Report of the Directors and Audited Financial Statements

BHARTI AIRTEL (HONG KONG) LIMITED

31 March 2017

BHARTI AIRTEL (HONG KONG) LIMITED

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BHARTI AIRTEL (HONG KONG) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

Principal activities

The principal activities of the Company consist of international telecommunications operations. There were no significant changes in the nature of the Company's principal activities during the year.

Results

The Company's profit for the year ended 31 March 2017 and its financial position at that date are set out in the financial statements on pages 5 to 29.

Directors

The directors of the Company during the year and up to the date of issue of this report were:

Devendra Khanna
Jantina Catharina Van De Vreede
Kam Yuk Wah Helen

There being no provision in the Company's articles of association regarding the retirement of directors by rotation, the remaining directors will continue in office.

Directors' interests

Pursuant to the share option scheme of the Company's holding company, Bharti Airtel Limited, the Company's directors have been granted options to purchase ordinary shares of Bharti Airtel Limited. These options were granted to the Company's directors in respect of their services to the group companies of Bharti Airtel Limited other than the Company.

The following director has an interest in shares and share options of the Company's holding company as stated below:

Name of director	**At the beginning of financial year**	**At the end of financial year**
Holding company		
Bharti Airtel Limited		
Ordinary shares		
Devendra Khanna	47,309	47,309
Options to purchase ordinary shares		
Devendra Khanna	87,162	76,562

Save as disclosed above, at no time during the year was the Company, its holding company or any of its fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company, its holding company or any of the Company's fellow subsidiaries was a party during the year.

Auditors

The Board of Directors has recommended the appointment of Deloitte Touché Tohmatsu, as statutory auditor for the financial year 2017-18 on completion of tenure of existing auditors Ernst and Young. Deloitte Touché Tohmatsu has confirmed their willingness and eligibility for the appointment as the statutory auditor and a resolution for their appointment will be proposed at the next Annual general Meeting (AGM) of shareholders or through written resolutions of all the shareholders in lieu of the next AGM.

ON BEHALF OF THE BOARD

Sd/-
Jantina Catharina Van De Vreede
Director

Place:
Date: 23rd June 2017

Independent auditor's report
To the member of Bharti Airtel (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Bharti Airtel (Hong Kong) Limited (the "Company") set out on pages [5] to [29], which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report (continued)
To the member of Bharti Airtel (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Sd/-
Certified Public Accountants
Hong Kong
23rd June 2017

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2017	2016
Revenue	5	63,325,642	67,382,459
Other Operating Income		52,445	-
Depreciation and amortisation		(5,066,227)	(5,084,273)
Foreign exchange differences, net		85,781	1,341,447
Other expenses	6	(48,049,436)	(46,052,466)
Finance costs	7	(968,067)	(1,173,777)
Profit before tax		9,380,138	16,413,390
Income tax expense	10	(1,534,713)	(556,204)
Net profit for the year		**7,845,425**	**15,857,186**

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2017	2016
Net profit for the year	**7,845,425**	**15,857,186**
Other comprehensive losses		
Items not to be classified to profit or loss in subsequent periods:		
Net losses on translation into presentation currency	(1,071,080)	-
Total comprehensive profit for the year, net of tax	**6,774,345**	**15,857,186**

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2017

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2017	2016
Non-current assets			
Property, plant and equipment	11	7,488,588	9,450,894
Intangible assets	12	24,362,003	26,660,645
Other financial assets	13	834,763	846,449
Total non-current assets		32,685,354	36,957,988
Current assets			
Trade receivables	14	6,622,264	17,164,046
Prepayments		295,964	877,913
Cash and cash equivalents		9,520,609	9,019,650
Total current assets		16,438,837	27,061,609
Current liabilities			
Trade and other payables	15	26,317,623	25,661,040
Deferred revenue		5,383,494	4,520,705
Borrowings	16	27,898,970	52,489,769
Income tax payable		3,791,998	1,979,373
Total current liabilities		63,392,085	84,650,887
Net current liabilities		**(46,953,248)**	**(57,589,278)**
Total assets less current liabilities		**(14,267,894)**	**(20,631,290)**
Non-current liabilities			
Deferred tax liabilities	17	282,344	556,204
Deferred revenue		48,718	185,807
Total non-current liabilities		331,062	742,011
Net liabilities		**(14,598,956)**	**(21,373,301)**
Equity			
Share capital	18	4,959,480	4,959,480
Reserves		(19,558,436)	(26,332,781)
Net deficiency in assets		**(14,598,956)**	**(21,373,301)**

