084</b>

The bank balance is assessed to have a low credit risk as it is held with reputable financial institutions. No provision for expected credit losses has been recognised in respect of this amount as it is not material.

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**9. Share Capital**

	As of	
	March 31, 2020	March 31, 2019
<b>Issued and fully paid:</b>		
165,080,001 ordinary shares of USD 1 each *	165,080,001	160,020,001
(March 2019:160,020,001 ordinary shares of USD 1 each)		
	<b>165,080,001</b>	<b>160,020,001</b>

\* During the year, the Company has further issued 5,060,000 ordinary shares of USD 1 each to its parent entity.

**a. Terms / rights attached to equity shares**

The Company has only one class of equity shares having par value of USD 1 per share. Each holder of equity share is entitled to cast one vote per share.

**b. Details of shareholders**

	As of			
	March 31, 2020		March 31, 2019	
	No. of Shares	% holding	No. of Shares	% holding
<b>Equity shares of USD 1 each fully paid</b>				
Network i2i Limited	165,080,001	100%	160,020,001	100%

**10. Other payables**

	As of	
	March 31, 2020	March 31, 2019
Audit fees	5,376	6,181
	<b>5,376</b>	<b>6,181</b>

**11. Related Party Disclosures**

Details of the nature, volume of transactions and balances with these related entities were as follows:

List of related parties	Relationship
Network i2i Limited	Parent company
Bharti Airtel Limited	Intermediate parent entity
Bharti Enterprises (Holding) Private Limited	Ultimate controlling entity
Bharti Airtel Overseas (Mauritius) Limited (incorporated on June 28,2018)	Subsidiary
Bharti International (Mauritius) Investment Limited	Fellow subsidiary
IQ EQ Corporate Services Mauritius Limited	Local management company

**Ultimate controlling entity**

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

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The balances of the above mentioned related parties are as follows:

	As of	
	March 31, 2020	March 31, 2019
Investment in Bharti Airtel Overseas (Mauritius) Limited (refer note 7)	165,060,001	160,010,001

The significant related party transactions are summarised below:

	For the year ended March 31, 2020	From June 27, 2018 (date of incorporation) to March 31, 2019
<b>Issue of shares</b>		
Network i2i Limited (Parent entity) (refer note 9)	5,060,000	160,020,001
<b>Investment made</b>		
Bharti Airtel Overseas (Mauritius) Limited (subsidiary) (refer note 7)	5,050,000	160,010,001
<b>Legal and professional charges</b>		
IQ EQ Corporate Services Mauritius Limited (local management company)	475	14,097

## **12. Financial Risk Management Objectives and policies**

### **Financial risk factors**

In the normal course of business, the Company is exposed to credit risk, liquidity risk and currency risk. The risk management strategy with respect to these risks excludes trading in derivatives.

The Board of Directors has overall responsibility for establishment and oversight for the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### **a. Credit risk**

Credit risk is the risk of financial loss to the Company if the Company or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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	<u>Within 1 year</u>	<u>Total</u>
<b>March 31, 2020</b>		
Cash and Cash equivalents	3,669	3,669
	<u>3,669</u>	<u>3,669</u>
<b>March 31, 2019</b>		
Cash and Cash equivalents	2,084	2,084
	<u>2,084</u>	<u>2,084</u>

The Company determines the expected credit losses on the item as described in the relevant note.

**b. Liquidity risk**

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

**c. Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to the foreign currency risk as it is operating in its functional currency.

**d. Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value. The Company considers its equity as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. The Company does not have any borrowings and details of equity is as follows:

	<u>As of</u>	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Total equity	307,844	76,354,134



**Bharti Airtel Holding (Mauritius) Limited****Notes to Financial Statements***(All amounts are in United States Dollars - 'USD'; unless stated otherwise)***Financial instruments by category****Financial assets**

	<b>As of</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Amortised cost:		
Cash and cash equivalents	3,669	2,084
	<b>3,669</b>	<b>2,084</b>

**Financial liabilities**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Amortised cost:		
Other payables	5,376	6,181
	<b>5,376</b>	<b>6,181</b>

The above financial instruments are short-term in nature and their fair value approximate the carrying value.

**13. COVID-19**

As on March 2020, COVID-19 has been declared as pandemic by the World Health Organization (WHO). Subsequent to same, the Company has assessed the possible effects on the operations and results of the company and no material impact has been noted.

**14. Events after reporting date**

There were no significant events after the reporting date which require amendments and / or disclosure to the financial statements.