BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V.

Special Purpose Standalone Financial Statements for the year ended March 31, 2020

Bharti Airtel International (Netherlands) B.V.

Ind AS Standalone Financial Statements – March 2020

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Independent Auditor's Report

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bharti Airtel International (Netherlands) B.V.

Report on the Audit of the Special Purpose Ind AS Financial Statements

Opinion

We have audited the accompanying special purpose Ind AS financial statements of Bharti Airtel International (Netherlands) B.V. ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2020, and Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements is prepared, in all material respects, in accordance with the basis set out in note 2.1 to the special purpose Ind AS financial statements.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with independence and ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the special purpose Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 2.1 to the special purpose Ind AS financial statements, which describes the purpose and basis of accounting. The special purpose Ind AS financial statements have been prepared by the Company solely to assist Bharti Airtel Limited for its consolidation purpose and to comply with the requirements under the Companies Act 2013. As a result, the special purpose Ind AS financial statements may not be suitable for another purpose. Our report is intended solely for the use of management and Board of Directors for the above purpose and should not be distributed to or used by any other parties.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Special Purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the basis and for the purpose stated in Note 2.1 to the special purpose Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS 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 SAs 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 special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose Ind AS 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 financial 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 the management.

- Conclude on the appropriateness of management's 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 special purpose Ind AS 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 special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W- 100018)

Nilesh

Nilesh H. Lahoti
Partner

(Membership No. 130054)
UDIN - 20130054AAAAWE3401

Place: Gurugram
Date: July 27, 2020

Ind AS Standalone Financial Statements

BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V.
Standalone Balance Sheet
(All amounts are in USD thousand, unless stated otherwise)

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Particulars	Notes	As of March 31, 2020	As of March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	5	2,711	1,767
Intangible assets	6	-	-
Right of use assets	7	1,906	-
Investment in subsidiaries	8	1,842,013	1,798,827
Financial assets			
- Derivative financial instruments	9	27	44,844
- Loans and security deposits	10	4,147,810	3,640,549
Other non current assets	11	1,021	-
		5,995,488	**5,485,987**
Current assets			
Financial assets			
- Derivative financial instruments	9	5,555	5,141
- Trade receivables	12	109,508	129,466
- Cash and cash equivalents	13	30,926	754,750
- Others	14	1,985	1,603
Other current assets	15	1,295	727
		149,269	**891,687**
Total assets		**6,144,757**	**6,377,674**
Equity and liabilities			
Equity			
Equity share capital	16	2,359,439	2,359,439
Other equity		1,253,453	1,234,066
Total equity		**3,612,892**	**3,593,505**
Non-current liabilities			
Financial liabilities			
- Borrowings	17	2,433,795	2,308,533
- Lease liabilities	18	1,885	-
- Derivative financial instruments	9	3,858	6,996
- Others	19	318	376
Provisions	20	901	73
		2,440,757	**2,315,978**
Current liabilities			
Financial liabilities			
- Borrowings	17	-	1,090
- Current maturities of long-term borrowings	17	-	350,734
- Lease liabilities	18	343	-
- Derivative financial instruments	9	72	26,778
- Trade payables	21	30,815	22,185
- Others	22	56,079	64,568
Provisions	20	111	519
Current tax liabilities (net)		1,599	372
Other current liabilities	23	2,089	1,945
		91,108	**468,191**
Total liabilities		**2,531,865**	**2,784,169**
Total Equity and liabilities		**6,144,757**	**6,377,674**

The accompanying notes form an integral part of these standalone financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: Gurugram

For and on behalf of the Management Board of Bharti Airtel International (Netherlands) B.V.

Tina Uneken (Jul 27, 2020 19:31 GMT+2)

J.C Uneken – Van De Vreede
Director

D. van Kootwijk
Director

Raghunath Mandava (Jul 27, 2020 20:44 GMT+3)

R. V. Mandava
Director

Date: July 27, 2020

BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V.
Standalone Statement of Profit and Loss

(All amounts are in USD thousand, except per share data)

Particulars	Notes	For the year ended March 31, 2020	March 31, 2019
Income			
Revenue from operations	25	54,879	43,065
Dividend income	26	323,000	-
		377,879	**43,065**
Expenses			
Employee benefits expense	27	40,685	41,253
Sales and marketing expenses	28	4,557	7,194
Other expenses	29	40,386	30,545
		85,628	**78,992**
Profit/(loss) from operating activities before depreciation and exceptional items		**292,251**	**(35,927)**
Depreciation	30	1,770	1,303
Finance costs	31	131,518	189,290
Finance income	31	(217,290)	(299,770)
Profit before exceptional items and tax		**376,253**	**73,250**
Exceptional items	32	28,088	3,391
Profit before tax		**348,165**	**69,859**
Tax expense			
Current tax	33	11,426	7,598
Profit after tax		**336,739**	**62,261**
Other comprehensive income ('OCI')			
Items to be reclassified to profit or loss:			
Loss on cash flow hedge		(2,001)	(12,345)
Other comprehensive loss for the year		**(2,001)**	**(12,345)**
Total comprehensive income for the year		**334,738**	**49,916**
Earnings per share (Face value : EUR 1 each)	38		
Basic and Diluted			
Ordinary shares "A"		0.04	0.01
Ordinary shares "B"		0.19	0.03

The accompanying notes form an integral part of these standalone financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: Gurugram

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Director

D. van Kootwijk
Director

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R. V. Mandava
Director

Date: July 20, 2020

BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V.
Standalone Statement of Changes in Equity
(All amounts are in USD thousand, unless stated otherwise)

Particulars	Share capital		Other equity				Total equity
	No of shares (in '000)	Amount	Share premium	Retained earnings/ (Accumulated deficit)	Cash Flow Hedge Reserve (CFHR)	Total	
As of March 31, 2018	**1,781,249**	**2,359,439**	**2,551,378**	**(4,853,332)**	14,346	**(2,287,608)**	**71,831**
Profit for the year	-	-	-	62,261	-	62,261	62,261
Other comprehensive loss	-	-	-	-	(12,345)	(12,345)	(12,345)
Total comprehensive income	-	-	-	**62,261**	**(12,345)**	**49,916**	**49,916**
Transaction with owners of equity							
Addition in share premium (Refer note 39)	-	-	3,471,758	-	-	3,471,758	3,471,758
As of March 31, 2019	**1,781,249**	**2,359,439**	**6,023,136**	**(4,791,071)**	**2,001**	**1,234,066**	**3,593,505**
Transition impact on adoption of Ind AS 116	-	-	-	(351)	-	(351)	(351)
As of April 01, 2019	**1,781,249**	**2,359,439**	**6,023,136**	**(4,791,422)**	**2,001**	**1,233,714**	**3,593,154**
Profit for the year	-	-	-	336,739	-	336,739	336,739
Other comprehensive loss	-	-	-		(2,001)	(2,001)	(2,001)
Total comprehensive income	-	-	-	**336,739**	**(2,001)**	**334,738**	**334,738**
Transaction with owners of equity							
Dividend to company's shareholders (Refer note 39)	-	-	(315,000)	-	-	(315,000)	(315,000)
As of March 31, 2020	**1,781,249**	**2,359,439**	**5,708,136**	**(4,454,683)**	-	**1,253,453**	**3,612,892**

The accompanying notes form an integral part of these standalone financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: Gurugram

For and on behalf of the Management Board of Bharti Airtel International (Netherlands) B.V.