Sd/-
Kam Yuk Wah Helen
Director

Sd/-
Jantina Catharina Van De Vreede
Director

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

All amounts are in Hong Kong Dollar – 'HK$'

	Share capital	Accumulated losses	Currency transalation reserve	Reserves	Net deficiency in assets
At 1 April 2015	**4,959,480**	(42,189,967)	-	**(42,189,967)**	**(37,230,487)**
Profit for the year	-	15,857,186	-	**15,857,186**	**15,857,186**
At 31 March 2016 and 1 April 2016	**4,959,480**	(26,332,781)	-	**(26,332,781)**	**(21,373,301)**
Profit for the year	-	7,845,425	-	**7,845,425**	7,845,425
Net losses on translation into presentation currency	-	-	(1,071,080)	**(1,071,080)**	(1,071,080)
At 31 March 2017	**4,959,480**	(18,487,356)	(1,071,080)	**(19,558,436)**	**(14,598,956)**

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2017	2016
Cash flows from operating activities			
Profit before tax		9,380,138	16,413,390
Adjustments for :			
Finance costs	**7**	968,067	1,173,777
Unrealised foreign exchange gains		(49,940)	(126,562)
Depreciation	**11**	2,733,927	3,063,304
Amortisation of intangible assets	**12**	2,332,300	2,020,969
		15,364,492	**22,544,878**
Change in trade receivables		9,366,313	(6,257,939)
Change in prepayments		514,302	(481,145)
Change in other financial assets		10,328	(54,000)
Change in trade and other payables		340,932	(403,750)
Change in other liabilities		814,108	3,170,480
Net cash flows from operating activities		**26,410,475**	**18,518,524**
Cash flows from investing activities			
Additions to items of property, plant and equipment		(361,991)	(7,011,239)
Proceeds from disposal of items of intangible assets		-	(7,922,380)
Net cash flows used in investing activities		**(361,991)**	**(14,933,619)**
Cash flows from financing activities			
Repayment of loan		(25,414,602)	(11,660,851)
Finance costs paid		(145,394)	(112,790)
Net cash flows used in financing activities		**(25,559,996)**	**(11,773,641)**
Net increase / (decrease) in cash and cash equivalents		488,488	(8,188,736)
Effect of exchange rate changes on cash and cash equivalents		12,471	-
Cash and cash equivalents at the beginning of the year		9,019,650	17,208,386
Cash and cash equivalents at the end of the year		**9,520,609**	**9,019,650**

1. Corporate information

Bharti Airtel (Hong Kong) Limited ("the Company") is a limited liability company domiciled and incorporated in Hong Kong. The registered office of the Company was located at 12/F, No. 3 Lockhart Road, Wanchai, Hong Kong, however with effect from 8 June, 2016 the registered office address of the Company has changed to 4th Floor, Cheung Hing Industrial Building, 12P Smithfield Road, Kennedy town, Hong Kong.

The principle activities of the Company are international telecommunications operations.

The Company is a wholly-owned subsidiary of Bharti Airtel Limited, a company incorporated and listed in India.

2. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars.

They have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

The preparation of financial statements in accordance with HKFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates.

3. Summary of significant accounting policies

The Company has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to HKAS 27(2011)	Equity Method in Separate Financial Statements
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements 2014-2016	Amendments to HKFRS 12 Disclosure of Interests in Other Entities

The adoption of the amendments to the standards mentioned above does not have any impact on the financial position and performance of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1. Standards issued but not yet effective up to the date of issuance of the Company's financial statements

The Company has not early applied the followings new and revised HKFRSs, that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements.

Standards / Interpretation/Amendments	**Effective date - annual periods beginning on or after**
Amendments to HKFRS 2, "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
Amendments to HKFRS 4, "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"	1 January 2018
HKFRS 9, "Financial Instruments"	1 January 2018
Amendments to HKFRS 10 and HKAS 28 (2011), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	*
HKFRS 15, "Revenue from Contracts with Customers"	1 January 2018
Amendments to HKFRS 15, "Clarifications to HKFRS 15 Revenue from Contracts with Customers"	1 January 2018
HKFRS 16, "Leases"	1 January 2019
Annual Improvements 2014-2016, "Amendments to a number of HKFRSs"	1 January 2018

* No mandatory effective date yet determined but available for adoption.

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's results of operations and financial position.

