

**Bharti Airtel (USA) Limited**  
**Ind AS Special Purpose Financial Statements**  
**March 2022**

**Bharti Airtel (USA) Limited**

**Ind AS Special Purpose Financial Statements – March 2022**

**Contents**

**Page No.**

**1. Independent Auditor's Report**

**2. Ind AS Special Purpose Financial Statements**

- Special Purpose Balance Sheet as of March 31, 2022 and March 31, 2021	1
- Special Purpose Statement of Profit and Loss for the year ended March 31, 2022 and March 31, 2021	2
- Special Purpose Statement of Changes in Equity for the year ended March 31, 2022 and March 31, 2021	3
- Special Purpose Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021	4
- Notes to Special Purpose Financial Statements	5

# **Independent Auditor's Report**

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of BHARTI AIRTEL (USA) LIMITED**

**Report on the Audit of the Special Purpose Financial Statements**

**Opinion**

We have audited the accompanying Special Purpose Financial Statements of **BHARTI AIRTEL (USA) LIMITED** (the "Company"), which comprise the Special Purpose Balance Sheet as at March 31, 2022, the Special Purpose Statement of Profit and Loss (including Other Comprehensive income/(loss)), the Special Purpose Statement of Changes in Equity and the Special Purpose Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Special Purpose Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in conformity with the basis set out in Note 2.1 to the Special Purpose Financial Statements.

**Basis for Opinion**

We conducted our audit of the Special Purpose 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 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 the independence and ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 Financial Statements.

**Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2.1 to the Special Purpose Financial Statements, which describes the purpose and basis of accounting. The Special Purpose 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 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.

*NM*



### **Management's Responsibility for the Special Purpose Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), changes in equity and cash flows of the Company in accordance with the basis and for the purpose stated in Note 2.1 to the Special Purpose Financial Statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 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 Responsibility for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 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

AMC



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 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 Financial Statements, including the disclosures, and whether the Special Purpose 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 Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose 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 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 H. Lahoti

(Partner)



(Membership No. 130054)

(UDIN: 22130054ALTCTS1867)

Place: Gurugram

Date: June 27, 2022

**Ind AS Special Purpose Financial Statements**

**Bharti Airtel (USA) Limited**  
**Special Purpose Balance Sheet**  
*(All amounts are in thousands of USD; unless stated otherwise)*

	Notes	As of		
		March 31, 2022 (In Rs. '000) (Unaudited)	March 31, 2021 (Audited)	March 31, 2021 (Audited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	246,116	3,242	3,643
Capital work-in-progress	4	8,730	115	18
Right-of-use assets	28	-	-	12
<b>Financial assets</b>				
- Other financial assets	5	15,942	218	222
Income tax assets (net)		23,736	338	288
Deferred tax assets (net)	6	-	-	172
Other non-current assets	7	161,395	2,125	2,614
		<u>657,919</u>	<u>6,032</u>	<u>6,970</u>
<b>Current assets</b>				
<b>Financial assets</b>				
- Trade receivables	8	316,804	4,163	2,288
- Cash and cash equivalents	9	84,285	1,118	644
- Loans	18	548,238	7,222	7,222
- Other financial assets	5	23,154	385	338
Other current assets	7	67,716	892	1,423
		<u>1,039,438</u>	<u>13,692</u>	<u>13,917</u>
<b>Total Assets</b>		<u><b>1,697,347</b></u>	<u><b>19,724</b></u>	<u><b>18,887</b></u>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share capital	11	0*	0*	0*
Other equity		<u>818,591</u>	<u>10,783</u>	<u>11,164</u>
		<u>818,591</u>	<u>10,783</u>	<u>11,164</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities (net)	6	10,481	137	-
Deferred revenue	18	<u>57,695</u>	<u>760</u>	<u>988</u>
		<u>68,096</u>	<u>897</u>	<u>988</u>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Lease liabilities		-	-	13
- Trade Payables	13	-	6,431	5,328
- total outstanding dues of creditors other than micro enterprises and small enterprises		<u>583,382</u>	<u>6,431</u>	<u>5,328</u>
- Other financial liabilities	14	24,384	324	238
Other current liabilities	15	-	-	5
Provisions	16	<u>16,249</u>	<u>135</u>	<u>156</u>
Deferred revenue	18	<u>72,423</u>	<u>894</u>	<u>982</u>
		<u>610,660</u>	<u>8,841</u>	<u>6,735</u>
<b>Total Liabilities</b>		<u><b>678,756</b></u>	<u><b>8,841</b></u>	<u><b>7,733</b></u>
<b>Total Equity and Liabilities</b>		<u><b>1,497,347</b></u>	<u><b>19,724</b></u>	<u><b>18,887</b></u>

\* Less than USD 1.

The accompanying notes 1 to 30 form an integral part of these Special Purpose Financial Statements.