Tina Uneken (Jul 27, 2020 19:31 GMT+2)

J.C Uneken – Van De Vreede
Director

Daan Vankootwijk (Jul 27, 2020 19:40 GMT+2)

D. van Kootwijk
Director

R.V. Mandava
Director

Date: July 21, 2020

BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V.
Standalone Statement of Cash Flow
(All amounts are in USD thousand, unless stated otherwise)

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Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Profit before tax	**348,165**	**69,859**
Adjustments for:		
Depreciation and amortisation	1,770	1,303
Finance costs	131,518	189,290
Finance income	(217,290)	(299,770)
Exceptional items	28,088	3,391
Dividend income	(323,000)	-
Other non cash items (Refer note 8)	(43,181)	(253)
Operating cash flow before changes in working capital	**(73,930)**	**(36,180)**
Changes in working capital		
Decrease in trade receivables	14,616	25,644
Increase in trade payables	8,630	23,218
Increase / (Decrease) in provisions	421	(259)
Decrease in other financial liabilities	(891)	(54,465)
(Increase) / Decrease in other financial assets	(2,051)	890
(Increase) / Decrease in other current assets	(1,589)	341
Increase / (Decrease) in other current liabilities	(1,083)	(9,623)
Increase / (Decrease) in other non-current liabilities	-	(1,590)
Net cash used in operations before tax	**(55,877)**	**(52,024)**
Income tax paid	(10,199)	(6,374)
Net cash used in operating activities (a)	**(66,076)**	**(58,398)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,056)	(1,000)
Interest received on fixed deposits	12,259	13,543
Loans and advances	-	60,111
Investment	(5)	-
Dividend received	323,000	-
Loan given to subsidiaries	(724,105)	(202,071)
Loan repayment by subsidiaries	356,871	441,258
Net cash (used) / generated from investing activities (b)	**(34,036)**	**311,841**
Cash flows from financing activities		
Dividend Paid	(315,000)	-
Proceeds from share premium	-	3,471,758
Repayment of borrowings	(365,230)	(2,119,146)
Interest paid	(119,122)	(201,397)
Payment of Corporate Guarantee fees	(17,998)	(23,101)
Payment of lease liabilities	(786)	-
Proceeds from cancellation of derivatives	122,047	-
Payment for cancellation of derivatives	(25,033)	-
Loan taken from related parties	98,500	419,500
Repayment of loan to related parties	-	(1,195,978)
Net cash (used in)/ from financing activities (c)	**(622,622)**	**351,636**
Net increase in cash and cash equivalents during the year (a+b+c)	**(722,734)**	**605,079**
Add : Cash and cash equivalents As of the beginning of the year	753,660	148,581
Cash and cash equivalents as of the end of the year (Refer note 13)	**30,926**	**753,660**

The accompanying notes form an integral part of these standalone financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No: 130054

Place: Gurugram

For and on behalf of the Management Board of Bharti Airtel International (Netherlands) B.V.

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J.C Uneken – Van De Vreede
Director

D. van Kootwijk
Director

R. V. Mandava
Director

Date: July 27, 2020

1. Corporate information

Bharti Airtel International (Netherlands) B.V. ('the Company'), incorporated on March 19, 2010, is registered in The Netherlands and has its registered office at Overschiestraat 65, 1062 XD Amsterdam, The Netherlands. The Company also has a branch in Kenya, registered on October 7, 2010 under number CF/2010/33117.

The Company's parent company is Airtel Africa plc (the Holding Company), a Company incorporated in the United Kingdom. Airtel Africa plc listed on the London Stock Exchange (LSE) on July 3, 2019 and on the Nigerian Stock Exchange (NSE) on July 9, 2019.

The principal activity of the Company is that of an investment and holding company, including providing management services to its subsidiaries.

2. Summary of significant accounting policies

2.1 Basis of preparation

These special purpose Ind AS financial statements ('financial statements') have been prepared to comply in all material respects with the Indian Accounting Standard ('Ind AS') notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act, except additional disclosures required by the Companies Act 2013 (these financial statements are not statutory financial statements, full compliance with the above act is not required). The special purpose financial statements have been prepared solely to assist Bharti Airtel Limited (the intermediate parent company) – for its consolidation purpose and to comply to with requirements under section 136 of the Companies Act, 2013 and annual performance report with the regulatory authorities in India.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013.

These financial statements are not statutory financial statements under Dutch Civil Code. The preparation of statutory audit of financial statements of the Company as per Dutch Civil Code is in progress. All the amounts included in the financial statements are reported in United States dollars, with all values rounded to the nearest thousands except when otherwise indicated. Further, amounts which are less than half a thousand are appearing as '0'.

2.2 Basis of measurement

The financial statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss, liability for cash-settled awards (refer Note 2.14), the component of carrying values of recognised liabilities that are designated in fair value hedges (refer Note 2.8 d) - which are measured at fair value.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed. The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

- Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets
- Level 2 – Significant inputs to the fair value measurement are directly or indirectly observable
- Level 3 – Significant inputs to the fair value measurement are unobservable

2.3 Foreign currency transactions

a. Functional and presentation currency

The items included in the financial statements of Company are measured using the currency of primary economic environment in which the entity operates (i.e. 'functional currency').

The financial statements are presented in USD which is also 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 the 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 the statement of comprehensive income 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) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. The equity items denominated in foreign currencies are translated at historical exchange rate.

2.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Derivatives designated in hedging relationship and separated embedded derivatives are classified based on the hedged item and the host contract respectively.

2.5 Property, plant and equipment (PPE)

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE is initially recognized at cost.

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognized from the balance sheet and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold improvement	Period of lease or 10 years, as applicable, whichever is less
Computer equipment	3 – 5
Furniture & fixtures and office equipment	1 – 5
Vehicles	3 – 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted prospectively, and accordingly, the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed of are de-recognised from the balance sheet and the resulting gains/(losses) are included in the statement of comprehensive income within other expenses/other income.

2.6 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

Intangible assets comprise of software or license which have been fully amortised.

2.7 Impairment of non-financial assets

a. Property, plant and equipment, right-of-use assets and intangible assets

At each reporting period date, the Company reviews the carrying amounts of its PPE, right-of-use assets, CWIP and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognized in the statement of comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

b. Reversal of impairment losses

Impairment losses on the above mentioned items are reversed in the statement of comprehensive income and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset/CGU in previous years.

2.8 Financial instruments

a. Recognition, classification and presentation

Financial instruments are recognised in the balance sheet 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:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)

- 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 non-derivative financial liabilities as measured at amortised cost.

Financial assets and liabilities arising from different transactions are offset against each other and the resultant net amount is presented in the balance sheet, 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.

b. Measurement – Non-derivative financial instruments

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the statement of comprehensive income.

II. Subsequent measurement – financial assets

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

- **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.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Financial assets at fair value through profit or loss (FVTPL)**

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

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. 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, 12 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. Subsequent measurement – financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

c. Measurement – derivative financial instruments

Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship 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 profit or loss within finance income/finance costs.

d. Hedging activities

I. Fair value hedge

The Company uses derivative financial instruments (e.g. interest rate swaps) to manage/mitigate their exposure to the risk of change in fair value of the borrowings. The Company designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss within finance income/finance costs, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to remaining maturity of the hedged item.

II. Cash flow hedge

The Company use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange. Further, the Company designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction (Cash flow hedge). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges are recognised in other comprehensive income and held as cash flow hedge reserve (CFHR) – within other components of equity. Any gains/(losses) relating to the ineffective portion are recognised immediately in profit or loss within finance income/finance costs. The amounts accumulated in equity are re-classified to the profit and loss in the periods when the hedged item affects profit/(loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains/(losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the hedged item affects profit/(loss). However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains/ (losses) that were reported in equity is immediately transferred to the profit and loss within finance income/finance costs.

e. Derecognition

Financial liabilities are derecognised from the balance sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the balance sheet 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 difference in the carrying amount and consideration is recognised in the statement of profit and loss.

2.9 Leases

Ministry of corporate affairs (India) had notified Ind AS 116 'Leases' effective for annual reporting periods beginning on or after April 01, 2019. The Company has applied Ind AS 116 using the modified retrospective approach. The Company elected to apply the practical expedient included in Ind AS 116 and therefore retained its existent assessment under Ind AS 17 as to whether a contract entered or modified before April 01, 2019 contains a lease. Refer note 18 for impact of adoption of Ind AS 116.

The Company, at the inception of a contract, assesses the contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

Company as a lessee

On initial application of Ind AS 116, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019 whereas the Company has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at April 1, 2019.

For new lease contracts, the Company recognises a ROU and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the balance sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any insubstance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is changes in future lease payments including or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.

ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, ROU are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of ROU are determined on the same basis as those of the underlying asset.

In the balance sheet, the ROU and lease liabilities are presented separately. In the statement of profit and loss, interest expenses on lease liabilities are presented separately from the depreciation charge for the ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

2.10 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

a) Current tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognised in the balance sheet as current income tax assets / liabilities.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

The Company forms a fiscal unity for Corporate Income Tax with Bharti Airtel Africa B.V. and all Dutch subsidiaries of Bharti Airtel Africa B.V. Consequently the Company is jointly and severally liable for the resulting Corporate Income Tax.

b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised only to the extent where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

c) Offsetting

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the Company's cash management are also included.

2.12 Share capital/share premium

Ordinary shares are classified as equity when the Company has an unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. A share premium account is used to record the premium on issue of shares. The shareholders also provide capital contributions without issue of equity shares which are presented as share premium.

