



Report of the Directors and Audited Financial Statements

BHARTI AIRTEL (HONG KONG) LIMITED

31 March 2012

Ernst & Young

 **ERNST & YOUNG**
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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 2012.

Principal activities

The principal activities of the Company consisted 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 loss for the year ended 31 March 2012 and its state of affairs at that date are set out in the financial statements on pages 5 to 29.

Property, plant and equipment

Details of movements in the Company's property, plant and equipment during the year are set out in note 10 to the financial statements.

Directors

The directors of the Company during the year were:

Alexander Andrew Kelton

David Jeffrey Nishball

(Resigned on August 12, 2011)

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 ultimate 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.

During the year, Mr. Alexander Andrew Kelton has exercised 10,000 share options to acquire shares of the ultimate holding company. At the end of the reporting period, there were 105,000 share options outstanding in respect of the options granted by Bharti Airtel Limited to the Company's director.

Save as disclosed above, at no time during the year was the Company, its ultimate 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 contracts

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

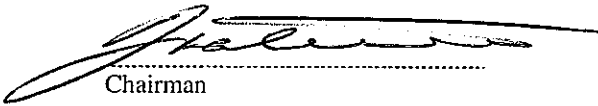
BHARTI AIRTEL (HONG KONG) LIMITED

REPORT OF THE DIRECTORS

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'G. Balaram', is written over a horizontal dotted line. The signature is fluid and cursive.

Chairman

New Delhi, India
30 April, 2012

Independent auditors' report
To the shareholder of Bharti Airtel (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Bharti Airtel (Hong Kong) Limited set out on pages 5 to 29, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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.

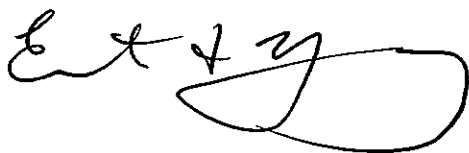
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

Independent auditors' report (continued)
To the shareholder of Bharti Airtel (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2012, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Certified Public Accountants
Hong Kong
30 April 2012

BHARTI AIRTEL (HONG KONG) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Notes	2012 HK\$	2011 HK\$
Revenue	5	5,028,950	13,383,309
Depreciation and amortization		(2,698,964)	(2,103,084)
Foreign exchange differences, net		(171,988)	9,187
Other expenses		(14,094,513)	(6,200,870)
Finance costs	7	<u>(3,196,617)</u>	<u>(2,161,158)</u>
PROFIT / (LOSS) BEFORE TAX	6	(15,133,132)	2,927,384
Income tax expense	9	<u>(277,093)</u>	-
PROFIT / (LOSS) FOR THE YEAR		<u>(15,410,225)</u>	<u>2,927,384</u>
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>(15,410,225)</u>	<u>2,927,384</u>

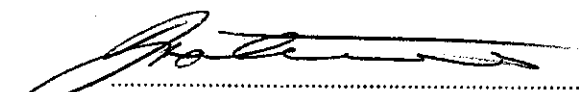
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BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	2012 HK\$	2011 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	10	9,489,794	9,518,891
Intangible assets	11	<u>15,907,273</u>	<u>15,495,135</u>
Total non-current assets		<u>25,397,067</u>	<u>25,014,026</u>
CURRENT ASSETS			
Trade receivables	12	500,774	270,970
Prepayments, deposits and other receivables	13	696,128	1,620,005
Due from the ultimate holding company	19	-	14,554,155
Due from a fellow subsidiary	19	664,415	-
Cash and bank balances		<u>13,406,032</u>	<u>96,204</u>
Total current assets		<u>15,267,349</u>	<u>16,541,334</u>
CURRENT LIABILITIES			
Trade and other payables	14	3,067,741	4,179,619
Due to the ultimate holding company	19	315,667	-
Due to a fellow subsidiary	19	87,765	-
Income tax payable		<u>277,093</u>	<u>-</u>
Total current liabilities		<u>3,748,266</u>	<u>4,179,619</u>
NET CURRENT ASSETS		<u>11,519,083</u>	<u>12,361,715</u>
Total assets less current liabilities		<u>36,916,150</u>	<u>37,375,741</u>
NON-CURRENT LIABILITIES			
Due to a fellow subsidiary	15	<u>53,089,383</u>	<u>38,138,749</u>
Net liabilities		<u>(16,173,233)</u>	<u>(763,008)</u>
EQUITY			
Issued capital	16	4,959,480	4,959,480
Accumulated losses		<u>(21,132,713)</u>	<u>(5,722,488)</u>
Net deficiency in assets		<u>(16,173,233)</u>	<u>(763,008)</u>



