

**NETWORK i2i LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**MARCH 31, 2017**

## NETWORK i2i LIMITED

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**NETWORK i2i LIMITED**  
**CORPORATE INFORMATION**

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		<b>Date of appointment</b>
<b>DIRECTORS</b>	Bashirali Abdulla Currimjee	February 09, 2001
	Jantina Catharina Van De Vreede	May 22, 2013
	Naushad Ally Sohoboo	September 06, 2013
	Ajay Chitkara	August 24, 2015
	Rajvardhan Singh Bhullar	April 18, 2016
	Sarvjit Singh Dhillon	June 01, 2017
<b>ADMINISTRATOR AND SECRETARY</b>	CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port Louis Republic of Mauritius	
<b>REGISTERED OFFICE</b>	C/o CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port Louis Republic of Mauritius	
<b>BANKERS</b>	Deutsche Bank (Mauritius) Limited 4th Floor, Barkly Wharf East, Le Caudan Waterfront, Port Louis, Republic of Mauritius	
	JPMorgan Chase Bank, N.A. Northeast Market P O Box 659754 San Antonio, TX 78265 - 9754 United States of America	
	Standard Chartered Bank (Mauritius) Limited 19 Bank Street, Standard Chartered Tower, Cybercity, Ebene, Mauritius - 72201	
<b>AUDITORS</b>	Ernst & Young 9th Floor, NeXTeracom, Tower 1 Cybercity Ebene Republic of Mauritius	

**NETWORK i2i LIMITED**  
**COMMENTARY OF THE DIRECTORS**

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The directors present their commentary, together with the audited financial statements of Network i2i Limited (the "Company") for the year ended March 31, 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is the operation and provision of telecommunication facilities and services utilising a network of submarine cable systems and associated terrestrial capacity. The network consists of a 3,200 kilometre cable link between Singapore and India. The Company sells, leases or otherwise provides wholesale bandwidth and related telecommunication services to carrier customers.

**RESULTS AND DIVIDENDS**

The directors do not recommend the payment of any dividend for the year (2016: Nil).

**DIRECTORS**

The present membership of the Board is set out on page 3.

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at March 31, 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and comply with the Companies Act 2001; and for such internal control the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

**AUDITORS**

The Board of directors have recommended the appointment of Deloitte as auditor for the year 2017-18. Deloitte has confirmed their willingness / eligibility and a resolution concerning their appointment will be proposed at the next Annual General Meeting of shareholder.

Sd/-  
Bashirali Abdulla Currimjee  
**Director**

Sd/-  
Naushad Ally Sohoboo  
**Director**

**NETWORK i2i LIMITED**

**Certificate from the secretary**

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We certify that, to the best of our knowledge and belief, we have filed with the Registrar of Companies for the year ended March 31, 2017, all such returns as are required of Network i2i Limited under the Companies Act, 2001.

Sd/-

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**For CIM CORPORATE SERVICES LTD**  
**Secretary**

Date: June 28, 2017

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF NETWORK i2i LIMITED**

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

*Opinion*

We have audited the financial statements of Network i2i Limited (the "Company") set out on pages 9 to 40 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Network i2i Limited as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Certificate from the Secretary as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, 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

### TO THE MEMBERS OF NETWORK i2i LIMITED (CONTINUED)

#### Report on the Audit of the Financial Statements (Continued)

##### *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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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.

##### *Section 1.01 Other matter*

This report is made solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF NETWORK i2i LIMITED (CONTINUED)**

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Sd/-**

**ERNST & YOUNG**  
Ebène, Mauritius

**ROGER DE CHAZAL, A.C.A.**  
Licensed by FRC

Date: June 28, 2017



**NETWORK i2i LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**(All amounts are in USD)**

	Notes	For the year ended	
		March 31, 2017	March 31, 2016
<b>Income</b>			
Revenue		70,221,688	87,207,263
<b>Expenses</b>			
Operating expenses	5	(12,881,793)	(13,156,910)
Depreciation and amortisation	9 & 10	(20,423,766)	(19,952,288)
		(33,305,559)	(33,109,198)
<b>Profit before finance costs, finance income, exceptional items and tax</b>		36,916,129	54,098,065
Finance costs	6	(139,762)	(13,821)
Finance income	7	11,198,398	7,421,536
<b>Profit before tax</b>		47,974,765	61,505,780
Income tax expense	8	(1,690,087)	(1,830,869)
<b>Profit for the year</b>		46,284,678	59,674,911
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		46,284,678	59,674,911