2.13 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, other long-term benefits including compensated absences and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Company's employees. Short-term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

- **Defined contribution plans**

The Company's contributions to defined contribution schemes (as applicable) are expensed in the statement of profit and loss. All Kenya-based employees of the Company are entitled to receive benefits under the National Social Security Fund of Kenya. It is a Kenya Government Fund established by the National Security Fund Act of 1965 and falls under CAP 258 of the Kenyan Laws aimed at benefiting its members. It is a compulsory savings scheme into which the employer pays a statutory contribution for every employee who is a member. Both the employee and the employer make monthly contributions. The Company's contributions to these schemes are expensed in the Statement of profit and loss in the period of such contributions. The Company has no further obligations under these schemes beyond its monthly contributions.

- **Other long-term employee benefits**

The employees of the Company are entitled to compensated absences benefit. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment. The Company provides for the liability (presented under provisions) towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

2.14 Share-based payments

The Company operates cash-settled compensation plans, under which the Company receives services from employees as consideration for cash-settled units/equity shares. The cost of cash-settled plans is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including, the settlement date, with changes in fair value recognised in employee benefits expense. The credit is recognised as a liability within other financial liabilities. As at each reporting date, the Company revises its estimates of the number of options that are expected to vest, if required. It recognizes the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance/non-vesting condition. These are treated as vested irrespective of whether or not the market/non-vesting condition is satisfied, provided that service conditions and all other non-market performance are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognized for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

2.16 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

2.17 Revenue recognition

Revenue is recognised when it is probable that the entity will receive the economic benefits associated with the transaction and the related revenue can be measured reliably. Revenue is recognised at the fair value of the consideration received or receivable, which is generally the transaction price, net of any discounts.

a) Management fees

Revenue on account of management fees is recognised as the services are rendered.

b) Interest income

The interest income is recognised using the EIR method. For further details, refer note 2.8.

c) Dividend income

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

2.18 Borrowing costs

Borrowing costs consist of interest and other ancillary costs that the Company incurs in connection with the borrowing of funds. The borrowing costs directly attributable to the acquisition or construction of any asset that takes a substantial period of time to get ready for its intended use or sale are capitalised. All the other borrowing costs are recognised in the statement of profit and loss within finance costs of the period in which they are incurred.

2.19 Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

2.20 Dividends to shareholders

Dividend to shareholders is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders.

2.21 Investment in subsidiaries

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

2.22 Earnings per share (EPS)

The Company presents the Basic and Diluted EPS data.

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of these 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. These 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.

4. Significant events

1. Pursuant to the requirement of New Telecommunications Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the Company's indirect subsidiary, Bharti Airtel Malawi Holdings B.V. has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on February 24, 2020.

2. On November 29, 2019, Company's indirect subsidiary, Airtel Tanzania plc ('AT') issued 36,176,471 shares to government of Tanzania ('GOT") at zero effective cost thus decreasing the Company's indirect shareholding in AT to 51%.

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(All amounts are in USD thousand, unless stated otherwise)

5. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of Property, plant and equipment for the year ended March 31, 2020 and March 31, 2019:

	Furniture and fixtures	Vehicles	Office equipment	Computer	Leasehold improvements	Total
Cost						
As of April 01, 2018	**1,763**	**109**	**9,372**	**3,965**	**2,046**	**17,255**
Additions	4	-	415	581	-	1,000
Adjustment	(6)	-	(2,582)	764	-	(1,824)
As of March 31, 2019	**1,761**	**109**	**7,205**	**5,310**	**2,046**	**16,431**
Additions	5	-	76	679	1,296	2,056
As of March 31, 2020	**1,766**	**109**	**7,281**	**5,989**	**3,342**	**18,487**
Accumulated Depreciation						
As of April 01, 2018	**1,430**	**94**	**8,201**	**3,718**	**1,786**	**15,228**
Charge for the year	182	15	480	608	18	1,303
Adjustment	(7)	-	(2,581)	721	-	(1,867)
As of March 31, 2019	**1,604**	**109**	**6,100**	**5,047**	**1,804**	**14,664**
Charge for the year	153	-	627	264	68	1,112
As of March 31, 2020	**1,757**	**109**	**6,727**	**5,311**	**1,872**	**15,776**
Net carrying amount						
As of March 31, 2019	157	-	1,105	263	242	1,767
As of March 31, 2020	9	-	554	678	1,470	2,711

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(All amounts are in USD thousand, unless stated otherwise)

6. Intangible assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the year ended March 31, 2020 and March 31, 2019:

Particulars	Software / Licenses
Cost	
As of April 01, 2018	**2,467**
Additions	-
As of March 31, 2019	**2,467**
Additions	-
As of March 31, 2020	**2,467**
Accumulated amortisation	
As of April 01, 2018	**2,467**
Charge for the year	-
As of March 31, 2019	**2,467**
Charge for the year	-
As of March 31, 2020	**2,467**
Net carrying amount	
As of March 31, 2019	-
As of March 31, 2020	-

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(All amounts are in USD thousand, unless stated otherwise)

7. Right of use assets

	As of	
	March 31, 2020	March 31, 2019
Balance at April 01, 2019	-	-
Additions	2,563	-
Depreciation charge for the year	(657)	-
Balance at March 31, 2020	**1,906**	-

The Company has applied Ind AS 116 w.e.f April 01, 2019 and recognised right of use assets for lease of office space in its Kenya branch.

8. Investment in subsidiaries

	As of	
	March 31, 2020	March 31, 2019
Investment in Subsidiaries		
Bharti Airtel Africa B.V.: 55,352,741 (March 31, 2019 - 55,352,741) ordinary shares of EUR 0.01 each	6,259,745	6,259,745
Deemed investment in Airtel Congo RDC S.A[1]	43,181	-
Africa Towers N.V.: 45,000 (March 31, 2019- 45,000) ordinary shares of EUR 1 each	62	62
Airtel Mobile Commerce B.V. : 18,000 (March 31, 2019 - 18,000) ordinary shares of EUR 1 each	22	22
Airtel International LLP[2]	5	-
Aggregate value of Investments	**6,303,015**	**6,259,829**
Less : Provision for Impairment	(4,461,002)	(4,461,002)
	1,842,013	**1,798,827**

[1]During the year ended March 31, 2020, the Company's board approved a one-time waiver of management fees receivable amounting to USD 43,181 from Airtel Congo RDC S.A. Management fees waiver of USD 43,181 there on treated as deemed investment in Airtel Congo RDC S.A.

[2]During the year ended March 31, 2020, the Company made an investment amounting to USD 5 thousands by way of initial capital contribution in Airtel International LLP, a limited liability partnership with Airtel Africa plc which is domiciled in India.

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(All amounts are in USD thousand, unless stated otherwise)

9. Derivative financial instruments

	As of	
	March 31, 2020	March 31, 2019
Assets		
Currency swaps, forward and option contracts	4,039	403
Interest swaps	1,543	49,582
	5,582	**49,985**
Liabilities		
Currency swaps, forward and option contracts	3,580	26,778
Interest swaps	350	6,996
	3,930	**33,774**
Non-current derivative financial assets	27	44,844
Current derivative financial assets	5,555	5,141
Non-current derivative financial liabilities	(3,858)	(6,996)
Current derivative financial liabilities	(72)	(26,778)
Net derivative financial assets	**1,652**	**16,211**

10. Loans and security deposits

	As of	
	March 31, 2020	March 31, 2019
Unsecured, considered good, unless stated otherwise		
Loans to related parties [1] (Refer note 39)	4,168,128	3,638,255
Security deposits [2]	2,890	2,847
	4,171,018	**3,641,102**
Less : allowance for impairment of loan given to Africa Tower N.V.[1]	(22,746)	-
Less : allowance for impairment of security deposits[2]	(462)	(553)
	4,147,810	**3,640,549**

[1]This includes USD 4,107,592 drawn under an intercompany credit facility provided to Bharti Airtel Africa B.V. at 3M LIBOR + 2% with maturity date of December 31, 2021. The credit facility is denominated in USD. There are no collaterals for this facility and it has a limit of USD 6,500 Mn. The interest is accumulated in the loan balance.

[1]This includes USD 27,788 and USD 32,748 drawn under an intercompany credit facilities have been provided to Airtel Mobile Commerce B.V. and Africa Towers N.V. respectively at 3 months LIBOR +2.0% (March 31, 2019: 3M LIBOR + 2.0%). The maturity date of the shareholder loans is December 31, 2021.

The Company has assessed the recoverability of loan given to its subsidiary, Africa Towers N.V. and basis this assessment, recognised an allowance for impairment amounting to USD 22,746 during the year ended March 31, 2020.

The details of the loans to related parties are as below:

	As of	
	March 31, 2020	March 31, 2019
Loans to related parties		
Considered good	4,145,382	3,638,255
Considered doubtful	22,746	-
Less : allowance for impairment of loan given to Africa Tower N.V.	(22,746)	-
	4,145,382	**3,638,255**

[2]Considering the uncertainty of recovering the amount of security deposits, the Company has recorded a provision of USD 462 (March 31, 2019: USD 553) against the outstanding amount.