 Director

Handwritten initials

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Issued capital HK\$	Accumulated losses HK\$	Net deficiency in assets HK\$
At 1 April 2010	4,959,480	(8,649,872)	(3,690,392)
Total comprehensive income for the year	<u>-</u>	<u>2,927,384</u>	<u>2,927,384</u>
At 31 March 2010 and at 1 April 2011	4,959,480	(5,722,488)	(763,008)
Total comprehensive loss for the year	<u>-</u>	<u>(15,410,225)</u>	<u>(15,410,225)</u>
At 31 March 2012	<u>4,959,480</u>	<u>(21,132,713)</u>	<u>(16,173,233)</u>

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BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2012

	Notes	2012 HK\$	2011 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		(15,133,132)	2,927,384
Adjustments for:			
Finance costs	7	3,196,617	2,161,158
Depreciation	10	1,464,779	1,187,214
Amortization of intangible assets	11	<u>1,234,185</u>	<u>915,870</u>
		(9,237,551)	7,191,626
Decrease/ (increase) in trade receivables		(229,804)	(197,375)
Decrease/ (increase) in prepayments, deposits and other receivables		923,877	(346,237)
Decrease/ (increase) in an amount due from the ultimate holding company		14,869,822	(12,572,655)
Decrease/(increase) in an amount due from a fellow subsidiary		(664,415)	14,655
Increase/(decrease) in an amount due to a fellow subsidiary		87,765	-
Increase/(decrease) in other payables and accruals		<u>(1,111,878)</u>	<u>2,688,754</u>
Net cash flows from/ (used in) operating activities		<u>4,637,816</u>	<u>(3,221,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,435,682)	(1,317,086)
Acquisition of intangible assets		<u>(1,646,323)</u>	<u>(8,290,144)</u>
Net cash flows used in investing activities		<u>(3,082,005)</u>	<u>(9,607,230)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Finance costs paid		(45,983)	(31,455)
Loan from a fellow subsidiary		<u>11,800,000</u>	<u>11,960,000</u>
Net cash flows from financing activities		11,754,017	11,928,545
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		13,309,828	(899,917)
Cash and cash equivalents at beginning of year		<u>96,204</u>	<u>996,121</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>13,406,032</u></u>	<u><u>96,204</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u>13,406,032</u>	<u>96,204</u>

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

1. CORPORATE INFORMATION

Bharti Airtel (Hong Kong) Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 12/F, No. 3 Lockhart Road, Wanchai, Hong Kong.

During the year, the Company was primarily involved in international telecommunications operations.

The Company is a wholly-owned subsidiary of Bharti Airtel Limited, a company incorporated in India. In the opinion of the directors, Bharti Airtel Limited is also the Company's ultimate holding company.

2. FUNDAMENTAL ACCOUNTING CONCEPT

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

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

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Improvements to HKFRSs 2010 (May 2010)	Amendments to HKFRS 3 and HKAS 27

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended March 31, 2012, in these financial statements. 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.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 to sell, 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 any 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.

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or a parent of the Company;

or

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) the party is an entity where any of the following condition applies:
- (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third party;
 - (v) the entity has a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

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. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. 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%
Computer equipment	33 $\frac{1}{3}$ %

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.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment and 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.

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.

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.

Financial assets

Initial recognition and measurement

Financial assets of the Company within the scope of HKAS 39 are classified 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.

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.

The Company's financial assets include cash and bank balances, trade receivables, deposits and other receivables, and amount due from the ultimate holding company and a fellow subsidiary.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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 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 asset is recognised to the extent of the Company's continuing involvement in the asset. 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 any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has 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.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss 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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company within the scope of HKAS 39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in case of loans and borrowings plus transaction costs.

The Company's financial liabilities include trade and other payables, a loan from fellow subsidiary and amounts due to the ultimate holding company and a fellow subsidiary.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash in hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the 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 while deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future 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 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 sufficient taxable profit will be available to allow all or part of 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 period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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.

Telecommunications services fee income is recognised when the relevant services have been rendered.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Foreign currency transactions

These financial statements are presented in HK\$, which is the Company's functional and presentation currency. Foreign currency transactions recorded by the Company are initially recorded using its functional currency rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

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 the disclosure of contingent liabilities, at the end of the reporting period. However, 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.