3.2. Functional and foreign currency

Functional currency

The Company changed its functional currency from Hong Kong dollars ("HK$") to the United States dollar ("US$") in the current year as the directors of the Company considered this would better reflect the primary economic environment that the Company operates to generate and expend cash. In accordance with HKFRS - 21 this change has been accounted for prospectively from 1st April 2016.

Transactions and balances

The Company's functional currency is US$, which is different from the Company's presentation currency. These financial statements are presented in HK$ as the Company is domiciled in Hong Kong and, in the opinion of the directors of the Company, most of the external users of the financial statements are located in Hong Kong. Foreign currency transactions recorded by the Company are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currencies are translated using the exchange rates at the dates of the initial transactions.

As at the end of the reporting period, the assets and liabilities of the Company are translated into HK$ at the exchange rate prevailing at the end of the reporting period and its profit or loss is translated into HK$ at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

3.3. Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Telecommunications equipment	10 -12.5%
Computer equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Telecommunications projects under construction are stated at cost less any impairment losses and are not depreciated. Cost comprises the costs of equipment and any directly attributable costs of bringing the assets to become ready for use. Telecommunications projects under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.4. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are subsequently amortised over the useful economic lives and are assessed for impairment whenever there is any indication of impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Telecommunications licenses

Bandwidths granted for fixed periods under telecommunications licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

3.5. Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

3.6. Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets of the Company are classified, at initial recognition, as loans and receivables. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred assets to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and in case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement – loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

***(c)* Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.8. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.9. Employee benefits

Pension scheme

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3.10. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

3.11. Revenue recognition

Revenue is recognised where it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from telecommunication services are recognised when the relevant services are rendered or over the period of the arrangement, as below:

Point of Presence (POP) Services: The revenue from these services are recognised based on the capacities interconnected at each such POP and varies from time to time.

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

Bandwidth services: The revenue from these services (including installation) is recognised over the period of arrangement.

Airtel Talk: This includes revenue from voice calling, video calling and messaging using mobile application. Revenues from prepaid customer are recognised based on actual usage.

3.12. Income tax

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.13. Contingencies

Contingent liabilities, if any, are disclosed by way of notes to the statement of financial position. Provision is made in respect of those which are materialised after the year end, till the finalisation of accounts and having material effect on position stated in the statement of financial position.

4. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying Company's accounting policies, management has made the following judgments, apart from those involve estimations, which have the most significant effect on the amounts recognised in the financial statements:

4.1. Going concern

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net deficiency in assets at the end of the reporting period, as the Company's holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

4.2. Determination of functional currency

The Company measures its foreign currency transactions using its functional currency. In determining the functional currency of the Company, judgments are required to determine and consider the currency that mainly influences sales prices of services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of services; the currency that mainly influences labour, materials and other costs of providing services; the currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses it judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4.3. Impairment reviews

HKFRSs requires management to undertake an annual test for impairment of indefinite lived assets and for finite lived assets, to test for impairment if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The measurement of the value in use is determined based on the ten years financial plan that has been approved by management and is also used for internal purposes.

The impairment calculation requires certain assumptions to be made in respect of highly uncertain matters, including management expectations of growth in earnings before interest, taxes, depreciation and amortisation, timings and quantum of future expenditures, long-term growth rates and the selection of discount rates.

4.4. Income taxes

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Company's income tax payable and deferred tax liability at the end of reporting period were HK$3,791,998 (2016: HK$1,979,373) and HK$282,344 (2016: HK$556,204), respectively.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

5. Revenue

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from Airtel talk cards are recognised based on actual usage.

Data revenues from the internet and Multiprotocol Label Switching (MPLS) business comprise of revenues from installation and provision of internet and MPLS services.

6. Other expenses

	2017	2016
Access charges	13,616,329	15,814,365
Network operating costs	27,904,399	24,479,522
Employee costs	1,896,870	2,668,448
General and administrative expenses	4,529,944	2,988,566
License fee	101,894	101,565
	48,049,436	**46,052,466**

7. Finance costs

	2017	2016
Interest on a loan from a fellow subsidiary (note 16 and 21(b))	822,673	1,060,987
Others	145,394	112,790
	968,067	**1,173,777**

8. Profit before tax

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2017	2016
Auditor's remuneration		65,106	61,509
Depreciation of tangible assets	11	2,733,927	3,063,304
Amortisation of intangible assets	12	2,332,300	2,020,969
Lease rental under operating leases		7,544,750	7,064,086
Staff costs - wages and salaries including pension cost (including directors' remuneration (note 9))		1,896,870	2,668,448
Provision for impairment / (reversal of provision for impairment) of trade receivable (net)		800,648	(396,517)
Foreign exchange differences, (net)		(85,781)	(1,341,447)