(All amounts are in USD thousand, unless stated otherwise)

The details of the advance are as below:

	As of	
	March 31, 2020	March 31, 2019
Security deposits		
Considered good	2,428	2,294
Considered doubtful	462	553
Less: allowance for impairment of security deposits	(462)	(553)
	2,428	2,294

11. Other non-current assets

	As of	
	March 31, 2020	March 31, 2019
Other tax recoverable	961	-
Prepaid expenses	60	-
	1,021	-

12. Trade receivables

	As of	
	March 31, 2020	March 31, 2019
<u>Unsecured, Considered good</u>		
Management fees receivable from related parties[1]	114,850	129,466
	114,850	**129,466**
Less: allowance for impairment of trade receivables[2]	(5,342)	-
	109,508	**129,466**

[1]Refer note 8 and 39.

[2]The Company has assessed the recoverability of management fees receivable from its indirect subsidiaries, and basis this assessment recognized allowances for doubtful debts amounting to USD 5,342 from Airtel Madagascar S.A. during the year ended March 31, 2020.

13. Cash and cash equivalents

	As of	
	March 31, 2020	March 31, 2019
Balances with banks		
- On current accounts	30,926	4,750
- Term deposits with bank	-	750,000
	30,926	**754,750**

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:-

Particulars	As of	
	March 31, 2020	March 31, 2019
Cash and cash equivalents as per balance sheet	30,926	754,750
Bank Overdraft (Refer note 17)	-	(1,090)
	30,926	**753,660**

(All amounts are in USD thousand, unless stated otherwise)

14. Other financial assets

	As of	
	March 31, 2020	March 31, 2019
Due from related party (Refer note 39)	1,974	-
Interest accrued on fixed deposits	-	1,515
Others	11	88
	1,985	**1,603**

15. Other current assets

	As of	
	March 31, 2020	March 31, 2019
Employee receivables *	194	272
Prepaid expenses	837	455
Advances to suppliers**	263	-
	1,295	**727**

*Considering the uncertainty of recovering the amount of advance, the Company carries a provision of USD 95 (March 31, 2019: 160) against the outstanding amount. The details of advance are as below:

	As of	
	March 31, 2020	March 31, 2019
Employee receivables		
Considered good	194	272
Considered doubtful	95	160
Less: Provision for doubtful advances	(95)	(160)
	194	**272**

**Considering the uncertainty of recovering the amount of advance, the Company carries a provision of USD 85,271 (March 31, 2019: USD 85,271) against the outstanding amount. The details of the advance are as below:

	As of	
	March 31, 2020	March 31, 2019
Advances to suppliers		
Considered good	263	-
Considered doubtful	85,271	85,271
Less: Provision for doubtful advances	(85,271)	(85,271)
	263	**-**

16. Share capital

	As of	
	March 31, 2020	March 31, 2019
Issued, Subscribed and fully paid-up shares		
1 Ordinary shares "A" of Euro 1 each (March 31, 2019: 1 Ordinary shares "A") of EUR 1 each	0	0
1,781,248,326 Ordinary shares "B" of Euro 1 each (March 31, 2019: 1,781,248,325 Ordinary shares "B") of EUR 1 each	2,359,439	2,359,439
	2,359,439	**2,359,439**

a) Terms/rights attached to equity shares

The Company has two classes of ordinary shares, each with a par value of EUR 1. Each holder of ordinary shares is entitled to one vote per share.

(All amounts are in USD thousand, unless stated otherwise)

Shareholders of different categories of ordinary shares are entitled to receive pro-rated dividend on the basis of nominal value of shares and capital contribution in the form of share premium.

b) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No.	Amount	No.	Amount
Ordinary shares				
At the beginning of the year	1,781,248,327	2,359,439	1,781,248,326	2,359,439
Issued during the year	-	-	1	0
Outstanding at the end of the year	**1,781,248,327**	**2,359,439**	**1,781,248,327**	**2,359,439**

c) Details of shareholders (as per register of shareholders)

	As of March 31, 2020		As of March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Ordinary shares "A"				
Bharti Airtel Limited	1	0.000001%	1	0.000001%
Ordinary shares "B"				
Airtel Africa plc	1,781,248,326	99.999999%	1,781,248,326	99.999999%

d) Dividend

The Company has paid dividend amounting to USD 315 Mn (USD 0.1768 per share) during the year ended March 31, 2020.

17. Borrowings

Non-current

	As of March 31, 2020	As of March 31, 2019
Unsecured		
Non -convertible bonds[1]	2,335,295	2,659,267
Loans from related parties[2] (Refer note 39)	98,500	-
	2,433,795	**2,659,267**
Less: Current maturities of long term borrowings	-	(350,734)
	2,433,795	**2,308,533**

Current

	As of March 31, 2020	As of March 31, 2019
Unsecured		
Bank overdraft	-	1,090
	-	**1,090**
Current maturities of long-term borrowings	**-**	**350,734**

[1]It includes impact of fair value hedges amounting to USD 9.3 Mn, refer note 34. During the year ended March 31 2020, the Company made payment of non-convertible CHF bonds of CHF 350 Mn on the maturity date.

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(All amounts are in USD thousand, unless stated otherwise)

[2]During the year ended March 31, 2020, the Company signed a credit facility agreement with parent company Airtel Africa plc. The total facility denominated in USD amounts to USD 200 Mn, bears interest at the rate of 'three months LIBOR + 2.25% per annum' and has the maturity date of March 26, 2027. An amount of USD 98,500 has been drawn during the year.

17.1 Non-convertible Bonds

The Company has the following senior unsecured guaranteed notes (Non-convertible bonds or notes). These notes are guaranteed by the intermediate parent company.

Issued during the year ended March 31, 2015	Issue price	Due in	Listed on stock exchange
5.35% USD 1,000 Mn	99.916%	2024	Singapore / Frankfurt
3.375% Euro 750 Mn (USD 1,010 Mn*)	99.248%	2021	Singapore / Frankfurt
Issued during the year ended March 31, 2014	**Issue price**	**Due in**	**Listed on stock exchange**
3% CHF 350 Mn (USD 401 Mn*)[1]	100.108%	2020	Swiss (SIX)
4% Euro 750 Mn (USD 1,029 Mn*)[2]	99.756%	2018	Frankfurt
4% Euro 250 Mn (USD 341 Mn*)[2]	100.374%	2018	Frankfurt
Issued during the year ended March 31, 2013	**Issue price**	**Due in**	**Listed on stock exchange**
5.125% USD 1,000 Mn[2]	100%	2023	Singapore
5.125% USD 500 Mn	100.625%	2023	Singapore

* converted at the exchange rate on the date of receipt.
[1]During the year ended March 31, 2020, the Company made payment of non-convertible CHF bonds amounting to CHF 350 Mn on maturity date.

[2]During the year ended March 31, 2019, the Company redeemed the 4% Euro 1000 Mn Bond and the 5.125% USD 995 Mn Bond due in 2018 and 2023 respectively.

All bonds contain a negative pledge covenant whereby the Company, Bharti Airtel Limited (intermediate parent company) and certain of their significant subsidiaries are not permitted to create any security interest to secure any indebtedness for borrowed money or obligations evidenced by bonds, debentures or notes (among other things, and subject to certain exceptions), without at the same time granting security equally and ratably to the holders of these bonds.

All the bonds also contain an event of default if the Bharti Airtel Limited ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of the Company; events of default which would be triggered if the Bharti Airtel Limited, the Company or any of the Bharti Airtel Limited's significant subsidiaries were to default on a loan greater than USD 50 Mn or fail to pay a final judgment of more than USD 50 Mn, and other customary events of default in the event of a voluntary or involuntary bankruptcy, insolvency or similar proceedings relating to the Bharti Airtel Limited, the Company or the Bharti Airtel Limited's significant subsidiaries.

The USD bonds due in 2023 (2023 bonds) amounting to USD 505 Mn additionally are subject to certain covenants whereby the Company, Bharti Airtel Limited, (intermediate parent company) and significant subsidiaries of the Bharti Airtel Limited would be restricted from incurring indebtedness unless Bharti Airtel Limited meets a designated consolidated indebtedness to underlying EBITDA ratio or the indebtedness is otherwise permitted by the 2023 bonds. These covenants are suspended if the 2023 bonds are designated as investment grade by at least two of the prescribed rating agencies. As of the date of the authorisation of these financial statements, these covenants are under suspension, and therefore, currently not applicable, based on the current credit rating of the 2023 bonds.