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

**NETWORK i2i LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**(All amounts are in USD)**

		<u>March 31, 2017</u>	<u>March 31, 2016</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	9	55,503,640	62,996,766
Intangible assets	10	62,809,971	54,281,230
Investment in subsidiaries	11	296,200,000	-
Deferred tax asset	8	1,846,538	2,233,316
Other non-financial assets	12	4,088,522	-
		<u>420,448,671</u>	<u>119,511,312</u>
<b>Current assets</b>			
Loans to related parties	20	926,197,196	399,508,318
Prepayments and other assets	13	3,612,533	9,614,689
Trade and other receivables	14	24,871,385	26,959,735
Cash and cash equivalents	15	15,625,545	9,021,130
		<u>970,306,659</u>	<u>445,103,872</u>
<b>Total assets</b>		<u><u>1,390,755,330</u></u>	<u><u>564,615,184</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital		817,427,896	52,227,896
Retained earnings		361,213,196	314,928,518
<b>Total equity</b>		<u>1,178,641,092</u>	<u>367,156,414</u>
<b>Non-current liability</b>			
Deferred revenue		127,382,583	155,102,295
		<u>127,382,583</u>	<u>155,102,295</u>
<b>Current liabilities</b>			
Trade and other payables	15	14,450,847	4,725,835
Deferred revenue		30,736,504	30,912,656
Borrowings	20	31,000,000	-
Accrued operating expenses		8,293,527	6,465,327
Income tax payable	8	250,777	252,657
		<u>84,731,655</u>	<u>42,356,475</u>
<b>Total liabilities</b>		<u>212,114,238</u>	<u>197,458,770</u>
<b>Total equity and liabilities</b>		<u><u>1,390,755,330</u></u>	<u><u>564,615,184</u></u>

Approved by the Board of directors on June 28, 2017 and signed on its behalf by:

Sd/-

Bashirali Abdulla Currimjee

**Director**

Sd/-

Naushad Ally Sohoboo

**Director**

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

**NETWORK i2i LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**(All amounts are in USD)**

	Stated Capital		Retained earnings	Total
	No of shares	Amount		
At April 1, 2015	52,227,896	52,227,896	255,253,607	307,481,503
Profit for the year	-	-	59,674,911	59,674,911
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year		-	59,674,911	59,674,911
At March 31, 2016	52,227,896	52,227,896	314,928,518	367,156,414
Issue of shares	765,200,000	765,200,000	-	765,200,000
Profit for the year	-	-	46,284,678	46,284,678
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year		-	46,284,678	46,284,678
At March 31, 2017	<b>817,427,896</b>	<b>817,427,896</b>	<b>361,213,196</b>	<b>1,178,641,092</b>