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

9. Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance is as follows:

	2017	2016
Fees	-	-
Other emoluments:		
Salaries, bonuses, commissions and allowances	1,893,346	776,751
Provident fund contributions (defined contribution schemes)	18,000	7,936
	1,911,346	784,687

10. Income tax

	2017	2016
Tax charge for the year		
Corporate tax	1,808,573	-
Deferred tax (credit) / charge (note 17)	(273,860)	556,204
	1,534,713	**556,204**

A reconciliation of the tax charge applicable to profit before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (that is, the Hong Kong statutory tax rate) to the effective tax rate, is as follows:

	2017		2016	
	HKD	%	HKD	%
Profit before tax	9,380,138		16,413,390	
Tax charge at the Hong Kong statutory tax rate	1,547,723	16.50	2,708,209	16.50
Expenses not deductible from tax	275,464	2.94	1,492,999	9.10
Tax losses utilized	-	0.00	(3,712,276)	(22.62)
Others	(288,474)	(3.08)	67,272	0.41
	1,534,713	**16.36**	**556,204**	**3.39**

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

11. Property, plant and equipment

	Telecom-munications equipment	Computer equipment	Construction work in progress	Total
31 March 2017				
Cost at 1 April 2016, net of accumulated depreciation	8,528,549	2	922,343	9,450,894
Additions	753,985	-	-	753,985
Capitalisation	783,331	-	(783,331)	-
Depreciation provided during the year	(2,733,925)	(2)	-	(2,733,927)
Currency translation	17,433	-	203	17,636
At 31 March 2017, net of accumulated depreciation	7,349,373	-	139,215	7,488,588
At 31 March 2017:				
Cost	21,927,921	17,000	139,215	22,084,136
Accumulated depreciation	(14,578,548)	(17,000)	-	(14,595,548)
Net carrying amount	7,349,373	-	139,215	7,488,588
31 March 2016				
Cost at 1 April 2015, net of accumulated depreciation	5,690,028	286	-	5,690,314
Additions	5,901,541	-	922,343	6,823,884
Depreciation provided during the year	(3,063,020)	(284)	-	(3,063,304)
At 31 March 2016, net of accumulated depreciation	8,528,549	2	922,343	9,450,894
At 31 March 2016:				
Cost	20,360,306	17,000	922,343	21,299,649
Accumulated depreciation	(11,831,757)	(16,998)	-	(11,848,755)
Net carrying amount	8,528,549	2	922,343	9,450,894

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

12. Intangible assets

	Bandwidth
31 March 2017	
Cost at 1 April 2016, net of accumulated amortisation	26,660,645
Additions	-
Amortisation provided during the year	(2,332,300)
Currency translation	33,658
At 31 March 2017	24,362,003
At 31 March 2017:	
Cost	35,032,924
Accumulated amortisation	(10,670,921)
Net carrying amount	24,362,003
31 March 2016	
Cost at 1 April 2015, net of accumulated amortisation	15,326,164
Additions	13,355,450
Amortisation provided during the year	(2,020,969)
At 31 March 2016	26,660,645
At 31 March 2016:	
Cost	34,984,550
Accumulated amortisation	(8,323,905)
Net carrying amount	26,660,645

13. Other financial assets

	2017	2016
Security deposits	834,763	846,449
	834,763	**846,449**

None of the financial assets is either past due or impaired. The financial assets relate to receivables for which there was no recent history of default.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

14. Trade receivables

	2017	2016
Trade receivable	7,775,719	6,713,003
Less : Impairment	(2,920,750)	(2,231,056)
	4,854,969	4,481,947
Due from related parties (note 21(c)) *	1,767,295	12,682,099
	6,622,264	**17,164,046**

*includes impairment of HK$113,620 (2016: HK$ Nil).

