

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of M/s. Bharti Airtel Kenya Holdings B.V., Netherlands

Report on the Financial Statements

We have audited the accompanying financial statements of **Bharti Airtel Kenya Holdings B.V.** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Statement for Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Indian GAAP. This responsibility also includes maintenance of adequate accounting records 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with Indian GAAP, of the state of affairs of the Company as at March 31, 2015, its results of operations, and its cash flows for the year ended on that date.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Regn. No: 001111N



(Akhil Bhalla)
Partner
Membership No.505002

Place: NEW DELHI

Dated: 8th July 2015



BHARTI AIRTEL KENYA HOLDINGS B.V.

Financial Statements for the year ended March 31, 2015

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BHARTI AIRTEL KENYA HOLDINGS B.V.**Balance Sheet**

Balance Sheet as of March 31, 2015

Particulars	Notes	As of March 31, 2015 (in USD Thousands) (Audited)	As of March 31, 2014 (in USD Thousands) (Audited)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	16	16
Reserves and surplus	5	(36,896)	(35,941)
Non- Current Liabilities			
Long-term borrowings	6	1,049,644	991,560
Total		1,012,764	955,635
ASSETS			
Non-current Assets			
Long- term loans and advances	7	1,012,748	955,619
Current Assets			
Other current assets	8	16	16
Total		1,012,764	955,635

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

As per our report of even date

For J.C.Bhalla & Co.

Chartered Accountants

ICAI Firm Registration No: 001111N



Akhil Bhalla

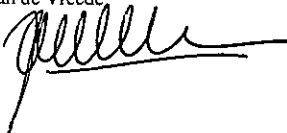
(Partner)

Membership No: 505002

For and on behalf of the Board of Directors of BHARTI AIRTEL KENYA HOLDINGS B.V.

J.C. Uneken -van de Vreede

(Director)



Place : NEW DELHI

Date :

8th July 2015

Place : Amsterdam

Date :

6th July 2015




BHARTI AIRTEL KENYA HOLDINGS B.V.

Statement of Profit and Loss

Particulars	Notes	For the year ended March 31, 2015 (in USD Thousands) (Audited)	For the year ended March 31, 2014 (in USD Thousands) (Audited)
Income			
Other Income	9	25,764	24,555
Total Income		<u>25,764</u>	<u>24,555</u>
Expenses			
Other expenses		-	-
Total Expenses		-	-
Profit/ (loss) before Finance Costs, Depreciation and amortisation and Taxation		<u>25,764</u>	<u>24,555</u>
Finance costs	10	26,719	25,309
Profit/ (Loss) before Tax		<u>(955)</u>	<u>(754)</u>
Tax expense		-	-
Current tax		-	-
Profit/ (Loss) for the year		<u>(955)</u>	<u>(754)</u>
Loss per share (equity shares of par value EUR 1 each)			
Basic and Diluted (In USD)	11		
Ordinary shares "A"		(53.03)	(41.90)

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

As per our report of even date

For J.C.Bhalla & Co.

For and on behalf of the Board of Directors of BHARTI AIRTEL KENYA HOLDINGS B.V.

Chartered Accountants

ICAI Firm Registration No: 001111N



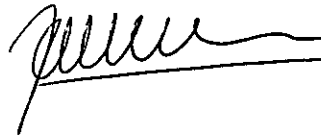
Akhil Bhalla

(Partner)

Membership No: 505002

J.C. Uneken -van de Vreede

(Director)

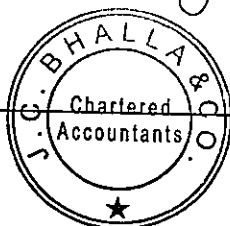


Place : NEW DELHI

Place : Amsterdam

Date : 8th July 2015

Date : 6th July 2015




BHARTI AIRTEL KENYA HOLDINGS B.V.