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

**NETWORK i2i LIMITED**  
**STATEMENT OF CASH FLOWS**  
**(All amounts are in USD)**

		<u>March 31, 2017</u>	<u>March 31, 2016</u>
	Notes		
<b>Operating activities</b>			
Profit before tax		47,974,765	61,505,780
<b>Adjustments for :</b>			
Depreciation and amortisation	9 & 10	20,423,766	19,952,288
Finance costs	6	139,762	13,821
Finance income	7	<u>(11,198,398)</u>	<u>(7,421,536)</u>
<b>Operating cash flows before changes in working capital</b>		<b>57,339,895</b>	<b>74,050,353</b>
<b>Changes in working capital</b>			
Change in trade and other receivables and prepayments		4,001,945	14,251,644
Change in trade and other payables		9,725,012	1,163,622
Change in deferred revenue		<u>(27,895,864)</u>	<u>(20,104,916)</u>
Change in accrued operating expenses		<u>1,828,200</u>	<u>1,046,217</u>
		<b>44,999,188</b>	<b>70,406,920</b>
Interest received		2,402,885	422,948
Income tax paid		<u>(1,305,189)</u>	<u>(2,016,388)</u>
<b>Net cash flows from operating activities</b>		<b><u>46,096,884</u></b>	<b><u>68,813,480</u></b>
<b>Investing activities</b>			
Purchase of plant and equipment	9	(7,458,257)	(9,945,973)
Purchase of intangible assets	10	(14,001,125)	(2,773,417)
Loan to related parties		(589,000,000)	(64,060,000)
Repayment of loan to related parties		71,106,676	14,187,050
Investment in subsidiaries	11	<u>(296,200,000)</u>	<u>-</u>
<b>Net cash flows used in investing activities</b>		<b><u>(835,552,706)</u></b>	<b><u>(62,592,340)</u></b>
<b>Financing activities</b>			
Proceeds from borrowings		31,000,000	-
Received from shareholder		765,200,000	-
Interest paid	6	<u>(139,762)</u>	<u>(13,638)</u>
<b>Net cash flows generated from / (used in) financing activities</b>		<b><u>796,060,238</u></b>	<b><u>(13,638)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>6,604,415</b>	<b>6,207,502</b>
Cash and cash equivalents at beginning of the year		<u>9,021,130</u>	<u>2,813,628</u>
<b>Cash and cash equivalents at the end of the year</b>	15	<b><u>15,625,545</u></b>	<b><u>9,021,130</u></b>

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

**NETWORK i2i LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(All amounts are in USD)**

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**1. Corporate information**

Network i2i Limited (the 'Company') is domiciled and incorporated in Mauritius under the Companies Act 2001 as a private company limited by shares. The address of its registered office is Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

The principal activity of the Company is the operation and provision of telecommunication facilities and services utilising a network of submarine cable systems and associated terrestrial capacity. The network consists of a 3,200 kilometre cable link between Singapore and India. The Company sells, leases or otherwise provides wholesale bandwidth and related telecommunication services to carrier customers. The financial statements were authorised for issue in accordance with a resolution of the Board of directors on the date stamped on page 10.

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

**2.1 Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company have been prepared under the historical cost convention and are presented in United States Dollars ("USD"), which is the Company's functional currency.

The preparation of financial statements in accordance with IFRS 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. Revision to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year or in the year of revision and future years, if the revision affects both current and future years (refer Note 4 on Significant accounting judgements, estimates and assumptions).

The significant accounting policies used in preparation of the financial statements are set out in below Note 2.2 of the notes to the financial statements.

**NETWORK i2i LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(All amounts are in USD)**

In accordance with IAS 27 "Consolidated and separate financial statements", the Company has elected not to prepare consolidated financial statements as the Company is a wholly owned subsidiary of Bharti Airtel Limited, the ultimate holding company incorporated in India, which prepares the consolidated financial statements and can be obtained at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi, India.

**2.2 Summary of significant accounting policies**

**a. New interpretation and amendments thereof, adopted by the Company**

The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following new standards, interpretations and amendments effective from the current year.

Interpretation/ Amendments	Month of Issue	Effective for annual periods beginning on or after
Amendments to IFRS 14. "Regulatory Deferral Accounts"	January 2014	January 01, 2017
Amendments to IFRS 11. "Accounting for Acquisitions of Interests"	May 2014	January 01, 2017
Amendments to IAS 16 and IAS 38. "Clarification of Acceptable Methods of Depreciation and Amortisation"	May 2014	January 01, 2017
Amendments to IAS 1. "Amendment Resulting from Disclosure Initiative"	December 2014	January 01, 2017

The adoption of the new interpretation / amendments to the standards mentioned above did not have any material impact on the financial position or performance of the Company.