Judgments

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:

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 its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of intangible assets

Intangible assets of the Company are amortised on the straight-line basis over their estimated useful lives. Management estimates the useful lives of the intangible assets to be 15 years. Changes in the expected usage, technological developments and/or the period over which future economic benefits are generated could impact the economic useful lives of the assets and, accordingly, future amortisation charges could be revised.

Useful lives of telecommunications equipment

Items of telecommunications equipment are depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of the Company's telecommunications equipment to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives, and therefore, future depreciation charges could be changed accordingly. The carrying amount of the Company's telecommunications equipment at 31 March 2012 was HK\$ 9,485,058.

Impairment of loans and receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that a loan/receivable is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

5. REVENUE

Revenue, which is also the Company's turnover, represents the telecommunications services fee earned during the year.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

6. PROFIT / (LOSS) BEFORE TAX

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

	Notes	2012 HK\$	2011 HK\$
Auditors' remuneration		48,830	53,428
Depreciation	10	1,464,779	1,187,214
Amortisation of intangible assets	11	1,234,185	915,870
Minimum lease payments under operating leases in respect of land and buildings		3,002,693	1,400,067
Employee benefit expense:			
Wages and salaries		1,318,016	1,600,329
Pension scheme contributions (defined contribution scheme)		-	20,000
Foreign exchange differences, (net)		<u>171,988</u>	<u>(9,187)</u>

7. FINANCE COSTS

	2012 HK\$	2011 HK\$
Interest on a loan from a fellow subsidiary (note 15)	3,150,634	2,129,703
Others	<u>45,983</u>	<u>31,455</u>
	<u>3,196,617</u>	<u>2,161,158</u>

8. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2011: Nil).

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BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

9. INCOME TAX

No provision for Hong Kong profits tax was made for the current year, except for certain tax for which no credit is allowed, as the Company did not generate any assessable profits during the year. For the year ended 31 March 2012, no provision for Hong Kong profits tax was made as the Company had available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong during the prior year.

A reconciliation of the tax charge / (credit) applicable to profit / (loss) 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, are as follows:

	2012		2011	
	HK\$	%	HK\$	%
Profit / (loss) before tax	(15,133,132)		2,927,384	
Tax charge / (credit) at the Hong Kong statutory tax rate	(2,496,967)	16.5	483,018	16.5
Income not subject to tax	(1,348)			
Expenses not deductible from tax	556,068	(3.7)	502,520	17.2
Tax losses utilised from previous periods			(957,644)	(32.7)
Losses against which no deferred tax asset recognised	1,955,512	(12.9)	-	
Tax for which no credit is allowed	277,093	(1.8)	-	
Others	(13,265)	0.1	(27,894)	(1.0)
Income tax charge recognised in the statement of comprehensive income	<u>277,093</u>	<u>(1.8)</u>	<u>-</u>	<u>-</u>

At the end of the reporting period, the Company had tax losses arising in Hong Kong of approximately HK\$[21,031,894] (2011: HK\$9,180,307), subject to the agreement of the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company arising in Hong Kong.

At the end of the reporting period, net deferred tax assets in respect of tax losses and other temporary differences not recognised were as follows:

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

	2012 HK\$	2011 HK\$
Tax losses	3,476,787	1,389,486
Depreciation allowance in excess of related depreciation	<u>(1,278,823)</u>	<u>(1,119,280)</u>
	<u>2,197,964</u>	<u>270,206</u>

Net deferred tax assets have not been recognised in respect of the above items as the directors consider that the availability of future taxable profits of the Company against which the deferred tax assets can be utilised is unpredictable.