As per our report of even date  
 For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants

(Firm's Registration No. 117366W / W-108018)



Ritesh K. Lahoti  
 Partner  
 Membership No: 138054  
 Place: Gurugram, India

For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED

*[Signature]*  
 Ivo Pascucci  
 Director  
 Place: New Jersey, USA

*[Signature]*  
 Manoj Nayyar  
 Director  
 Place: New Jersey, USA

Date: June 27, 2022



**Bharti Airtel (USA) Limited**  
**Special Purpose Statement of Profit and Loss**  
*(All amounts are in thousands of USD; except per share data and unless stated otherwise)*

Notes	For the year ended		
	March 31, 2022 (In Rs. '000) (Unaudited)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
<b>Income</b>			
Revenue from operations	1,100,207	14,500	15,715
Other income	33,934	647	618
	<u>1,142,141</u>	<u>15,045</u>	<u>16,333</u>
<b>Expenses</b>			
Network operating expenses	843,719	11,114	14,585
License fee	97,323	1,282	161
Employee benefits expense	90,111	1,187	1,338
Sales and marketing expenses	45,321	587	621
Other expenses	13,817	252	622
	<u>1,090,291</u>	<u>14,362</u>	<u>17,247</u>
<b>Profit / (loss) before depreciation, finance costs and tax</b>	<b>51,850</b>	<b>683</b>	<b>(914)</b>
Depreciation expense	50,332	613	688
Finance costs	6,377	84	65
Loss before tax	<u>(4,859)</u>	<u>(64)</u>	<u>(1,639)</u>
<b>Tax expense / (credit)</b>			
Current tax	667	0	2
Deferred tax	23,498	288	(123)
<b>Total tax expense / (credit)</b>	<u>24,165</u>	<u>317</u>	<u>(121)</u>
<b>Loss for the year</b>	<b>(20,924)</b>	<b>(381)</b>	<b>(1,516)</b>
Other comprehensive loss for the year	-	-	-
<b>Total comprehensive loss for the year</b>	<u><b>(20,924)</b></u>	<u><b>(381)</b></u>	<u><b>(1,516)</b></u>
<b>Earnings per share (In Rupee / USD)</b>			
(Face Value USD 0.0001 each)			
Basic and Diluted loss per share	26	(66.436)	(1,278)
			(5.833)

The accompanying notes 1 to 30 form an integral part of these Special Purpose Financial Statements.

As per our report of even date  
 For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants  
 (Firm's Registration No. 127366W / W-100018)



Date: June 27, 2022

For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED

Joe Pasquari  
 Director  
 Place: New Jersey, USA

Ronald Mayer  
 Director  
 Place: New Jersey, USA

**Bharti Airtel (USA) Limited**  
**Special Purpose Statement of changes in equity**  
*(All amounts are in thousands of USD; unless stated otherwise)*

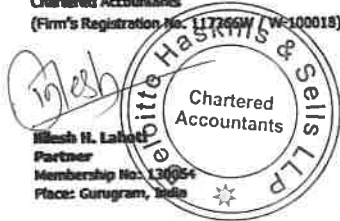
As of April 1, 2020  
 Less for the year  
 Other comprehensive income  
 Total comprehensive loss  
 As of March 31, 2021  
 Less for the year  
 Other comprehensive income  
 Total comprehensive loss  
 As of March 31, 2022

No. of shares	Amount	Other Equity-Reserves & surplus			Total equity
		Equity share capital	Securities premium	Retained earnings	
300	0*	12,600	00	12,600	12,600
-	-	-	(1,516)	(1,516)	(1,516)
-	-	-	-	-	-
-	-	-	(1,516)	(1,516)	(1,516)
300	0*	12,600	(1,430)	11,164	11,164
-	-	-	(301)	(301)	(301)
-	-	-	-	-	-
-	-	-	(301)	(301)	(301)
300	0*	12,600	(1,817)	10,783	10,783

\* Less than USD 1

The accompanying notes 1 to 30 form an integral part of these Special Purpose Financial Statements.

As per our report of even date  
 for BELLOITE HASSEINS & SELLS LLP  
 Chartered Accountants  
 (Firm's Registration No. 117265W / W-100018)