**b. Property Plant and equipment ('PPE')**

An item of PPE is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

**NETWORK i2i LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(All amounts are in USD)**

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Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Cable network and related assets	4 to 18 years
Other equipment	7 years
Computer equipment	3 years

An item of 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 arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

**c. Intangible assets**

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

**NETWORK i2i LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(All amounts are in USD)**

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**Bandwidth**

Payments for bandwidth capacities are classified as pre-payments in service arrangements or under certain conditions as an acquisition of a right. In the latter case it is accounted for as an intangible asset and the cost is amortised on a straight line basis over its useful life of 15 years.

**d. Investment in subsidiaries**

A subsidiary is an investee controlled by the Company. Control exists when it has power over the entity, is exposed, or has right to variable returns from its involvement with the entity and has ability to affect those returns by using its power over entity.

Investment in subsidiaries is accounted for at cost less impairment losses, if any.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Comprehensive Income.

**e. Impairment of non-financial assets**

The carrying amount of assets are reviewed for impairment, whenever event or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenue or earnings and material adverse changes in the economic environment. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used



**NETWORK i2i LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(All amounts are in USD)**

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to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

**f. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, call deposits, 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.

**g. Financial instruments**

**A. Financial assets**

*i) Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus directly attributable transaction costs, except for financial assets classified as fair value through profit of loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include trade and other receivables, cash and cash equivalents and loans to related parties, which are classified as Loans and receivables.

*ii) Subsequent measurement*

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

*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 financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 EIR. The EIR amortisation and losses arising from impairment are recognised in profit or loss.

*iii) Impairment*

The Company assesses at each reporting date 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 the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*iv) Derecognition*

A financial asset is derecognised where:

- The right to receive cash flows from the asset has expired.
- 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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

**B. Financial liabilities**

*i) Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

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Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs, except for financial liabilities classified as fair value through profit or loss.

The Company's financial liabilities include borrowings, trade and other payables and accrued operating expenses, which are classified as other financial liabilities (measured at amortised cost).

*ii) Subsequent measurement*

The measurement of financial liabilities depends on their classification as described below:

*Financial liabilities measured at amortised cost*

Other financial liabilities are measured at amortised cost using the effective interest method ('EIR'). 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 EIR. The EIR amortisation is included in profit or loss.

*iii) Derecognition*

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 in 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 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.

**h. Foreign currency transactions**

**(i) Functional currency**

The Financial Statements are presented in Unites States Dollars ('USD) which is the functional and presentation currency of the company.

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(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date with resulting exchange difference recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss of the item that gave rise to such exchange difference (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

**i. Revenue recognition**

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

In order to determine if it is acting as a principal or as an agent, the Company assesses whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.

**i) Service revenues**

The Company has entered into certain Indefeasible Right of Use (“IRU”) agreements. An IRU is a right to use a specified amount of capacity for a specific time period that cannot be revoked or voided.

Revenue from IRU agreements is recognised over the period of agreement.

IRU agreements that transfer substantially all the risks and rewards of ownership to the lessee, and provide for the transfer of ownership of the assets to the lessee by the end of the lease term at a nominal price, are classified as sales-type leases. Other IRU leases are classified as operating leases.

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Revenue from sales-type leases is recognised in the period that the IRUs are transferred and capacity is available for service. The costs attributable to capacity sold under sales-type lease contracts are accordingly recognised in operating expenses.

Amounts received or contractually receivable as per the agreement in excess of revenue recognised are recorded as deferred revenue in the statement of financial position. Costs of the network relating to IRU agreements are included as plant and equipment and depreciated over the economic useful life of the network.

Operation and maintenance revenues are recognised upon performance of services. Sales are shown net of sales taxes and discounts.

Deferred revenue includes amount billed to customers upfront relating to IRU arrangements which are recognised over the period of the arrangements.

**ii) Interest income**

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in profit or loss.

**j. Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount 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 reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. 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.

**Deferred tax**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
  
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
  
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 in 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 reporting date.

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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.

**k. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount under obligation.

**l. Share capital and issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**3. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY**

The new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

**a. IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The effective date of IFRS 9 is annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Company is required to adopt the standard by the financial year commencing April 1, 2018. The Company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the financial statements.