Cash Flow Statement

Particulars	For the year ended March 31, 2015 (in Rupees Thousands) (Audited)	For the year ended March 31, 2015 (in USD Thousands) (Audited)
A. Cash flows from operating activities:		
Profit / (loss) before tax	(955)	(754)
Adjustments for:		
Finance costs	26,719	25,309
Operating cash flow before changes in assets and liabilities	25,764	24,555
Adjustments for changes in assets and liabilities:		
- (Increase)/decrease in other receivables	(25,764)	(24,795)
Cash generated from operations	(25,764)	(24,795)
Net cash flow from / (used in) operating activities	-	(240)
B. Cash flows from investing activities:		
Loan given to subsidiaries	(48,408)	(38,869)
Repayment of loan by subsidiaries	17,044	11,110
Net cash flow from / (used in) investing activities	(31,364)	(27,760)
C. Cash flows from financing activities:		
Proceeds from borrowings	48,408	38,869
Repayments of borrowings	(17,044)	(10,870)
Net cash flow from / (used in) financing activities	31,364	27,999
Net increase / (decrease) in cash and cash equivalents during the year	-	(0)
Add : Balance as at the beginning of the year	-	-
Balance as at the end of the year	-	(0.00)

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

As per our report of even date

For J.C.Bhalla & Co.
Chartered Accountants
ICAI Firm Registration No: 001111N

For and on behalf of the Board of Directors of BHARTI AIRTEL KENYA HOLDINGS B.V.

Akhil Bhalla
(Partner)
Membership No: 505002

J.C. Uneken -van de Vreede
(Director)

Place: NEW DELHI
Date: 8th July

Place: Amsterdam
Date: 6th July 2015



BHARTI AIRTEL KENYA HOLDINGS B.V.

Notes to Financial Statements

1. Corporate Information

Bharti Airtel Kenya Holdings B.V. Limited ('the Company'), incorporated on March 19, 2010, is registered in The Netherlands and having its registered office at Keizersgracht 62-64, 1015 CS Amsterdam, The Netherlands. The Company also has a branch in Kenya, incorporated on October 7, 2010 under number CF/2010/33117.

The Company forms part of the Bharti Airtel Group of companies. The Company is ultimately owned by Bharti Airtel Limited ('the holding company'), a company incorporated under the laws of India. The company's direct shareholders are Bharti Airtel Africa B.V.

The activities of the Company mainly consist of providing holding and finance services, including management services.

2. Basis of preparation

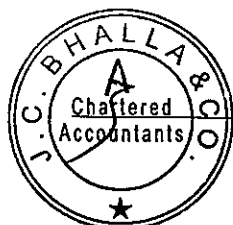
These special purpose financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India. The financial statements have been prepared under the historical cost convention, on a going concern and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. These financial statements are not statutory financial statements, and accordingly do not include all the disclosures required under the Companies Act, 2013 read with General Circular 8/2014 dated April 4, 2014.

The Company's financial statements are presented in United States Dollars (USD), which is also the Company's functional currency. Amounts less than USD 1 thousand has been shown as "0".

3. Summary of significant accounting policies

3.1 Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and



BHARTI AIRTEL KENYA HOLDINGS B.V.

Notes to Financial Statements

liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

3.2 Investments

Investment, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

3.3 Revenue Recognition

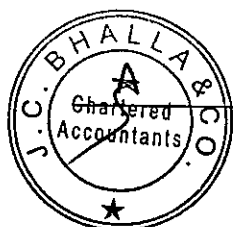
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable, excluding discounts, rebates, value added tax ('VAT') and other taxes and duties.

(i) Management fees

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

(ii) Interest income

Income on account of interest is recognised on an accrual basis.



BHARTI AIRTEL KENYA HOLDINGS B.V.

Notes to Financial Statements

3.4 Foreign currency translation

Initial Recognition

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

Conversion

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.

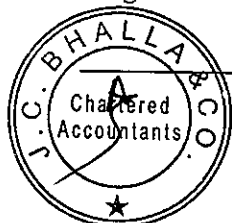
Exchange Differences

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 recognized as income or as expenses in the year in which they arise.