Date: June 27, 2022

For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED

  
 Ivo Pascucci  
 Director  
 Place: New Jersey, USA

  
 Manoj Nayyar  
 Director  
 Place: New Jersey, USA

**Bharti Airtel (USA) Limited**  
**Special Purpose Statements of Cash Flows**

*(All amounts are in thousands of USD; unless stated otherwise)*

	For the year ended	
	March 31, 2022	March 31, 2021
<b>Cash flows from operating activities</b>		
Loss before tax	(64)	(1,639)
<b>Adjustments for:</b>		
Depreciation expense	663	660
Finance costs	84	65
Interest income	(71)	(87)
Unrealised foreign exchange loss / (gain)	0	(0)
Other non - cash items	(53)	185
<b>Operating cash flows before changes in assets and liabilities</b>	<b>559</b>	<b>(816)</b>
<b>Changes in assets and liabilities</b>		
Trade receivables	(1,836)	421
Trade payables	1,310	(150)
Other financial and non - financial liabilities	(271)	(307)
Other financial and non - financial assets	1,131	104
<b>Net cash generated from / (used in) operations before tax</b>	<b>893</b>	<b>(828)</b>
Income tax (paid) / refund - net	(57)	918
<b>Net cash generated from operating activities (a)</b>	<b>836</b>	<b>90</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and capital work-in-progress	(273)	(644)
Loan given	-	(2,000)
Repayment of loan given	-	1,929
Interest received	-	71
<b>Net cash used in investing activities (b)</b>	<b>(273)</b>	<b>(644)</b>
<b>Cash flows from financing activities</b>		
Interest and other finance charges paid	(84)	(65)
Payment of lease liabilities	(13)	(38)
<b>Net cash used in financing activities (c)</b>	<b>(97)</b>	<b>(103)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (a+b+c)</b>	<b>466</b>	<b>(657)</b>
Add: Cash and cash equivalents as at beginning of the year	644	1,301
<b>Cash and cash equivalents as at end of the year (Note 9)</b>	<b>1,110</b>	<b>644</b>

The accompanying notes 1 to 30 form an integral part of these Special Purpose Financial Statements.

As per our report of even date  
 For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants  
 (Firm's Registration No. 1173664W / W-1000318)

*Rohesh*

Rohesh H. Lahoti  
 Partner  
 Membership No: 130054  
 Place: Gurugram, India



For and on behalf of the Board of Directors of BHARTI AIRTEL (USA) LIMITED

*Jay Pasucci*  
 Jay Pasucci  
 Director

Place: New Jersey, USA

*Murali Rayer*  
 Murali Rayer  
 Director

Place: New Jersey, USA

Date: June 27, 2022

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**  
*(All amounts are in thousands of USD; except per share data and unless stated otherwise)*

---

**1. Corporate information**

Bharti Airtel (USA) Limited ('the Company'), incorporated on September 12, 2006, is registered in the United States of America (USA) having its registered office at CT Corporation System, 28 Liberty Street, New York, 10005.

The Company is a subsidiary of Bharti International (Singapore) Pte. Ltd. with effect from June 27, 2018.

The Company has point of presence (POP) in the United States of America to provide the telecommunication services so as to interconnect international and domestic capacities originating and terminating into that country.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The Special Purpose Financial Statements ('financial statements') have been prepared by the Company to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), 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 for certain disclosures as required by the Ind AS and Division II of Schedule III of the which are not relevant for true and fair presentation.

Further, the Company is not incorporated in India and these financial statements are not statutory financial statements, hence full compliance with Ind AS and Division II of Schedule to the Act is not required.

The financial statements are approved for issue by the Company's Board of Directors on June 27, 2022.

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 Act. Further, for the purpose of clarity, various items are aggregated in the Statement of Profit and Loss and Balance Sheet. Nonetheless, these items are dis-aggregated separately in the notes to the financial statements, where applicable or required.

The financial statements are presented in United States Dollars ('USD'), which is also the Company's functional currency. Therefore, all the amounts included in the financial statements are reported in USD and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'. The translation of USD to Indian Rupee amounts presented in the Balance Sheet and Statement of Profit and Loss is unaudited and is included solely for the readers in India and has been calculated using the exchange rate of USD 1 = Rs. 75.915, the RBI reference rate as announced by the Reserve Bank of India (RBI) on March 31, 2022. Such translations should not be



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

***(All amounts are in thousands of USD; unless stated otherwise)***

construed as representations that the Indian Rupee amounts represent, or have been or could be converted into, United States Dollars at that or any other rate.

The preparation of the said financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgements in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements, except in case of adoption of any new standards and amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to confirm to such current year's grouping / classifications. There is no impact on Equity or Net Loss due to these regrouping / reclassifications.

**New amendments adopted during the year**

**a) Amendments to Ind AS**

MCA vide notification no. G.S.R. 419(E) dated June 18, 2021 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which amends following Ind AS (as applicable to the Company):

- Ind AS 116, Leases
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12, Income Taxes
- Ind AS 16, Property, Plant and Equipment

The amendments are applicable for annual periods beginning on or after the April 1, 2021, however, these do not have material impact on the financial statements of the Company.

**b) Amendments to Schedule III Division II**

MCA vide notification dated March 24, 2021, has amended disclosure requirements to Division II of Schedule III to the Act. The amendments are applicable from April 1, 2021.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**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.