(All amounts are in USD thousand, unless stated otherwise)

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17.2 Analysis of borrowings

The details given below are gross of debts originating cost and fair valuation with respect to hedged risk.

17.2.1 Repayment terms of borrowings

The tables below summarise the maturity profile of the Company's borrowings:

As of March 31, 2020

Currency of borrowings	Rate of Interest (Weighted average)	Outstanding amount	Maturity Profile			
			Within one year	between one and two years	between two and five years	over five years
USD	5.21%	1,603,677	-	-	1,505,177	98,500
EURO	3.38%	824,849	-	824,849	-	-
Total		**2,428,526**	**-**	**824,849**	**1,505,177**	**98,500**

As of March 31, 2019

Currency of borrowings	Rate of Interest (Weighted average)	Outstanding amount	Maturity Profile			
			Within one year	between one and two years	between two and five years	over five years
USD	5.21%	1,505,141	-	-	505,415	999,726
EURO	3.38%	838,271	-	-	838,271	-
CHF	3.00%	351,129	351,129	-	-	-
Total		**2,694,541**	**351,129**	**-**	**1,343,686**	**999,726**

18. Lease liabilities

	As of March 31, 2020	As of March 31, 2019
Maturity analysis:		-
Less than one year	529	-
Later than one year but not later than two years	556	-
Later than two years but not later than five years	1,672	-
Total undiscounted lease liabilities	2,757	-
Lease liabilities included in the statement of financial position	**2,228**	-

The Company has applied Ind AS 116 w.e.f April 01, 2019 and recognised lease liabilities for lease of office space in its Kenya branch.

Impact of adoption of Ind AS 116 where the Company is a lessee

The adoption of the said change in accounting policy affected the following items in the balance sheet on April 1, 2019:

	As of March 31, 2019
Right-of-use assets	2,563
Lease liabilities	(2,914)
Decrease in equity	**(351)**

When measuring lease liabilities for leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average pre-tax rate applied is 9.14%.

(All amounts are in USD thousand, unless stated otherwise)

19. Other financial liabilities

	As of	
	March 31, 2020	March 31, 2019
Employees payables	318	376
	318	**376**

20. Provisions

Non- current

	As of	
	March 31, 2020	March 31, 2019
Leave encashment	901	73
	901	**73**

Current

	As of	
	March 31, 2020	March 31, 2019
Leave encashment	111	519
	111	**519**

21. Trade payables

	As of	
	March 31, 2020	March 31, 2019
Trade creditors	2,994	2,469
Accrued expenses	5,138	3,958
Due to related parties (Refer note 39)	22,683	15,758
	30,815	**22,185**

22. Other financial liabilities

	As of	
	March 31, 2020	March 31, 2019
Employees payables	6,503	7,338
Interest accrued but not due on borrowing	45,104	45,485
Corporate guarantee comission payable*	4,471	11,746
	56,079	**64,568**

* Corporate guarantee commission is payable to Bharti Airtel Limited (intermediate parent entity) against the guarantee provided by Bharti Airtel Limited for the bonds issued by the Company. (Refer note 39)

23. Other current liabilities

	As of	
	March 31, 2020	March 31, 2019
Other taxes payable*	2,089	1,945
	2,089	**1,945**

* Taxes payable includes value added tax and withholding taxes. Balance as at March 31, 2020 and March 31, 2019 includes USD 1,555 related to provision on account of corporate tax case with Kenya Revenue Authority (KRA) pertaining to Kenya branch of the Company.

(All amounts are in USD thousand, unless stated otherwise)

24. Guarantees, contingencies and commitments

(i) Guarantees and contingencies

Guarantees for borrowing of subsidiary companies:

Guarantees outstanding as on March 31, 2020 amounting to USD 614,193 (March 31, 2019: USD 694,193) have been issued for external loans taken by African operating subsidiary companies.

Other guarantees:

The Company has given guarantee amounting USD 59,269 (March 31, 2019: USD 63,959) in respect of payment obligation of its subsidiary, Airtel Networks Kenya Limited under or pursuant to Master Tower Sharing Agreement ('MTSA') subject to terms and condition of deed of support.

(ii) Capital commitments

The estimated amounts relating to contracts to be executed and not provided for (net of advances) are USD 987 as at March 31, 2020 (March 31, 2019: USD 1,256).

(iii) Tax related matter

Tax Group Liability:

The Company forms a fiscal unity for VAT and Corporate Income Tax with Bharti Airtel Africa B.V. and all Dutch subsidiaries of Bharti Airtel Africa B.V. Consequently the Company is jointly and severally liable for the resulting Corporate Income Tax and VAT taxes.

25. Revenue from operations

	For the year ended	
	March 31, 2020	March 31, 2019
Management fees (Refer note 39)	54,879	43,065
	54,879	**43,065**

26. Dividend income

	For the year ended	
	March 31, 2020	March 31, 2019
Dividend income (Refer note 39)	323,000	-
	323,000	**-**

27. Employee benefits expense

	For the year ended	
	March 31, 2020	March 31, 2019
Salaries and bonus	34,719	35,560
Contribution to National Social Security Fund of Kenya	536	543
Staff welfare expenses	2,505	3,019
Share based payments*	552	876
Others	2,373	1,256
	40,685	**41,253**

Employee benefit expenses also include directors' remuneration.

(All amounts are in USD thousand, unless stated otherwise)

*Until listing of Airtel Africa plc, the Company had a performance unit plan (PUPs) in place, whereby the eligible employees of the Company were provided with cash-settled units. In these PUPs, a cash payout was required to be made to the eligible employees on the basis of applicable vesting conditions in each year and as per the graded pre-defined vesting percentage. The eligible amount used for computation of the liability was calculated with reference to the share price of Bharti Airtel Limited. Post listing of Airtel Africa plc, these PUPs have been replaced with 'shadow stock plan' awards and 'replacement stock awards' at an offer price of USD 1.01. The benefits under the new replaced plans are based on share price of Airtel Africa plc.

28. Sales and marketing expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Sales and marketing expense	4,557	7,194
	4,557	**7,194**

29. Other expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Legal and professional charges[1]	31,311	21,425
Allowance for doubtful debts and advances	(173)	242
IT and network expenses	2,013	2,023
Travelling and conveyance	2,547	2,009
Charity and donation	4,005	4,011
Miscellaneous expenses	683	835
	40,386	**30,545**

[1]Includes USD 10,678 and USD 7,133 on account of business support charges from Bharti Airtel Limited and Airtel International LLP for the years ended March 31, 2020 (March 31, 2019: USD 10,378).

30. Depreciation

	For the year ended	
	March 31, 2020	**March 31, 2019**
Depreciation of property, plant and equipment	1,112	1,303
Depreciation on leased assets	658	-
	1,770	**1,303**

31. Finance costs and Finance income

	For the year ended	
	March 31, 2020	March 31, 2019
Finance costs		
Interest expense on borrowings[1]	117,627	169,608
Interest expense on lease liabilities	211	-
Interest expense on loans from related parties (Refer note 39)	60	327
Loss on transfer of investment	-	253
Corporate guarantee charges[1]	10,723	15,642
Other finance charges	2,897	3,460
	131,518	**189,290**

(All amounts are in USD thousand, unless stated otherwise)

[1]During the year ended March 31, 2019, the Company redeemed the 4% Euro 1000 Mn Bond and the 5.125% USD 995 Mn Bond and hence interest expense and corporate guarantee charges on borrowings reduced.

	For the year ended	
Finance income	March 31, 2020	March 31, 2019
Interest income on loans to related parties (Refer note 39)	162,640	171,975
Interest income on loans and advances	-	1,892
Interest income on bank deposits	10,744	15,431
Net exchange gain	14,022	64,909
Net gain on derivative financial instruments	29,884	45,562
	217,290	**299,770**

32. Exceptional items

Exceptional items comprise of the following:

(i) During the year ended March 31, 2020, the Company recorded impairment loss of USD 22,746 on loan given to Airtel Africa Towers N.V. and USD 5,341 on management fees receivable from Airtel Madagascar S.A.

(ii) During the year ended March 31, 2019, the Company recorded USD 3,391 accelerated amortization of transaction costs and fair value hedge adjustment on account of prepayment of USD 995 Mn of the 5.125% USD 1,000 Mn Bonds.

33. Income taxes

	For the year ended	
	March 31, 2020	March 31, 2019
Current tax expense	11,426	7,598
	11,426	**7,598**

34. Financial risk management objectives and policies

1. Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's risk management strategies focus on the unpredictability of these elements and seek to minimize the potential adverse effects on its financial performance. Further, in certain instances, the Company uses certain derivative financial instruments to mitigate some of these risk exposures (as discussed below in this note).