The Company's trading terms with its customers are mainly on credit. The credit period is generally 45 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in provision for impairment of trade receivables are as follows:

	2017	2016
At April 1	2,231,056	2,627,573
Impairment loss (reversed) / recognised (net) (note 8)	800,648	(396,517)
Currency transalation adjustment	2,666	-
At March 31	**3,034,370**	**2,231,056**

As at 31 March 2017, provision for impairment of trade receivables was a provision for individually impaired trade receivables of HK$3,034,370 (2016: HK$2,231,056). The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2017	2016
Not due	1,035,910	796,689
Less than 1 month past due	1,800,680	2,014,543
1 to less than 3 months past due	2,018,379	1,670,715
	4,854,969	**4,481,947**

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

15. Trade payables

	2017	2016
Equipment supply payables	9,073,699	8,681,705
Accrued expenses	9,237,230	10,063,076
Trade payables	4,602,911	116,926
Due to related parties (note 21(c))	2,476,899	2,978,074
Other payables	926,884	3,821,259
	26,317,623	**25,661,040**

16. Borrowings

The amount due to a fellow subsidiary, Bharti International Singapore Pte. Limited, amounting to HK$19,871,172 as at 31 March 2017 (2016: HK$38,085,752) is unsecured and interest-bearing at average Hong Kong Inter-bank Offered Rate for the three month period plus 190 basis points (2016: at average Hong Kong Inter-bank Offered Rate for the three month period plus 190 basis points). Further, the interest payable on the above balance amounting to HK$8,027,798 as at 31 March 2017 (2016: HK$14,404,017) is unsecured and interest free. During the prior year, pursuant to the third amendment in loan agreement, the loan was repayable on 30 September 2016. However, as per amendment and restatement agreement dated 30 September 2016, repayment date is further scheduled to 31 March 2018.

17. Deferred Tax

The movement in deferred tax liabilities of the Company during the year is as follows:

	Depreciation allowance in excess of related depreciation	Provision for impairment of trade receivables	Losses available for offsetting against future taxable profits	Total
As 31 March 2016 and at 1 April 2016	1,053,352	(368,124)	(129,024)	556,204
Deferred Tax charged / (credited) to profit or loss during the year	(270,338)	(132,546)	129,024	(273,860)
As at 31 March 2017	**783,014**	**(500,670)**	**-**	**282,344**
As 31 March 2015 and at 1 April 2015	-	-	-	-
Deferred Tax charged / (credited) to profit or loss during the year	1,053,352	(368,124)	(129,024)	556,204
As at 31 March 2016	**1,053,352**	**(368,124)**	**(129,024)**	**556,204**

As the end of reporting period of the Company, the Company had tax losses arising in Hong Kong of HK$ NIL (2016: HK$781,967), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profit arising in Hong Kong.

18. Share capital

	2017	2016
Share capital:		
4,959,480 (2016: 4,959,480) ordinary shares	4,959,480	4,959,480

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

19. Operating lease arrangement

The Company leases premises under operating lease arrangements for housing certain items of telecommunications equipment of the Company. The leases are negotiated for a term of one year.

As at 31 March 2017, the Company had total future minimum lease payments under non-cancellable operating leases falling due within one year of HK$84,114 (2016: HK$72,000).

20. Commitments

As at 31 March 2017, in addition to the operating lease commitments detailed in note 18 above, the Company had contracted, but not provided for, capital commitments in respect of purchases of telecommunication equipment of HK$ Nil (2016: HK$313,910).

21. Related party transactions

(a) The Company had transactions and balances with the following related parties during the year:

Name of related party	Relationship
Bharti Airtel Limited	Holding company
Bharti Airtel (UK) Limited	Fellow subsidiary
Bharti Airtel (USA) Limited	Fellow subsidiary
Network i2i Limited	Fellow subsidiary
Bharti Airtel Holding (Singapore) Pte. Limited (merged with Bharti International (Singapore) Pte. Limited w.e.f 15 July 2016)	Fellow subsidiary
Bharti International (Singapore) Pte. Limited	Fellow subsidiary
Bharti Airtel (Japan) Kabushiki Kaisha	Fellow subsidiary
Bharti Airtel (France) SAS	Fellow subsidiary
Singapore Telecommunications Limited	Company having significant control over the holding company

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

(b) In addition to the transactions and balances set out elsewhere in the financial statements, the Company had the following transactions with related parties during the year:

	Notes	2017	2016
Telecommunications service fee charged to the holding company	(i)	11,637,388	24,420,896
Telecommunications service fee charged by the holding company	(i)	17,588,571	20,270,741
Telecommunications service fee charged to fellow subsidiaries and company having significant control over holding company	(i)	11,257,837	13,114,966
Telecommunications service fee charged by fellow subsidiaries and company having significant control over holding company	(i)	6,355,040	3,941,135
Repayment of loan to fellow subsidiary		25,414,602	11,660,851
Interest charged by a fellow subsidiary	(ii)	822,673	1,060,987

Notes:

(i) The fees were charged based on terms mutually agreed between the relevant parties.