10. PROPERTY, PLANT AND EQUIPMENT

	Telecom- munications equipment HK\$	Computer equipment HK\$	Total HK\$
31 March 2012			
Cost at 1 April 2011, net of accumulated depreciation	9,508,969	9,922	9,518,891
Additions	1,443,907	-	1,443,907
Disposal	-	(8,225)	(8,225)
Net Additions	<u>1,443,907</u>	<u>(8,225)</u>	<u>1,435,682</u>
Depreciation provided during the year	(1,467,817)	(4,277)	(1,472,094)
Disposal	-	7,315	7,315
Net depreciation provided during the year	<u>(1,467,817)</u>	<u>3,038</u>	<u>(1,464,779)</u>
At 31 March 2012, net of accumulated depreciation	<u>9,485,059</u>	<u>4,735</u>	<u>9,489,794</u>
At 31 March 2012:			
Cost	13,834,839	10,085	13,844,924
Accumulated depreciation	<u>(4,349,780)</u>	<u>(5,350)</u>	<u>(4,355,130)</u>
Net carrying amount	<u>9,485,059</u>	<u>4,735</u>	<u>9,489,794</u>
31 March 2011			
Cost at 1 April 2010, net of accumulated depreciation	9,495,592	4,568	9,500,160
Additions	1,195,860	10,085	1,205,945
Depreciation provided during the year	<u>(1,182,483)</u>	<u>(4,731)</u>	<u>(1,187,214)</u>
At 31 March 2011, net of accumulated depreciation	<u>9,508,969</u>	<u>9,922</u>	<u>9,518,891</u>
At 31 March 2011:			
Cost	12,390,932	18,310	12,409,242
Accumulated depreciation	<u>(2,881,963)</u>	<u>(8,388)</u>	<u>(2,890,351)</u>
Net carrying amount	<u>9,508,969</u>	<u>9,922</u>	<u>9,518,891</u>

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

11. INTANGIBLE ASSETS

	Telecommunications licenses HK\$
31 March 2012	
Cost at 1 April 2011, net of accumulated amortisation	15,495,135
Addition	1,646,323
Amortisation provided during the year	<u>(1,234,185)</u>
At 31 March 2012	<u>15,907,273</u>
At 31 March 2012:	
Cost	18,455,867
Accumulated amortisation	<u>(2,548,594)</u>
Net carrying amount	<u>15,907,273</u>
31 March 2011	
Cost at 1 April 2010, net of accumulated amortisation	8,120,861
Addition	8,290,144
Amortisation provided during the year	<u>(915,870)</u>
At 31 March 2011	<u>15,495,135</u>
At 31 March 2011:	
Cost	16,809,544
Accumulated amortisation	<u>(1,314,409)</u>
Net carrying amount	<u>15,495,135</u>

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BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

12. TRADE RECEIVABLES

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

	2012 HK\$	2011 HK\$
Less than 1 month past due	404,661	33,126
1 to less than 3 months past due	96,113	126,670
3 to 6 months past due	-	111,174
	<u>500,774</u>	<u>270,970</u>

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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012 HK\$	2011 HK\$
Prepayments	434,768	1,323,103
Deposits and other receivables	<u>261,360</u>	<u>296,902</u>
	<u>696,128</u>	<u>1,620,005</u>

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

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

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14. TRADE AND OTHER PAYABLES

	2012 HK\$	2011 HK\$
Equipment supply payables	647,814	1,010,953
Accrued expenses	1,641,820	375,162
Trade payables	682,497	2,469,086
Other payables	95,610	324,418
	<u>3,067,741</u>	<u>4,179,619</u>

15. DUE TO A FELLOW SUBSIDIARY

As at 31 March 2012, loan from a fellow subsidiary amounting to HK\$ 46,559,000 (2011: HK\$ 34,759,000) is unsecured and interest-bearing at 7.33% (2011: 7.33%) per annum. Further, interest payable on the above loan amounting to HK\$ 6,530,383 (2011: HK\$ 3,379,749) is unsecured and interest free. Amount due to a fellow subsidiary is repayable on 2 October, 2013.

16. SHARE CAPITAL

	2012 HK\$	2011 HK\$
Authorised:		
6,000,000 (2011: 6,000,000) ordinary shares of HK\$1 each	<u>6,000,000</u>	<u>6,000,000</u>
Issued and fully paid:		
4,959,480 (2011: 4,959,480) ordinary shares of HK\$1 each	<u>4,959,480</u>	<u>4,959,480</u>

17. OPERATING LEASE ARRANGEMENT

The Company leases a premise under an operating lease arrangement for housing certain items of telecommunications equipment of the Company. The lease is negotiated for a term of one year.

At 31 March 2012, the Company had total future minimum lease payments under a non-cancellable operating lease falling due within one year of HK\$ 236,678 (2011: HK\$ 317,618).

18. COMMITMENTS

As at 31 March 2012, in addition to the operating lease commitments detailed in note 17 above, the Company had contracted, but not provided for, capital commitments in respect of purchases of telecommunication equipments of HK\$ 1,151,704 (2011: HK\$1,274,944).