The financial risk management for the Company is driven by the Company's management, in close coordination with the operating entities and internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The management is accountable to the Shareholders. They ensure that the Company's financial risk-taking activities are governed by an appropriate financial risk governance frame work and by policies and procedures. The Company periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(i) Foreign currency risk

Foreign exchange risk arises on all recognized monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. Foreign exchange exposure mainly arises from borrowings denominated in foreign currencies.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the borrowings are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts - as considered appropriate and whenever necessary.

As per the Company's hedging policy certain foreign currency liabilities have been designated under cash flow hedge. This existing cash flow hedge accounting relationships as of the end of each year or during the year, and their respective impacts, are as follows:

Cash flow hedge

USD thousand

	March 31, 2020	March 31, 2019	
Currency exchange risk hedged	CHF to USD	Euro to USD	CHF to USD
Nominal amount of hedging instruments	CHF 350 Mn[1]	Euro 870 Mn[2]	CHF 350 Mn
Maturity date	March 2020	December 2018	March 2020
Weighted average forward price	1 CHF: 1.12 USD	1 Euro: 1.12 USD	1 CHF: 1.12 USD
Carrying value of derivative instruments (assets)	-	-	-
Carrying value of derivative instruments (liabilities)	-	-	26,118
Change in fair value during the year			
Hedged Item	(26,118)	113,189	31,308
Hedging Instrument	26,118	(113,189)	(31,308)
CFHR for continuing hedge (cumulative)	-	-	2,001
Hedging loss recognised during the year	-	(113,189)	(31,308)
Gain reclassifictaion during the year to P&L	2,001	107,027	25,124

[1]The Company redeemed CHF 350m bonds in March 2020 on maturity. Consequently, the cash flow hedges on these bonds have been discontinued,

[2]The Company had redeemed EUR 1,000m bonds in December 2018. Consequently, the cash flow hedges on these bonds have been discontinued.

Foreign currency sensitivity

The impact of foreign exchange sensitivity on profit for the year is given in the table below:

	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2020		
EURO	+5%	(41,242)
	-5%	41,242
For the year ended March 31, 2019		
EURO	+5%	(41,914)
	-5%	41,914

The sensitivity disclosed in the above table is mainly attributable to foreign exchange gains / losses on translation of Euro denominated borrowings.

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective functional currency while assuming all other variables to be constant.

Based on the movements in the foreign exchange rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

(ii) Interest rate risk

The Company's interest rate risk arises mainly from borrowings taken and loans given.

Borrowings

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt interest obligations with floating interest rates. Further, the Company engages in financing activities which are dependent on market rates; any changes in the interest rates environment may impact future rates of borrowing. The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter-alia include entering into interest swaps contracts – as considered appropriate and whenever necessary.

Key sources of ineffectiveness in fair value hedges include reduction in the amount of borrowings, changes in terms/cancellation of IRS contracts and significant changes in credit risk of either party to the hedging relationship.

The Company has designated the interest rate components (which is separately identifiable from other components) of certain fixed interest bonds under the hedge relationship since historically it accounts for substantial portion of the total fair value change of the bonds.

The existing fair value hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

		USD thousand
	March 31, 2020	March 31, 2019
Interest rate risk covered for currency	USD	USD
Nominal amount of Hedging instruments	USD 1200 Mn	USD 1200 Mn
Carrying value of hedging instruments (derivative assets)	-	15,311
Carrying value of hedging instruments (derivative liabilities)	-	6,855
Maturity Date	-	March 2023 - May 2024
Change in fair value during the year		
Hedged item	(38,597)	(43,792)
Hedging instrument	37,764	50,810
Hedge ineffectiveness recognised in finance income/cost during the year	(833)	7,018
Cumulative change in fair value of hedged item	-	18,614
Unamortised portion of fair value hedge adjustment	(9,350)	10,635

During the year, the derivative designated for fair value hedges has been cancelled and thus these hedges have been discontinued.

Interest rate sensitivity of borrowings

The impact of the interest rate sensitivity on profit before tax is given in the table below:

	Increase and decrease in basis points	Effect on profit before tax
For the year ended March 31, 2020		
USD borrowings	+25 -25	(246) 246
For the year ended March 31, 2019		
USD borrowings	+25 -25	(3,000) 3,000

The sensitivity disclosed in the above table is attributable to floating-interest rate borrowings and the interest swaps.

(All amounts are in USD thousand, unless stated otherwise)

Interest rate sensitivity of loans given

The impact of the interest rate sensitivity on profit before tax is given in the table below:

	Increase and decrease in basis points	Effect on profit before tax
For the year ended March 31, 2020		
USD Loans	+25	10,420
	-25	(10,420)
For the year ended March 31, 2019		
USD Loans	+25	9,096
	-25	(9,096)

The above sensitivity analysis is based on a reasonably possible change in the underlying interest rate of the Company's borrowings in USD (being the significant currency in which it has borrowed funds), while assuming all other variables (in particular foreign currency rates) to be constant.

Based on the movements in the interest rates historically and the prevailing market conditions as at the reporting date, the Company's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

(iii) Credit risk

Credit risk refers to the risk of default on its obligation by the counter-party, the risk of deterioration of credit-worthiness of the counter-party as well as concentration risks of financial assets, and thereby exposing the Company to potential financial losses.

Financial instruments and cash deposits

The Company's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents and deposits, and enters into derivative financial instruments - with banks, financial and other institutions, having good reputation and past track record, and high credit rating. Similarly, counter-parties of the Company's other receivables carry minimal credit risk. Further, the Company reviews the credit-worthiness of the counter-parties (on the basis of their credit ratings, credit spreads and financial strength) of all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt facilities and overdraft from both domestic and international banks at an optimized cost. It also enjoys strong access to domestic and international capital markets across debt and equity.

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and Cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowing limits or relevant covenants on any of its borrowings.

(All amounts are in USD thousand, unless stated otherwise)

Based on past performance and current expectations, the Company believes that the Cash and cash equivalents, cash generated from operations and available un-drawn credit facilities, will satisfy its working capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	As of March 31 , 2020						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings	2,433,795	-	-	-	824,849	1,603,677	**2,428,526**
Other financial liabilities	59,637	-	56,190	343	1,608	1,496	**59,637**
Trade payables	30,815	-	30,815	-	-	-	**30,815**
Financial liabilities (excluding derivatives)	**2,524,247**	**-**	**87,005**	**343**	**826,457**	**1,605,173**	**2,518,978**
Derivative assets	5,582	-	5,555	-	-	27	**5,582**
Derivative liabilities	(3,930)	-	(72)	-	-	(3,858)	**(3,930)**
Net Derivatives	**1,651**	**-**	**5,483**	**-**	**-**	**(3,831)**	**1,651**

	As of March 31 , 2019						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings *	2,660,357	1,090	-	351,129	-	2,343,411	**2,695,630**
Other financial liabilities	65,536	-	65,058	29	-	449	**65,536**
Trade payables	22,185	-	22,185	-	-	-	**22,185**
Financial liabilities (excluding derivatives)	**2,748,078**	**1,090**	**87,243**	**351,158**	**-**	**2,343,860**	**2,783,351**
Derivative assets	49,985	-	5,006	135	-	44,844	**49,985**
Derivative liabilities	(33,774)	-	(660)	(26,118)	-	(6,996)	**(33,774)**
Net Derivatives	**16,211**	**-**	**4,346**	**(25,983)**	**-**	**37,847**	**16,211**

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest swaps, over the tenor of the borrowings.