**Fair value measurement**

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

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**

Initial Recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Subsequent measurement

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

Exchange Difference

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

**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 twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

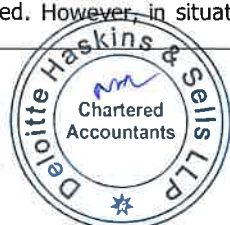
A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at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

**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 are initially recognised 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 are 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 de-recognised from the Balance Sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

The expenditures that are incurred after the item of PPE has been available for use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

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.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress, advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed under other non-current assets.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Act and has accordingly, depreciated the assets over such useful life.

The Company has established the estimated range of useful lives of different categories of PPE as follows:

	<b>Years</b>
Plant & Equipments	3 - 20
Office Equipments	2 - 5
Computers	3
Furniture & fixtures	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end 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 is 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 off are de-recognised from the Balance Sheet and the resulting gains / (losses) are included in the statement of profit and loss within other income / other expenses.

**2.6 Impairment of non-financial assets**

**PPE and Right of Use ('ROU') assets**

PPE (including CWIP) and Right of use assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

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 cash-generating-unit ('CGU') level to which the said asset belongs. A CGU is the smallest unit identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss 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.





**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

---

**Reversal of impairment losses**

Impairment losses are reversed in the statement of profit and loss 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.

**2.7 Financial instruments**

**a. Recognition, classification and presentation**

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

The Company has classified all the financial liabilities at amortised cost.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the 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 – financial instruments**

**I. Initial measurement**

At initial recognition, the Company measures the non-derivative financial instruments at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss.

**II. Subsequent measurement - financial assets**

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

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

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



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

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

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

**iii. Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit losses ('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. Derecognition**

The financial assets are de-recognised 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 financial liabilities are derecognised from the Balance Sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The resultant impact of derecognition is recognised in the Statement of Profit and Loss.

**2.8 Leases**

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.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**Company as a lessee**

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 in-substance 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 a change in future lease payments including changes in the Company's assessment of whether it will exercise an extension or termination option 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 Statement of Profit and 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 expense 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 and 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.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of twelve months or less and leases of low value assets. The Company recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2.9 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 under assets as income tax assets / under current liabilities as current tax liabilities.

Any interest, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather recognised within finance costs.

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.

**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. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. 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 or loss.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment.

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 asset is realised or the liability is settled.

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.

**2.10 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).

**2.11 Equity Share capital**

Ordinary shares are classified as Equity when the Company has an un-conditional 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.

**2.12 Employee benefits**

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans and compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the Company 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.

**Defined contribution plans**

The contributions to defined contribution plans are recognised in the statement of profit and loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**2.13 Provisions**

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

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

**2.14 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.

**2.15 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties and discounts.

In order to determine if it is acting as a principal or as an agent, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers.

The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by determining whether it has primary obligation basis pricing latitude and exposure to inventory risks associated with the sale of goods / rendering of services.

In the said assessment, both the legal form and substance of the agreement are reviewed to determine each party's role in the transaction.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

**Point of Presence (POP) Services:** Revenue from these services are recognised based on the capacities interconnected at each such POP and varies from time to time. These services are recognised upon transfer of control of services over time.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**IP port services:** Revenue from IP port services is recognised on an accrual basis.

These services are recognised upon transfer of control of services over time.

**Deferred Revenue:** Deferred revenue includes amount billed to customers upfront relating to Infeasible Right of Use ("IRU") arrangements which are recognised over the period of the arrangements.

**Interest Income:** The interest income is recognised using the EIR method. For further details, refer note 2.7.

**2.16 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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

Diluted EPS is computed by adjusting, the loss 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. Key source of estimation uncertainties and critical judgments**

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

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



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**3.1 Key sources of estimation uncertainties**

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

**a. Useful lives of PPE**

As described at 2.5 above, the Company reviews the estimated useful lives of PPE at end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, change in economic conditions of the market, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charge.

**b. Allowance for impairment of trade receivables**

The expected credit loss is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.



-----This space is intentionally left blank-----



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**4. Property, Plant and Equipment ('PPE')**

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2022 and March 31, 2021:

	Plant and Equipments	Furniture and office equipments	Computers	Total
<b>Gross carrying value</b>				
<b>Balance as of April 1, 2020</b>	<b>12,127</b>	<b>1</b>	<b>2</b>	<b>12,130</b>
Additions	723	-	-	723
<b>Balance as of March 31, 2021</b>	<b>12,850</b>	<b>1</b>	<b>2</b>	<b>12,853</b>
<b>Balance as of April 1, 2021</b>	<b>12,850</b>	<b>1</b>	<b>2</b>	<b>12,853</b>
Additions	250	-	-	250
<b>Balance as of March 31, 2022</b>	<b>13,100</b>	<b>1</b>	<b>2</b>	<b>13,103</b>
<b>Accumulated depreciation</b>				
<b>Balance as of April 1, 2020</b>	<b>8,582</b>	<b>1</b>	<b>2</b>	<b>8,585</b>
Depreciation	625	-	-	625
<b>Balance as of March 31, 2021</b>	<b>9,207</b>	<b>1</b>	<b>2</b>	<b>9,210</b>
<b>Balance as of April 1, 2021</b>	<b>9,207</b>	<b>1</b>	<b>2</b>	<b>9,210</b>
Depreciation	651	-	-	651
<b>Balance as of March 31, 2022</b>	<b>9,858</b>	<b>1</b>	<b>2</b>	<b>9,861</b>
<b>Net carrying value</b>				
<b>As of March 31, 2021</b>	<b>3,643</b>	<b>-</b>	<b>-</b>	<b>3,643</b>
<b>As of March 31, 2022</b>	<b>3,242</b>	<b>-</b>	<b>-</b>	<b>3,242</b>

The carrying value of capital work-in-progress as at March 31, 2022 and March 31, 2021 is USD 115 and USD 18 respectively, which mainly pertains to plant and equipments.



-----This space is intentionally left blank-----

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**5. Other financial assets**

**Non-current**

	As of	
	March 31, 2022	March 31, 2021
Security deposits*	210	222
	<b>210</b>	<b>222</b>

\*Security deposits (net of allowance for impairment of USD 51 and USD 51 as at March 31, 2022 and March 31, 2021 respectively) primarily includes deposits given towards rented premises, cell sites and interconnect ports.

**Current**

	As of	
	March 31, 2022	March 31, 2021
Interest accrued on loan (Refer note 27)	293	222
Unbilled revenue	-	21
Receivables from employees	-	87
Others	12	-
	<b>305</b>	<b>330</b>

**6. Deferred Tax Assets / (Liabilities) (Net)**

	As of	
	March 31, 2022	March 31, 2021
<b>Deferred Tax Liabilities arising on account of :</b>		
Depreciation expense	580	790
<b>Gross Deferred Tax Liabilities</b>	<b>580</b>	<b>790</b>
<b>Less:</b>		
<b>Deferred Tax Assets arising on account of :</b>		
Provision for impairment of debtors	234	240
Losses available for offset against future taxable income	-	465
Unearned Income	209	257
<b>Gross Deferred Tax Assets</b>	<b>443</b>	<b>962</b>
<b>Deferred Tax (Liabilities) / Assets (net)</b>	<b>(137)</b>	<b>172</b>



-----This space is intentionally left blank-----

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**7. Other assets**

**Non-current**

	As of	
	March 31, 2022	March 31, 2021
Prepaid expenses	2,126	2,614
	<b>2,126</b>	<b>2,614</b>

**Current**

	As of	
	March 31, 2022	March 31, 2021
Prepaid expenses	892	1,043
Advances to suppliers (net)*	-	380
	<b>892</b>	<b>1,423</b>

\* Net of provision of USD 134 and USD 154 as on March 31, 2022 and March 31, 2021 respectively.

**8. Trade Receivables**

	As of	
	March 31, 2022	March 31, 2021
Trade Receivable considered good- unsecured *	5,278	3,443
Less: Allowances for doubtful receivables	(1,115)	(1,145)
	<b>4,163</b>	<b>2,298</b>

\* Includes amount due from related parties (refer note 27).

Refer note 29(1)(a) for credit risk.

**The movement in allowances for doubtful receivables is as follows:**

	For the year ended	
	March 31, 2022	March 31, 2021
Opening balance	1,145	1,420
Reversal	(30)	(275)
Closing balance	<b>1,115</b>	<b>1,145</b>

**9. Cash and Cash Equivalents**

	As of	
	March 31, 2022	March 31, 2021
Balance with banks	1,110	644
	<b>1,110</b>	<b>644</b>



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**10. Loans**

	As of	
	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loan to related parties (Refer note 27)†	7,222	7,222
	<u>7,222</u>	<u>7,222</u>

#Loans given to related parties are unsecured, bear average interest rate which is LIBOR plus margin, effective interest rate is 0.97% and 1.35% as at March 31, 2022 and March 31, 2021 and are given for a short term period on a revolving basis which is repayable on demand. The amounts are expected to be settled in cash.

**11. Equity Share Capital**

	As of	
	March 31, 2022	March 31, 2021
Authorised shares 1,000 equity shares of USD 0.0001 each	0*	0*
Issued, Subscribed and fully paid-up shares 300 equity shares of USD 0.0001 each	0*	0*
	<u>0*</u>	<u>0*</u>

\* Less than USD 1.

**a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year**

	For the year ended			
	March 31, 2022		March 31, 2021	
	No. of shares	USD	No. of shares	USD
At the beginning of the year	300	0*	300	0*
Outstanding at the end of the year	<u>300</u>	<u>0*</u>	<u>300</u>	<u>0*</u>

\* Less than USD 1.