3.5 Provisions and contingencies

Provisions are recognised when the Company has a present obligation as a result of past event; it is more likely than not that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Information on contingent liabilities is disclosed in



BHARTI AIRTEL KENYA HOLDINGS B.V.

Notes to Financial Statements

the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

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

3.6 Earnings / (Loss) Per Share

The earnings / (loss) considered in ascertaining the Company's Earnings / (Loss) per Share ('EPS') comprise the net profit / (loss) after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti dilutive.

3.7 Segmental Reporting

a. Primary segment :

The Company operates only in one business segment viz. management services, which is the only reportable segment.

b. Secondary Segment

The Company has operations serving its subsidiaries only in Africa.

3.8 Taxes

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

3.9 Employee Cost

During the year 2014-15 the company had no employees, and hence incurred no wages, salaries or related social security charges, nor during the previous period.

3.10 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, bank balances and deposits held at call with maturities of less than 3 months.



BHARTI AIRTEL KENYA HOLDINGS B.V.**Notes to Financial Statements****4. Share capital**

Particulars	(USD Thousands)	
	As of March 31, 2015	As of March 31, 2014
Authorised shares		
90000 Ordinary shares (March 31, 2013: 90000 Ordinary shares "A") of EUR 1 each	81	81
	<u>81</u>	<u>81</u>
Issued, Subscribed and fully paid-up shares		
18000 Ordinary shares (March 31, 2014: 18,000 Ordinary shares "A") of EUR 1 each	16	16
	<u>16</u>	<u>16</u>

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

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	No.	(USD Thousands)	No.	(USD Thousands)
	Ordinary shares			
At the beginning of the year	18,000	16	18,000	16
Issued during the year	-	-		
Outstanding at the end of the year	<u>18,000</u>	<u>16</u>	<u>18,000</u>	<u>16</u>

b. Terms/rights attached to equity shares

The Company has three classes of ordinary shares having par value of EUR 1 per share. Each holder of ordinary shares is entitled to one vote per share.

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

Particulars	As of March 31, 2015		As of March 31, 2014	
	No of shares	% holding	No of shares	% holding
	Ordinary shares			
Bharti Airtel Africa B.V	18,000	100%	18,000	100%



BHARTI AIRTEL KENYA HOLDINGS B.V.**Notes to Financial Statements****5. Reserves and surplus**

Particulars	(USD Thousands)	
	As of March 31, 2015	As of March 31, 2014
Deficit in the Statement of Profit and Loss		
Opening balance	(35,941)	(35,187)
Add : Loss for the year	(955)	(754)
Net deficit in the statement of profit and loss	(36,896)	(35,941)

6. Long-term borrowings

Particulars	(USD Thousands)	
	As of March 31, 2015	As of March 31, 2014
Unsecured		
Term Loans		
Principal amount of interest	940,873	909,508
Interest on Loan	108,771	82,052
	1,049,644	991,560

Note : Loan plus accrued interest is chargeable to interest @ 2.6% (annual rate) on monthly outstanding balances.

7. Long Term Loans and Advances

Particulars	(USD Thousands)	
	As of March 31, 2015	As of March 31, 2014
Unsecured, considered good unless stated otherwise		
Loans and advances to related parties		
Principal amount of loan	943,278	911,913
Interest on loan	69,470	43,706
	1,012,748	955,619

Note : 1. Loan plus accrued interest is chargeable to interest @ 6% (annual rate) on monthly outstanding balances
2. Balance of interest on loan is net of withholding tax if any

8. Other Current Assets

Particulars	(USD Thousands)	
	As of March 31, 2015	As of March 31, 2014
Receivables from group companies	16	16
	16	16



BHARTI AIRTEL KENYA HOLDINGS B.V.**Notes to Financial Statements****9. Other Income**