35. Capital Management

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is able to provide returns and create value for its shareholders, and benefits for other stakeholders), to support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and to maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to ensure that it maintains a stable capital structure with focus on total equity, uphold investor, creditor and customer confidence, and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

(All amounts are in USD thousand, unless stated otherwise)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

Particulars	As of March 31, 2020	As of March 31, 2019
Borrowings	2,433,795	2,660,357
Less: Cash and cash equivalents	30,926	754,750
Net debt	**2,402,869**	**1,905,607**
Equity	3,612,892	3,593,505
Total capital	**3,612,892**	**3,593,505**
Capital and Net Debt	**6,015,761**	**5,499,112**
Gearing Ratio	**39.9%**	**34.7%**

36. Fair Value of financial assets and liabilities

The category-wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Company's financial instruments are as follows:

		Carrying Value		Fair Value	
	Level	As of March 31, 2020	As of March 31, 2019	As of March 31, 2020	As of March 31, 2019
Financial Assets					
FVTPL					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	4,039	403	4,039	403
- Interest rate swaps	Level 2	1,543	49,582	1,543	49,582
Assets carried at amortised costs					
Loans and security deposits		4,147,810	3,640,549	4,147,810	3,640,549
Trade receivables		109,508	129,466	109,508	129,466
Cash and cash equivalents		30,926	754,750	30,926	754,750
Other financial assets		1,985	1,603	1,985	1,603
		4,295,811	**4,576,353**	**4,295,811**	**4,576,353**
Financial Liabilities					
FVTPL					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	3,580	26,778	3,580	26,778
- Interest rate swaps	Level 2	350	6,996	350	6,996
Liabilities carried at amortised costs					
Borrowings- fixed rate	Level 1	2,335,295	2,659,267	2,273,986	2,746,955
Borrowings- floating rate		98,500	1,090	98,500	1,090
Trade payables		30,815	22,185	30,815	22,185
Other financial liabilities		56,079	64,944	56,079	64,944
		2,524,619	**2,781,260**	**2,463,310**	**2,868,947**

The following methods / assumptions were used to estimate the fair values:

i. The carrying value of trade receivables, trade payables, floating rate borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities/ floating interest rate.

ii. Fair value of non-convertible bonds is based on quoted market price at the reporting date.

iii. The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Company reflect the contractual terms of the derivatives (including the period to maturity), market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgment and inputs thereto are readily observable.

During the years ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table describes the valuation techniques used and key inputs thereto for the level 2 financial assets / liabilities as at March 31, 2020 and March 31, 2019:

Financial assets / Financial liabilities	Valuation technique	Input used
Currency swaps, forward and Option contracts	Discounted Cash Flow	Forward currency exchange rates, Interest rates
Interest swaps	Discounted Cash Flow	Prevailing / forward interest rates in market, Interest rates

37. Key management personnel remuneration

	For the year ended	
	March 31, 2020	March 31, 2019
J.C. Uneken-van de Vreede	243	242
Raghunath Mandava	3,323	2,400
	3,566	**2,642**

38. Earnings/ (loss) per share ('EPS')

Particulars	Ordinary shares "A"	Ordinary shares "B"
March 31, 2020		
Par value of equity shares (in EUR)	1.00	1.00
Profit attributable to equity shareholders (A)	0.00	336,739.45
Weighted average number of equity shares outstanding during the year (Nos. in thousand) (B)	0.00	1,781,248.33
Basic / Diluted Earnings per Share (A / B)	0.04	0.19
March 31, 2019		
Par value of equity shares (in EUR)	1.00	1.00
Profit attributable to equity shareholders (A)	0.00	62,261.04
Weighted average number of equity shares outstanding during the year (Nos. in thousand) (B)	0.00	1,781,248.33
Basic / Diluted Earnings per Share (A / B)	0.01	0.03

(All amounts are in USD thousand, unless stated otherwise)

39. Related Party Disclosures

In accordance with the requirements of Ind AS 24 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

(a) Parent company

Airtel Africa plc (since 6 September 2018)

(a) Intermediate parent company

Airtel Africa Mauritius Limited (since 6 September 2018)
Network i2i Limited (until 6 September 2018)
Bharti Airtel Limited
Bharti Telecom Limited

(c) 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 company.

(d) Direct and indirect subsidiaries

Name of subsidiary	Principal activities	Proportion of ownership interest % As of March 31, 2020	March 31, 2019
Africa Towers N.V.	Investment Company	100	100
Airtel (Seychelles) Limited	Telecommunication services	100	100
Airtel Congo (RDC) S.A.	Telecommunication services	99	99
Airtel Congo S.A.	Telecommunication services	90	90
Airtel Gabon S.A.	Telecommunication services	98	98
Airtel International LLP	Support services	100	100
Airtel Madagascar S.A.	Telecommunication services	100	100
Airtel Malawi plc (formerly known as Airtel Malawi Limited)[1]	Telecommunication services	80	100
Airtel Mobile Commerce (Kenya) Limited	Mobile commerce services	100	100
Airtel Mobile Commerce Rwanda Limited	Mobile commerce services	100	100
Airtel Mobile Commerce (Seychelles) B.V.	Investment Company	100	100
Airtel Mobile Commerce (Seychelles) Limited	Mobile commerce services	100	100
Airtel Mobile Commerce (Tanzania) Limited	Mobile commerce services	100	100
Airtel Mobile Commerce B.V.	Investment Company	100	100
Airtel Mobile Commerce Congo B.V.	Investment Company	100	100
Airtel Mobile Commerce Holdings B.V.	Investment Company	100	100
Airtel Mobile Commerce Kenya B.V.	Investment Company	100	100
Airtel Mobile Commerce Limited	Mobile commerce services	100	100
Airtel Mobile Commerce Madagascar B.V.	Investment Company	100	100
Airtel Mobile Commerce Madagascar S.A.	Mobile commerce services	100	100
Airtel Mobile Commerce Malawi B.V.	Investment Company	100	100
Airtel Mobile Commerce Nigeria B.V.	Investment Company	100	100
Airtel Mobile Commerce Nigeria Limited	Mobile commerce services	91.74	91.77
Airtel Mobile Commerce Rwanda B.V.	Investment Company	100	100
Airtel Mobile Commerce Tchad B.V.	Investment Company	100	100
Airtel Mobile Commerce Tchad S.a.r.l.	Mobile commerce services	100	100
Airtel Mobile Commerce Uganda B.V.	Investment Company	100	100
Airtel Mobile Commerce Uganda Limited	Mobile commerce services	100	100
Airtel Mobile Commerce Zambia B.V.	Investment Company	100	100
Airtel Mobile Commerce Zambia Limited	Mobile commerce services	100	100

(All amounts are in USD thousand, unless stated otherwise)

Name of subsidiary	Principal activities	Proportion of ownership interest % As of	
		March 31, 2020	March 31, 2019
Airtel Money RDC S.A.	Mobile commerce services	98.50	98.50
Airtel Money Niger S.A.	Mobile commerce services	90	90
Airtel Money S.A.	Mobile commerce services	100	100
Airtel Money Tanzania Limited	Mobile commerce services	51	60
Airtel Money Transfer Limited	Mobile commerce services	100	100
Airtel Money Trust	Mobile commerce services	100	100
Airtel Networks Kenya Limited	Telecommunication services	100	100
Airtel Networks Limited	Telecommunication services	91.74	91.77
Airtel Networks Zambia plc	Telecommunication services	96.36	96.36
Airtel Rwanda Limited	Telecommunication services	100	100
Airtel Tanzania plc (formerly known as Airtel Tanzania Limited)[2]	Telecommunication services	51	60
Airtel Tchad S.A.	Telecommunication services	100	100
Airtel Uganda Limited	Telecommunication services	100	100
Bharti Airtel Africa B.V.	Investment Company	100	100
Bharti Airtel Chad Holdings B.V.	Investment Company	100	100
Bharti Airtel Congo Holdings B.V.	Investment Company	100	100
Bharti Airtel Developers Forum Limited	Investment Company	96.36	96.36
Bharti Airtel Gabon Holdings B.V.	Investment Company	100	100
Bharti Airtel Kenya B.V.	Investment Company	100	100
Bharti Airtel Kenya Holdings B.V.	Investment Company	100	100
Bharti Airtel Madagascar Holdings B.V.	Investment Company	100	100
Bharti Airtel Malawi Holdings B.V.	Investment Company	100	100
Bharti Airtel Mali Holdings B.V.	Investment Company	100	100
Bharti Airtel Niger Holdings B.V.	Investment Company	100	100
Bharti Airtel Nigeria B.V.	Investment Company	100	100
Bharti Airtel Nigeria Holdings II B.V.	Investment Company	100	100
Bharti Airtel RDC Holdings B.V.	Investment Company	100	100
Bharti Airtel Rwanda Holdings Limited	Investment Company	100	100
Bharti Airtel Services B.V.	Investment Company	100	100
Bharti Airtel Tanzania B.V.	Investment Company	100	100
Bharti Airtel Uganda Holdings B.V.	Investment Company	100	100
Bharti Airtel Zambia Holdings B.V.	Investment Company	100	100
Celtel (Mauritius) Holdings Limited	Investment Company	100	100
Celtel Niger S.A.	Telecommunication services	90	90
Channel Sea Management Company (Mauritius) Limited	Investment Company	100	100
Congo RDC Towers S.A.	Infrastructure sharing services	100	100
Gabon Towers S.A. #	Infrastructure sharing services	97.95	97.95
Indian Ocean Telecom Limited	Investment Company	100	100
Madagascar Towers S.A.	Infrastructure sharing services	100	100
Malawi Towers Limited	Infrastructure sharing services	100	100
Mobile Commerce Congo S.A.	Mobile commerce services	100	100
Montana International	Investment Company	100	100
Partnership Investment S.a.r.l.	Investment Company	100	100
Société Malgache de Téléphone Cellulaire S.A.	Investment Company	100	100
Tanzania Towers Limited	Infrastructure sharing services	51	60

[1]The Company's subsidiary Bharti Airtel Malawi Holdings B.V. has transferred to Malawian public in an IPO its 20% shareholding in Airtel Malawi plc on February 24, 2020.