**b. IFRS 15 Revenue from Contracts with Customers**

In May 2014, IASB issued standard, IFRS 15 Revenue from Contract with Customers. The Standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a

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more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

The effective date of IFRS 15 is annual periods beginning on or after January 1, 2018, with early adoption permitted. The company is required to adopt the standard by the financial year commencing April 1, 2018. The Company is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the financial statements.

**c. IFRS 16 Leases**

In January 2016, IASB issued standard, IFRS 16 Leases. IFRS 16 supersedes IAS 17 Leases; IFRIC 4 Determining whether an Arrangement contains a Lease; SIC-15 Operating Leases – Incentives; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The previous accounting model for leases required lessees and lessors to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The effective date of IFRS 16 is annual periods beginning on or after January 1, 2019. Earlier adoption of the Standard is permitted if IFRS 15 Revenue from Contracts with Customers is adopted at or before the date of initial application of IFRS 16. The Company is required to adopt the standard by the financial year commencing April 1, 2019. The company does not expect that the adoption of the standard will have any impact on the financial statements.

The following other improvements and amendments to standards have been issued up to the date of issuance of the Company's financial statements, but not yet effective and have not yet been adopted by the Company. These are not expected to have any significant impact on the Company's financial statements:

S. No.	Improvements/ Amendments to Standards	Month of Issue	Effective date - annual periods beginning on or after
1	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	December, 2014	Deferred indefinitely
2	IAS 7 Disclosure Initiative - Amendments to IAS 7		January 1, 2017
3	IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12		January 1, 2017



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4	IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2		January 1, 2018
5	Transfers of Investment Property (Amendments to IAS 40)		January 1, 2018
6	IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12		January 1, 2017
7	IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters		1 January 2018
8	IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration		1 January 2018
9	IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment by investment choice		1 January 2018

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company plans to adopt these standards, interpretations and amendments as and when they are effective.

**4. Significant accounting judgements, estimates and assumptions**

**Significant accounting judgements in applying the Company's accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgements**

In the process of applying the Company's accounting policies, which are described in Note 2.2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

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**Determination of functional currency**

The Company has determined its functional currency as USD which being the currency of the primary economic environment in which it operates. The management have considered the factors as prescribed in IAS 21 "The effects of changes in foreign exchange rates" for determining the functional currency. The items included in the financial statements are measured using that functional currency.

**Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, and over the recognition of deferred taxes. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Plant and Equipment**

Refer note 2.2 (b) for the estimated useful life of Plant and equipment. The Carrying value of Plant and equipment has been disclosed in note 9. Management has reviewed the asset's residual value, useful lives and method of depreciation and there are no significant changes.

**Intangible Assets**

Refer note 2.2 (c) for the estimated useful life of Intangible assets. The Carrying value of Intangible assets has been disclosed in note 10.

**5. Operating expenses**

	<b>For the year ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Network operation expenses	<b>11,651,134</b>	11,253,221
Management service fees	<b>1,000,784</b>	1,129,307
Audit fees*	<b>16,000</b>	18,630
Others	<b>213,875</b>	755,752
	<b>12,881,793</b>	13,156,910

\*Audit fees includes USD 1,200 (2016 USD 1,200) towards out of pocket expenses.

**6. Finance costs**

	<b>For the year ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Bank & Interest charges	<b>139,762</b>	13,638
Foreign exchange difference (net)	<b>-</b>	183
	<b>139,762</b>	13,821

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**7. Finance income**

	For the year ended	
	March 31, 2017	March 31, 2016
Interest income	11,191,721	7,421,536
Foreign exchange difference (net)	6,677	-
	<b>11,198,398</b>	<b>7,421,536</b>

**8. Tax Expense**

	For the year ended	
	March 31, 2017	March 31, 2016
The major components of the Income Tax Expense are:		
Current income tax	1,054,983	1,797,532
Deferred tax		
- Relating to origination and reversal of temporary differences	386,778	46,942
Tax expense attributable to current year's profit	<b>1,441,761</b>	<b>1,844,474</b>
Adjustment in respect of income tax of previous year		
- Current income tax	248,326	(13,605)
	<b>248,326</b>	<b>(13,605)</b>
Income tax expense recorded in profit or loss	<b>1,690,087</b>	<b>1,830,869</b>

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income. As of March 31, 2017, the Company is liable to pay income tax of USD 250,777 (2016: USD 252,657).