(ii) The interest rate is disclosed in note 16 to the financial statements.

(c) Outstanding balances with related parties:

As at 31 March 2017, except as disclosed in note 16, all balances with the holding company, fellow subsidiaries and a company having significant control over the holding company are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation to the key management personnel of the Company during the year represents directors' remuneration and is disclosed in note 9 to the financial statements.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

22. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	2017	2016
Trade receivables	6,622,264	17,164,046
Others financial assets	834,763	846,449
Cash and cash equivalents	9,520,609	9,019,650
	16,977,636	**27,030,145**

Financial liabilities	2017	2016
Borrowings from a fellow subsidiary	27,898,970	52,489,769
Financial liabilities included in trade and other payables:		
Equipment supply payables	9,073,699	8,681,705
Accrued expenses	9,237,230	10,063,076
Trade payables	4,602,911	116,926
Due to related parties	2,476,899	2,978,074
Other payables	346,368	842,731
	53,636,077	**75,172,281**

23. Fair values of financial assets and liabilities

Management has assessed that the fair values of cash and bank balances, other receivables and deposits, trade receivables, trade and other payables, and balances with the holding company and fellow subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of each financial asset and liability are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Company's financial assets and liabilities approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at 31 March 2017 and 31 March 2016.

24. Financial risk management objectives and policies

The Company's principal financial assets and liabilities comprise trade receivables, deposits and other receivables, cash and bank balances, trade and other payables and balances with the holding company and fellow subsidiaries. The main risks arising from the Company's financial instruments and the corresponding management objectives and policies are summarised below.

Credit risk

The Company trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts has not been significant.

The credit risk of the Company's other financial assets, which comprise cash and bank balances, amounts due from the holding company and fellow subsidiaries, and deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the aggregate carrying amount of these instruments. The Company's bank balances are deposited with creditworthy banks with no recent history of default.

Since the Company trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk for the Company.

Further quantitative data in respect of the Company's exposure to credit risk arising from trade receivables are disclosed in note 14 to the financial statements.

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. The majority of the Company's revenue and expenses are denominated in either United States dollars ("US$") (the Company's functional currency) or HK$. As the HK$ is pegged to the US$, the Company does not anticipate significant movements in the US$ to HK$ exchange rate. The Company will continuously monitor its foreign currency risk exposures in light of various market conditions to determine if any hedging arrangements are required in the future.

Liquidity risk

The Company has a minimal risk of shortage of funds as its holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due. In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate by management to finance the Company's operations. The Company also maintains a balance between continuity and flexibility through fundings from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2017	**2016**
Trade and other payables	25,737,107	22,682,512
Due to a fellow subsidiary *	28,480,699	52,959,335
	54,217,806	**75,641,847**

* includes contractual interest payments based on the interest rate prevailing at the end of the reporting period, over the tenure of the borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's interest bearing obligation from fellow subsidiary. Further, the

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

Company engages in financing activities at market linked rate, any changes in the interest rates environment may impact future rates of borrowings.

Interest rate sensitivity of borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rate on floating rate portion of borrowings.

Interest rate sensitivity	**Increase / decrease in basis points**	**Effect on profit/(loss) before tax**
For the year ended 31 March 2017		
Borrowings	+100	198,712
	-100	(198,712)
For the year ended 31 March 2016		
Borrowings	+100	380,858
	-100	(380,858)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Capital management

Capital is essentially managed from the perspective of the entire group of companies of which Bharti Airtel Limited, the Company's holding company, is the parent. Such capital management objectives and policies involve safeguarding its ability to continue as a going concern which is aligned with the Company's management of liquidity risk. The Bharti Airtel Limited group regularly reviews and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016. The capital of the Company comprises all components of its shareholder's equity.

The gearing ratios as at end of the reporting periods were as follows:

	2017	**2016**
Interest bearing loans and borrowings	19,871,172	38,085,752
Less: Cash and bank balances	9,520,609	9,019,650
Net debt	10,350,563	29,066,102
Equity	(14,598,956)	(21,373,301)
Total capital	(14,598,956)	(21,373,301)
Capital and net debt	(4,248,393)	7,692,801
Gearing ratio	-244%	378%

25. Previous period's figures in the financial statements, including the notes thereto, have been reclassified wherever required to conform to the current period's presentation/classification. These do not affect the previously reported net profit or equity.

26. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 23rd June 2017.