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

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19. RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship
Bharti Airtel Limited	Ultimate holding company
Bharti Airtel (UK) Limited	Fellow subsidiary
Bharti Airtel Holding (Singapore) Pte. Limited	Fellow subsidiary
Bharti International (Singapore) Pte. Limited	Fellow subsidiary

- (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	2012 HK\$	2011 HK\$
Telecommunications services fees charged to the ultimate holding company	(i)	1,492,115	12,752,636
Telecommunications services fees charged by the ultimate holding company	(i)	335,417	232,177
Telecommunications services fees charged to a fellow subsidiary	(i)	618,215	31,545
Telecommunications services fees charged by a fellow subsidiary		87,765	
Interest charged by a fellow subsidiary	(ii)	<u>3,150,634</u>	<u>2,129,703</u>

Notes:

- (i) The fees were charged based on terms mutually agreed between relevant parties.
- (ii) The interest term is disclosed in note 15.
- (c) Outstanding balances with related parties:
- As at 31 March 2012, all the amounts due from a fellow subsidiary and due to the ultimate holding company and a fellow subsidiary are unsecured, interest-free and have no fixed terms of repayment except as disclosed in note 15.
- (d) No compensation was paid to the key management personnel of the Company in respect of their services rendered to the Company during the year (2011: Nil).

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

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20. 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

	Loans and receivables	
	2012	2011
	HK\$	HK\$
Trade receivables	500,774	270,970
Financial assets included in prepayments, deposits and other receivables	261,360	296,902
Due from the ultimate holding company	-	14,554,155
Due from a fellow subsidiary	664,415	-
Cash and bank balances	13,406,032	96,204
	<u>14,832,581</u>	<u>15,218,231</u>

Financial liabilities

	Financial liabilities at amortized cost	
	2012	2011
	HK\$	HK\$
Due to a fellow subsidiary	53,177,148	38,138,749
Due to the ultimate holding company	315,667	-
Financial liabilities included in other payables and accruals	3,067,741	4,179,619
	<u>56,560,556</u>	<u>42,318,368</u>

21. 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, a loan from a fellow subsidiary, and balance with the ultimate 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.

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2012

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

Since the Company trades only with recognized 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 12 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\$") or HK\$ (the Company's functional currency). 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 ultimate 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:

	2012		Total HK\$
	Less than 1 year/ no fixed terms of repayment HK\$	1 to 5 years HK\$	
Trade and other payables	3,067,741	-	3,067,741
Due to the ultimate holding company	315,667	-	315,667
Due to a fellow subsidiary *	87,765	70,153,257	70,241,040
	<u>3,471,173</u>	<u>70,153,257</u>	<u>73,624,430</u>

BHARTI AIRTEL (HONG KONG) LIMITED

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31 March 2012

	Less than 1 year/ no fixed terms of repayment HK\$	2011	
		1 to 5 years HK\$	Total HK\$
Trade and other payables	4,179,619	-	4,179,619
Due to a fellow subsidiary *	-	47,498,174	47,498,174
	<u>4,179,619</u>	<u>47,498,174</u>	<u>51,677,793</u>

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

Capital management

Capital is essentially managed from the perspective of the entire group of companies of which Bharti Airtel Limited, the Company's ultimate holding company, is the parent. Such capital management objectives and policies involve safeguarding its ability to continue as a going concern which align 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 2012 and 31 March 2011. 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:

	2012 HK\$	2011 HK\$
Interest Bearing Loans & Borrowings	46,559,000	34,759,000
Less: Cash and Cash Equivalents	<u>13,406,032</u>	<u>96,204</u>
Net Debt	<u>33,152,968</u>	<u>34,662,796</u>
Equity	<u>(16,173,233)</u>	<u>(763,008)</u>
Total Capital	<u>(16,173,233)</u>	<u>(763,008)</u>
Capital and Net Debt	<u>16,979,735</u>	<u>33,899,788</u>
Gearing Ratio	<u>195%</u>	<u>102%</u>

BHARTI AIRTEL (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

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22. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and liabilities approximated to their fair values.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 April, 2012.

24. REGROUPING / RECLASSIFICATION

The figures for the previous year have been regrouped / reclassified, wherever required to conform to the current year's presentation. These do not affect previously reported net profit or shareholders' equity.