The reconciliation between the actual income tax charge and the accounting profit is as follows:

	For the year ended	
	March 31, 2017	March 31, 2016
Profit before tax	47,974,765	61,505,780
Tax at effective rate of 15%	7,196,215	9,225,867
Tax impact on expenses not deductible for tax purpose	2,518	(699)
Adjustment in respect to current income tax of previous years	248,326	(13,605)
Foreign tax credit (80%)	(5,756,972)	(7,380,694)
Income tax expense recognised in profit or loss	<b>1,690,087</b>	<b>1,830,869</b>

Deferred tax assets and liabilities relate to the following:

	As of	
	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	(2,283,967)	(2,387,711)
Deferred revenue	4,124,109	4,607,283
Others	6,396	13,744
Closing balance	<b>1,846,538</b>	<b>2,233,316</b>

Deferred tax expense

	For the year ended	
	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	103,744	109,197
Deferred revenue	(483,174)	(163,483)
Provision for impairment of debtors and advances	(7,348)	7,344
Total	<b>(386,778)</b>	<b>(46,942)</b>

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**9. Plant and equipment**

	Plant and equipment				
	Cable network & related assets	Other equipment	Computer equipment	Capital work in progress	Total
<i>Gross Carrying value</i>					
At April 1, 2015	198,264,189	2,527,622	4,885	636,674	201,433,370
Additions	1,949,135	289,929	-	6,844,841	9,083,905
At March 31, 2016	200,213,324	2,817,551	4,885	7,481,515	210,517,275
Additions	4,221,775	-	-	3,236,482	7,458,257
At March 31, 2017	<b>204,435,099</b>	<b>2,817,551</b>	<b>4,885</b>	<b>10,717,997</b>	<b>217,975,532</b>
<i>Depreciation :</i>					
At April 1, 2015	131,432,903	1,028,633	4,885	-	132,466,421
Charge	14,523,293	530,795	-	-	15,054,088
At March 31, 2016	145,956,196	1,559,428	4,885	-	147,520,509
Charge	14,951,382	-	-	-	14,951,382
At March 31, 2017	<b>160,907,578</b>	<b>1,559,428</b>	<b>4,885</b>	<b>-</b>	<b>162,471,891</b>
<i>Net book value:</i>					
At April 1, 2015	66,831,286	1,498,989	-	636,674	68,966,949
At March 31, 2016	54,257,128	1,258,123	-	7,481,515	62,996,766
At March 31, 2017	<b>43,527,521</b>	<b>1,258,123</b>	<b>-</b>	<b>10,717,997</b>	<b>55,503,640</b>

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**10. Intangible Asset**

	<u>Bandwidth</u>	<u>Total</u>
<i>Gross Carrying value</i>		
At April 1, 2015	71,668,163	71,668,163
Additions	2,773,417	2,773,417
At March 31, 2016	<u>74,441,580</u>	<u>74,441,580</u>
Additions	14,001,125	14,001,125
At March 31, 2017	<u>88,442,705</u>	<u>88,442,705</u>
<i>Amortisation:</i>		
At April 1, 2015	15,262,150	15,262,150
Charge	4,898,200	4,898,200
At March 31, 2016	<u>20,160,350</u>	<u>20,160,350</u>
Charge	5,472,384	5,472,384
At March 31, 2017	<u>25,632,734</u>	<u>25,632,734</u>
<i>Net book value:</i>		
At April 1, 2015	56,406,013	56,406,013
At March 31, 2016	<u>54,281,230</u>	<u>54,281,230</u>
At March 31, 2017	<u>62,809,971</u>	<u>62,809,971</u>

**11. Investment in subsidiaries**

	<u>As of</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Investment in Subsidiaries, at cost	<u>296,200,000</u>	<u>-</u>

During the year, the Company has made investment of USD 61,000,000 (2016: Nil ) and USD 235,200,000 (2016: Nil) in Bharti Airtel International (Netherlands) B.V. ('BAIN') and Bharti Airtel International (Mauritius) Limited respectively .