[2]On November 29, 2019, Company's indirect subsidiary, Airtel Tanzania plc ('AT') issued 36,176,471 shares to government of Tanzania ('GOT") at zero effective cost thus decreasing the Company's indirect shareholding in AT to 51%.

The Company has given letters of comfort to provide the requisite financial support to its subsidiaries wherever required.

(All amount are in USD thousand, unless stated otherwise)

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Related Party Transactions for the year ended March 31, 2020

Nature of transaction	Bharti Airtel Limited	Airtel Africa plc	Airtel International LLP	Airtel Mobile Commerce B.V.	Africa Towers N.V	Airtel Gabon S.A.
Particulars						
Purchase of services	23,236	-	7,133	-	-	-
Dividend paid	-	(315,000)	-	-	-	-
Interest charged on loans taken	-	60	-	-	-	-
Loans received	-	98,500	-	-	-	-
Loans given	-	-	-	-	-	-
Repayment of loans given	-	-	-	-	-	-
Guarantee and collateral fees paid	(17,998)					
Management fees charged	-	-	-	-	-	5,750
Interest income on loans	-	-	-	1,163	1,371	-
Payment for services	(14,002)	-	-	-	-	-
Outstanding balance As of March 31, 2020						
Trade payables	(3,946)	-	(3,108)	-	-	-
Trade receivables	-	-	-	-	-	1,894
Borrowings	-	(98,500)	-	-	-	-
Loans	-	-	-	27,788	32,748	-
Other current assets	-	-	-	-	-	75
Corporate guarantee fee payable	(4,471)	-	-	-	-	-
Other financial liabilities	-	(60)	-	-	-	-
Total	**(8,417)**	**(98,560)**	**(3,108)**	**27,788**	**32,748**	**1,969**
Guarantees given on behalf of subsidiaries	-	-	-	-	-	112,531
Corporate guarantee received on Loans	7,056,000	-	-	-	-	-

(All amounts are in USD thousand, unless stated otherwise)

Related Party Transactions for the year ended March 31, 2020

Nature of transaction	Airtel Congo S.A.	Celtel Congo (RDC) S.a.r.l.	Airtel Uganda	Airtel Tanzania Limited	Airtel Networks Zambia Plc	Bharti Airtel Africa B.V.	Other subsidiaries	Total
Particulars								
Purchase of services	-	-	-	-	-	-	-	30,369
Share premium received	-	-	-	-	-	-	-	(315,000)
Interest charged on loans taken	-	-	-	-	-	-	-	60
Loans received	-	-	-	-	-	-	-	98,500
Loans given	-	-	-	-	-	724,105	-	724,105
Repayment of loans given	-	-	-	-	-	(356,871)	-	(356,871)
Guarantee and collateral fees received	-	-	-	-	-	-	-	(17,998)
Management fees charged	5,373	9,917	8,166	7,007	4,768	-	13,898	54,879
Interest income on loans	-	-	-	-	-	160,106	-	162,640
Payment for services	-	-	-	-	-	-	-	(14,002)
Outstanding balance As of March 31, 2020								
Trade payables	-	-	-	-	-	-	(15,630)	(22,684)
Trade receivables	36,850	10,230	517	43,798	1,319	-	20,241	114,850
Borrowings	-	-	-	-	-	-	-	(98,500)
Loans	-	-	-	-	-	4,107,592	-	4,168,128
Other non current assets	115	123	84	100	26	-	1,451	1,974
Corporate guarantee fee payable	-	-	-	-	-	-	-	(4,471)
Other financial liabilities	-	-	-	-	-	-	-	(60)
Total	**36,965**	**10,353**	**601**	**43,898**	**1,346**	**4,107,592**	**6,063**	**4,159,238**
Guarantees given on behalf of subsidiaries	40,000	51,370	103,106	-	61,888	-	245,299	614,193
Corporate guarantee received on Loans	-	-	-	-	-	-	-	7,056,000

(All amounts are in USD thousand, unless stated otherwise)

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Related Party Transactions for the year ended March 31, 2019

Nature of transaction	Bharti Airtel Limited	Airtel Africa PLC	Network i2i Limited	Bharti Airtel Services Limited	Bharti Airtel (USA) Limited	Bharti Airtel (UK) Limited	Airtel Gabon S.A.
Particulars							
Purchase of services	(28,471)	-	-	-	-	-	-
Transfer of investment	-	-	(208,000)	-	-	-	-
Share premium received	-	3,471,758	-	-	-	-	-
Interest charged on loans taken	-	-	-	-	(45)	(275)	-
Loans received	-	-	409,500	-	1,000	9,000	-
Loans given	-	-	-	-	-	-	-
Repayment of loans received	-	-	(1,157,758)	-	(5,578)	(30,946)	-
Repayment of loans given	-	-	-	-	-	-	-
Guarantee and collateral fees paid	(23,101)	-	-	-	-	-	-
Management fees charged	-	-	-	-	-	-	3,965
Interest income on loans	-	-	-	-	-	-	-
Payment for services	(12,432)	-	-	-	-	-	-
Outstanding balance As of March 31, 2019							
Borrowings	-	-	-	-	-	-	-
Trade payables	(4,162)	-	-	(82)	-	-	-
Loans	-	-	-	-	-	-	-
Corporate guarantee fee payable	(11,746)	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	564
Total	**(15,908)**	**-**	**-**	**(82)**	**-**	**-**	**564**
Guarantees given on behalf of subsidiaries	-	-	-	-	-	-	72,153
Corporate guarantee received on Loans	7,955,530	-	-	-	-	-	-

(All amounts are in USD thousand, unless stated otherwise)

Related Party Transactions for the year ended March 31, 2019

Nature of transaction	Airtel Networks Limited	Celtel Congo (RDC) S.a.r.l.	Airtel Uganda	Airtel Tanzania Limited	Airtel Networks Zambia Plc	Bharti Airtel Africa B.V.	Other subsidiaries	Total
Particulars								
Purchase of services	-	-	-	-	-	-	(722)	(29,193)
Transfer of investment	-	-	-	-	-	-	-	(208,000)
Share premium received	-	-	-	-	-	-	-	3,471,758
Interest charged on loans taken	-	-	-	-	-	-	(6)	(326)
Loans received	-	-	-	-	-	-	-	419,500
Loans given	-	-	-	-	-	166,510	35,561	202,071
Repayment of loans received	-	-	-	-	-	-	(1,696)	(1,195,978)
Repayment of loans given	-	-	-	-	-	(585,573)	(15,685)	(601,258)
Guarantee and collateral fees received	-	-	-	-	-	-	-	(23,101)
Management fees charged	-	7,896	6,304	5,060	4,003	-	15,837	43,065
Interest income on loans	-	-	-	-	-	170,117	1,858	171,975
Payment for services	-	-	-	-	-	-	-	(12,432)
Outstanding balance As of March 31, 2019								
Borrowings	-	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	(11,514)	(15,758)
Loans	-	-	-	-	-	3,580,252	58,003	3,638,255
Corporate guarantee fee payable	-	-	-	-	-	-	-	(11,746)
Trade receivables	-	44,883	955	37,842	686	-	44,536	129,466
Total	**-**	**44,883**	**955**	**37,842**	**686**	**3,580,252**	**91,025**	**3,740,217**
Guarantees given on behalf of subsidiaries	134,875	2,790	274,039	1,594	63,000	-	145,743	694,193
Corporate guarantee received on Loans	-	-	-	-	-	-	-	7,955,530

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40. Subsequent event

No events or transactions have occurred since the date of balance sheet or are pending that would have a material effect on the financial statements as at and for the year ended March 31, 2020.

41. Covid 19

In December 2019, there was an outbreak of Covid 19. This, however, became widespread in a number of countries after the reporting date and was subsequently declared a pandemic by the World Health Organisation (WHO) in March 2020. In this regard, a response team was set up in Airtel Africa Group to ensure preparedness and implement safety measures to contain the spread of the COVID-19. Airtel Africa Group staffs are being provided with relevant information and tools to help ensure safety as they carry out their day to day duties. At the time of the approval of the Company financial statements, the Company has not experienced any material impact arising from the impact of COVID-19 on its investments.

42. Other information

Previous year's figures have been regrouped / reclassified where necessary to confirm to current year's classification.