Particulars	(USD Thousands)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income on loans to related parties	25,764	24,555
	<u>25,764</u>	<u>24,555</u>

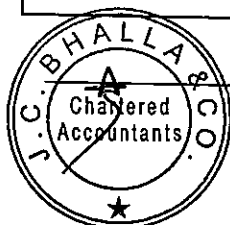
10. Finance costs

Particulars	(USD Thousands)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense	26,719	25,309
	<u>26,719</u>	<u>25,309</u>

11. Earnings/ (loss) per share**Loss per share (equity shares of par value EUR 1 each)**

(Amounts in USD Thousands, except per share data and as stated otherwise)

Particulars	Ordinary shares "A"
March 31, 2015	
Nominal value of equity shares (in EUR)	EUR 1
Loss attributable to equity shareholders (A) *	(955)
Weighted average number of equity shares outstanding during the year (Nos. in Thousands) (B)	18.00
Basic / Diluted Loss per Share (A / B)	(53.03)
March 31, 2014	
Nominal value of equity shares (in EUR)	EUR 1
Loss attributable to equity shareholders (A) *	(754)
Weighted average number of equity shares outstanding during the year (Nos. in Thousands) (B)	18.00
Basic / Diluted Loss per Share (A / B)	(41.90)



BHARTI AIRTEL KENYA HOLDINGS B.V.**Notes to Financial Statements****12. Related Party Disclosures**

In accordance with the requirements of Accounting Standards (AS) -18 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:

Name of the Related Party and Relationship:

Name of the Related Party	Relationship
Bharti Airtel Limited	Ultimate Holding Company
Bharti Airtel Africa B.V	Holding Company
Bharti Airtel Kenya B.V	Subsidiary
Bharti Airtel Ghana Holdings B.V.	Fellow Subsidiary
Bharti Airtel Tanzania B.V.	Fellow Subsidiary
Bharti Airtel Uganda Holdings B.V.	Fellow Subsidiary
Bharti Airtel Madagascar Holdings B.V.	Fellow Subsidiary
Bharti Airtel Mali Holdings B.V.	Fellow Subsidiary
Bharti Airtel Nigeria Holdings II B.V.	Fellow Subsidiary
Bharti Airtel Services B.V.	Fellow Subsidiary
Bharti Airtel DTH Holdings B.V.	Fellow Subsidiary
Bharti Airtel Gabon Holdings B.V.	Fellow Subsidiary
Bharti Airtel Malawi Holdings B.V.	Fellow Subsidiary
Bharti Airtel Niger Holdings B.V.	Fellow Subsidiary
Bharti Airtel RDC Holdings B.V.	Fellow Subsidiary
Bharti Airtel Burkina Faso Holdings B.V.	Fellow Subsidiary
Bharti Airtel Chad Holdings B.V.	Fellow Subsidiary
Bharti Airtel Congo Holdings B.V.	Fellow Subsidiary
Bharti Airtel Sierra Leone Holdings B.V.	Fellow Subsidiary
Bharti Airtel Zambia Holdings BV	Fellow Subsidiary

Transactions with related parties during the year:

RPT Disclosure for the year ended March 31, 2015

Particulars	Holding Company	Subsidiary Company
Loan repaid by related party	-	17,044
Loan repaid to related party	(17,044)	-
Loan given to related party	-	(48,408)
Loan taken from related party	48,408	-
Interest Income	-	(25,759)
Interest expense	26,716	-
Closing balance	1,049,644	1,012,748



BHARTI AIRTEL KENYA HOLDINGS B.V.**Notes to Financial Statements****RPT Disclosure for the year ended March 31, 2014**

Particulars	Holding Company	Subsidiary Company
Loan repaid by related party	-	11,110
Loan repaid to related party	(9,620)	-
Loan given to related party	-	(38,869)
Loan taken from related party	38,290	-
Interest Income	-	24,627
Interest expense	(25,543)	-
Closing balance	991,560	955,619

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

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