*Details of investments are as follows:*

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Proportion (%) of ownership interest</u>	
			<u>2017</u>	<u>2016</u>
Bharti Airtel International (Netherlands) B. V. *	Netherlands	Holding, Finance Services and Management Services	100%	-
Bharti Airtel International (Mauritius) Limited	Mauritius	Investment	99.99%	-

During the year ended March 31, 2017, the Company has entered into an agreement with the holding company and subsidiary for acquisition of shares of Bharti International (Singapore) Pte Ltd ('BISPL').

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**12. Other non-financial assets**  
**Non-Current**

	As of	
	March 31, 2017	March 31, 2016
Prepaid expenses - non current	4,009,304	-
Restricted assets	79,218	-
	<b>4,088,522</b>	<b>-</b>

**13. Prepayments and other assets**

	As of	
	March 31, 2017	March 31, 2016
Advance rent	3,534,424	9,235,395
Advance to suppliers	77,715	377,960
Taxes receivables	394	1,334
	<b>3,612,533</b>	<b>9,614,689</b>

**14. Trade and other receivables**

	As of	
	March 31, 2017	March 31, 2016
Trade and other receivables:		
- shareholder (Note 20)	1,323,464	18,713
- related parties (refer note 20)	22,362,905	26,608,421
- third parties	1,333,902	746,420
Less: Allowance for doubtful debts	(148,887)	(413,819)
	<b>24,871,385</b>	<b>26,959,735</b>

As at March 31, the ageing analysis of trade receivables is as follows:	As of	
	March 31, 2017	March 31, 2016
Amount neither past due nor impaired	4,354,284	332,935
Trade receivables past due but not impaired:		
Less than 30 days	4,501,065	6,683,319
30 to 60 days	463,237	4,997,235
60 to 90 days	194,725	3,946,327
Above 90 days	17,120,994	10,999,919
	<b>26,634,305</b>	<b>26,959,735</b>

Movement in allowances for doubtful debts	As of	
	March 31, 2017	March 31, 2016
Balance at April 1	413,819	173,885
Add: Provision for the year	(264,932)	298,792
Less: Reversal of provisions for the previous year	-	(58,858)
Balance at March 31	<b>148,887</b>	<b>413,819</b>

Trade receivables are non-interest bearing and generally have up to 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from related parties is unsecured, interest free and repayable on demand. The amount is expected to be settled in cash.

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**15. Cash and cash equivalents**

	As of	
	March 31, 2017	March 31, 2016
Cash in hand	2	2
Cash at bank	15,625,543	9,021,128
	<u>15,625,545</u>	<u>9,021,130</u>

**16. Trade and other payables**

	As of	
	March 31, 2017	March 31, 2016
Trade payables	8,770,988	494,707
Equipment supply payables	5,254,635	2,216,335
Due to related parties (refer note 20)	64,778	1,578,419
Other payables	360,446	436,374
	<u>14,450,847</u>	<u>4,725,835</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The amount due to related party is unsecured, interest free and repayable on demand. The amount is expected to be settled in cash.

**17. Financial risk management objectives and policies**

**Financial risk factors**

The main risks arising from the Company's financial assets and liabilities are foreign exchange, interest rate, liquidity and credit risks. The overall risk management seeks to minimize potential adverse effects of these risks on the financial performance of the Company. The Company has established risk management policies, guidelines and control procedures to manage its exposure to financial risks.

a) **Foreign exchange risk**

The foreign exchange risk of the Company arises from operations in foreign currencies which generate revenues and incur costs in non-USD currencies, but the majority of the Company's transactions are denominated in USD.