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

The Company has only one class of equity shares having par value of USD 0.0001 per share. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the paid-up equity share capital of the Company.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**c. Shares held by holding Company**

	As of			
	March 31, 2022		March 31, 2021	
	No.	% holding	No.	% holding
Bharti International (Singapore) Pte. Ltd., the holding company 300 (March 31, 2021 - 300) equity shares of USD 0.0001 each fully paid up	300	100%	300	100%

**d. Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company**

	As of			
	March 31, 2022		March 31, 2021	
	No.	% holding	No.	% holding
Equity shares of USD 0.0001 each fully paid up Bharti International (Singapore) Pte. Ltd.	300	100%	300	100%

**12. Reserves and surplus**

- a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company.
- b) **Securities premium account:** Securities premium is used to record the premium on issue of shares.

**13. Trade Payables**

	As of	
	March 31, 2022	March 31, 2021
Others*	6,631	5,320
	<b>6,631</b>	<b>5,320</b>

\* Includes amount due to related parties (refer note 27).

There is no amount payable to micro and small enterprises as of March 31, 2022 and March 31, 2021.

**14. Other Financial Liabilities**  
**Current**

	As of	
	March 31, 2022	March 31, 2021
Dues to employees	20	-
Contribution to funds	101	162
Payable against capital expenditure	170	97
Others	33	-
	<b>324</b>	<b>259</b>



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**15. Other liabilities**

**Current**

	As of	
	March 31, 2022	March 31, 2021
Taxes payable	-	5
	-	5

**16. Provisions**

**Current**

	As of	
	March 31, 2022	March 31, 2021
Provision for leave encashment	135	156
	135	156

**17. Contingencies and commitments**

**(i) Contingencies**

Claims against the company not acknowledged as debts amounting to USD Nil as of March 31, 2022 (March 31, 2021: USD Nil)

**(ii) Commitments**

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) USD 737 as of March 31, 2022 (March 31, 2021: USD 522).

**18. Revenue from operations**

	For the year ended	
	March 31, 2022	March 31, 2021
Service revenue	14,598	15,715
	14,598	15,715



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**Disaggregation of Revenue**

Revenue is disaggregated by timing of revenue recognition is as follows:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Timing of Revenue Recognition		
Services transferred over time	14,598	15,715
	<b>14,598</b>	<b>15,715</b>

**Contract Balances**

The following table provides information about unbilled revenue and deferred revenue from contract with customers

	As of	
	March 31, 2022	March 31, 2021
Unbilled Revenue (refer note 5)	-	21
Deferred Revenue	1,714	1,970

Significant changes in the deferred revenue balance during the year are as follows:

	For the year ended	
	March 31, 2022	
	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue at the beginning of the year		982
Increases due to cash received, excluding amounts recognised as revenue during the year		726
Transfers from unbilled revenue recognised at the beginning of the year to receivables	21	

**19. Network operating Expense**

	For the year ended	
	March 31, 2022	March 31, 2021
Internet Access & Bandwidth charges	10,183	13,524
Repair & Maintenance	931	981
	<b>11,114</b>	<b>14,505</b>



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**20. Employee Benefits Expense**

	For the year ended	
	March 31, 2022	March 31, 2021
Salaries, wages and bonus	969	1,047
Contribution to employee's funds	117	174
Staff welfare expenses	101	117
	<b>1,187</b>	<b>1,338</b>

**21. Sales and marketing expenses**

	For the year ended	
	March 31, 2022	March 31, 2021
Sales commission & distribution	597	614
Advertisement & marketing	-	7
	<b>597</b>	<b>621</b>

**22. Other Expenses**

	For the year ended	
	March 31, 2022	March 31, 2021
Legal and professional charges*	40	47
Telephone, telex and postage	4	8
Travelling and conveyance	1	13
Miscellaneous expenses	137	554
	<b>182</b>	<b>622</b>

\*Details of auditor's remuneration (excluding Goods & Services Tax) included in legal and professional charges:

	For the year ended	
	March 31, 2022	March 31, 2021
Audit fees	8	6
Reimbursement of expenses	1	0
	<b>9</b>	<b>6</b>

**23. Depreciation expense**

	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation (including on ROU)	663	660
	<b>663</b>	<b>660</b>





**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**24. Finance Costs**

	For the year ended	
	March 31, 2022	March 31, 2021
Interest expense- lease liabilities	0	3
Bank charges	84	62
Net foreign exchange loss / (gain)	0	(0)
	<b>84</b>	<b>65</b>

**25. Income Tax (credit) / expense**

	For the year ended	
	March 31, 2022	March 31, 2021
Current tax	8	2
Deferred tax	309	(125)
	<b>317</b>	<b>(123)</b>

The reconciliation between the amount computed by applying the USA statutory tax rate to the loss before tax and income tax expense / (credit) is summarised as below:

	For the year ended	
	March 31, 2022	March 31, 2021
Loss before tax	(64)	(1,639)
Tax credit at the USA statutory tax rate @ 21%	(13)	(344)
Non deductible expenses	10	0
Adjustment in respect to deferred tax of previous years	317	219
Minimum tax	3	2
	<b>317</b>	<b>(123)</b>

	For the year ended	
	March 31, 2022	March 31, 2021
Deferred tax expense / (income)		
Carry forward losses	25	(465)
Provision for impairment of debtors / advances	6	58
Depreciation on PPE / ROU	(87)	15
Unearned income	48	48
Deferred Tax (Reversed) / Recognised in respect of previous years	317	219
Net deferred tax expense / (income)	<b>309</b>	<b>(125)</b>



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**26. Earnings per share ('EPS')**

The details used in the computation of basic and diluted EPS:

	For the year ended	
	March 31, 2022	March 31, 2021
(a) Loss attributable to equity shareholders (i)	(381)	(1,516)
(b) Total number of shares outstanding at the end of the year	300	300
(c) Weighted average number of equity shares outstanding during the year (ii)	300	300
(d) Nominal value of equity shares (in USD)	0.0001	0.0001
(e) Loss per share (Basic and Diluted) (i) / (ii)	(1,270)	(5,053)

**27. Related Party Transactions**

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

- i. Ultimate Parent Company**  
Bharti Airtel Limited
- ii. Intermediate Parent Company**  
Network i2i Limited
- iii. Parent Company**  
Bharti International (Singapore) Pte. Ltd.
- iv. Ultimate controlling entity**  
Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.
- v. Entity having significant influence over the parent company**  
Singapore Telecommunication Limited
- vi. Other entities with whom transactions have taken place during the reporting periods**  
**Fellow Subsidiaries**  
Bharti Airtel (UK) Limited  
Bharti Airtel Services Limited  
Bharti Airtel (Hong Kong) Limited  
Bharti Airtel Lanka (Private) Limited  
Bharti Airtel (Japan) Private Limited  
Bharti Airtel (France) SAS  
Bharti Telemedia Limited  
Nxtra Data Limited



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

The details of amounts due to or due from the related parties as of March 31, 2022 and March 31, 2021 are as follows:

S.No	Particulars	As of	
		March 31, 2022	March 31, 2021
1	Loan given		
	Network i2i Limited	7,222	7,222
		<u>7,222</u>	<u>7,222</u>
2	Interest receivable		
	Network i2i Limited	293	222
		<u>293</u>	<u>222</u>
3	Receivables/ (Payables)		
	Bharti Airtel Limited	2,662	1,178
	Bharti Airtel Services Limited	1	1
	Bharti Telemedia Limited	(0)	(0)
	Bharti Airtel (France) SAS	39	11
	Bharti Airtel (Japan) Private Limited	(11)	(9)
	Bharti Airtel Lanka (Private) Limited	(2)	(2)
	Singapore Telecommunication Limited	(256)	(269)
	Bharti Airtel (Hong Kong) Limited	32	(12)
	Network i2i Limited	(237)	(343)
	Bharti Airtel (UK) Limited	262	113
	Bharti International (Singapore) Pte. Ltd.	463	147
	Nxtra Data Limited	(0)	(1)
		<u>2,953</u>	<u>814</u>

Outstanding balances at year end are un-secured and settlement occurs in cash.



-----This space is intentionally left blank-----

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

The details of related party transactions entered into by the Company for the year ended March 31, 2022 and March 31, 2021 are as follows:

S.No	Particulars	For the year ended	
		March 31, 2022	March 31, 2021
<b>1</b>	<b>Rendering of services</b>		
	Bharti Airtel Limited	2,366	3,146
	Bharti Airtel (France) SAS	15	13
	Bharti Airtel (UK) Limited	1,249	820
	Bharti International (Singapore) Pte. Ltd.	3,077	1,581
	Bharti Airtel (Hong Kong) Limited	417	102
	Network i2i Limited	140	405
		<b>7,264</b>	<b>6,067</b>
<b>2</b>	<b>Purchase of goods / Receiving of services</b>		
	Bharti Airtel Limited	1,022	1,507
	Bharti Airtel (France) SAS	49	204
	Bharti Airtel (Japan) Private Limited	34	13
	Bharti Airtel Lanka (Private) Limited	7	8
	Singapore Telecommunication Limited	114	195
	Bharti Airtel (Hong Kong) Limited	300	527
	Network i2i Limited	2,456	4,728
	Bharti Airtel (UK) Limited	102	220
	Bharti International (Singapore) Pte. Ltd.	413	419
	Nutra Data Limited	3	(0)
		<b>4,500</b>	<b>7,821</b>
<b>3</b>	<b>Loans given</b>		
	Network i2i Limited	-	2,000
		-	<b>2,000</b>
<b>4</b>	<b>Repayment of Loans given</b>		
	Network i2i Limited	-	1,929
		-	<b>1,929</b>
<b>5</b>	<b>Interest income</b>		
	Network i2i Limited	71	87
		<b>71</b>	<b>87</b>



-----This space is intentionally left blank-----

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**28. Leases**

**Right-of-use assets ('ROU')**

The following table presents the reconciliation of changes in the carrying value of ROU asset for the year ended March 31, 2022 and March 31, 2021:

	<b>Building</b>	<b>Total</b>
Balance as at April 1, 2020	47	47
Depreciation expense	35	35
<b>Balance as at March 31, 2021</b>	<b>12</b>	<b>12</b>
	<b>Building</b>	<b>Total</b>
Balance as at April 1, 2021	12	12
Depreciation expense	12	12
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>-</b>

• **Building**

The Company's leases of building comprise of lease of offices.

**Amounts recognised in profit or loss**

	<b>For the year ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Leases under Ind AS 116</b>		
Interest on lease liabilities	0	3
Expenses relating to short-term leases	28	-

**Amounts recognised in statement of cash flows**

	<b>For the year ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Leases under Ind AS 116</b>		
Total cash outflow for leases	13	38

Refer note 29(1)(b) for maturity profile of Lease Liabilities

**29. Financial and capital risk**

**29. 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 overall risk management seeks to minimize potential adverse effects of these risks on the financial performance of the Company. The Company has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.



*(Handwritten mark)*

**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**(a) 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.

The Company is exposed to credit risk mainly with respect to trade receivables. The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a number of independent customers including group entities. The credit period provided by the Company to its customers (other than Company entities), generally ranges between 0-90 days.

As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk other than Company receivables. For details of trade receivables / revenues from related-parties, refer note 8 and 27.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit worthiness of its customers to which it grants credit in the ordinary course of business.

Consequently, the allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.

The ageing analysis of trade receivables as of the reporting date is as follows:

	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2022	3,799	218	101	39	6	4,163
Trade Receivables as of March 31, 2021	1,840	162	218	58	20	2,298

Cash and cash equivalents are placed with reputed financial banks / institutions.

**(b) 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.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents to finance the Company's operations and mitigate the effects of fluctuations in cash flows.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**Analysis of financial instruments by remaining contractual maturities**

The table below summarizes the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligation.

	As of March 31, 2022						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Trade payables	6,631	-	6,631	-	-	-	6,631
Other financial liabilities	324	-	324	-	-	-	324
	<b>6,955</b>	<b>-</b>	<b>6,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,955</b>

	As of March 31, 2021						Total
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Trade payables	5,320	-	5,320	-	-	-	5,320
Other financial liabilities	259	-	259	-	-	-	259
Lease Liabilities	13	-	13	0	0	-	13
	<b>5,592</b>	<b>-</b>	<b>5,592</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>5,592</b>

**(c) Foreign currency risk**

The Company has foreign currency trade payables and receivables. However, foreign exchange exposure mainly arises from trade payables and accrued expenses denominated in foreign currencies. Consequently, the Company is mainly exposed to foreign exchange risks related to foreign currencies vis-à-vis the functional currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the exchange rates against the functional currency of the Company:

	Change in currency exchange rate	Effect on loss before tax	
		March 31, 2022	March 31, 2021
LKR	+5%	(0)	(0)
	-5%	0	0
GBP	+5%	(0)	0
	-5%	0	(0)
INR	+5%	(8)	(4)
	-5%	8	4
SGD	+5%	(1)	(0)
	-5%	1	0

The above sensitivity analysis is based on a reasonably possible change in the under-lying foreign currency against the USD while assuming all other variables to be constant.



**Bharti Airtel (USA) Limited**  
**Notes to Special Purpose Financial Statements**

*(All amounts are in thousands of USD; unless stated otherwise)*

**29.2. Capital management**

Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. 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.

**30. Fair value of financial instruments**

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

	As of			
	March 31, 2022		March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets at amortised cost</b>				
Loans	7,222	7,222	7,222	7,222
Trade receivables	4,163	4,163	2,298	2,298
Cash and cash equivalents	1,110	1,110	644	644
Other financial assets	515	515	552	552
	<b>13,010</b>	<b>13,010</b>	<b>10,716</b>	<b>10,716</b>
<b>Liabilities at amortised cost</b>				
Trade payables	6,631	6,631	5,320	5,320
Other financial liabilities	324	324	259	259
	<b>6,955</b>	<b>6,955</b>	<b>5,579</b>	<b>5,579</b>

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, trade payables and other payables and accruals reasonably approximate their fair values because these are short term in nature and re-priced regularly. Amounts due to / from related companies, approximate their fair value as the interest rates charged to / by related companies are approximately equivalent to interest rate prevailing in the market or re-priced regularly.