The Company has liabilities which are denominated mainly in USD, Indian Rupees (INR) and GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the INR and GBP may change in a manner which has a material effect on the reported values of the Company's assets and liabilities.

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The following demonstrates the sensitivity in foreign currency to functional currency, with all other variables held constant, of the Company's profit before tax (due to changes in fair value of monetary assets and liabilities).

	<b>Change in currency exchange rate</b>	<b>Effect on profit before tax</b>
<b>For the year ended March 31, 2017</b>		
INR	-5%	243,790
	5%	(243,790)
GBP	-5%	220
	5%	(220)
<b>For the year ended March 31, 2016</b>		
INR	-5%	149,000
	5%	(149,000)
GBP	-5%	391
	5%	(391)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial liabilities March 31, 2017</b>	<b>Financial liabilities March 31, 2016</b>
GBP	4,399	7,810
INR	4,875,792	2,979,997
	<b>4,880,191</b>	<b>2,987,807</b>

All the financial assets of the Company are in USD.

**b) Interest rate risk**

The Company's significant interest earning financial assets are loans given to related parties. Interest income from these balances may fluctuate in amount, in particular due to changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).



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	<b>Change in interest rate (basis points)</b>	<b>Effect on profit before tax</b>
<b><u>March 31, 2017</u></b>		
Loans to related parties	+20	1,802,780
	-20	(1,802,780)
<b><u>March 31, 2016</u></b>		
Loans to related parties	+20	766,993
	-20	(766,993)

**c) Credit risk**

Financial assets that potentially subject the Company to concentrations of credit risk consist primarily of trade and other receivables, cash and loans to related parties and balances with banks.

Credit risk is managed through the application of credit assessment and approvals, credit limits and monitoring procedures.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

With respect to credit risk arising from financial assets which comprise of trade and other receivables and loans to related parties, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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	<u>More than 1 year</u>	<u>Within 1 year</u>	<u>Total 2017</u>
<i>As of March 31, 2017</i>			
Trade and other receivables*	-	24,871,385	24,871,385
Loans to related parties	-	926,197,196	926,197,196
Cash at bank	-	15,625,543	15,625,543
	-	966,694,124	966,694,124
	<u>More than 1 year</u>	<u>Within 1 year</u>	<u>Total 2016</u>
<i>As of March 31, 2016</i>			
Trade and other receivables*	-	26,959,735	26,959,735
Loans to related parties	-	399,508,318	399,508,318
Cash at bank	-	9,021,128	9,021,128
	-	435,489,181	435,489,181

\* Include receivables that are past due but not impaired at reporting dates (refer note 14).

**d) Liquidity risk**

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping credit lines available.

The table below summarises the maturity profile of the Company's financial liabilities at March 31, 2017 and March 31, 2016 based on contractual undiscounted payments:

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<i>As of March 31, 2017</i>	<u>Within 1 year</u>	<u>Total 2017</u>
Trade and other payables	14,450,847	14,450,847
Accrued operating expenses	8,293,527	8,293,527
	<u>22,744,374</u>	<u>22,744,374</u>

<i>As of March 31, 2016</i>	<u>Within 1 year</u>	<u>Total 2016</u>
Trade and other payables	4,725,835	4,725,835
Accrued operating expenses	6,465,327	6,465,327
	<u>11,191,162</u>	<u>11,191,162</u>

**e) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended March 31, 2017 and March 31, 2016. The Company monitors capital using a gearing ratio, which is net debt divided total capital plus net debt. Net debt is calculated as borrowings less cash and cash equivalents. The details are as follows:

	<u>For the year ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Borrowings	31,000,000	-
Cash and cash equivalents	(15,625,545)	(9,021,130)
Net Debt	<u>15,374,455</u>	<u>(9,021,130)</u>
Equity	<u>1,178,641,092</u>	<u>367,156,414</u>
Capital and net debt	1,194,015,547	358,135,284
Gearing ratio	1.29%	-2.52%

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**18. Capital Commitments**

Commitments for the acquisition of plant and equipment not provided for in the financial statements:

	As of	
	March 31, 2017	March 31, 2016
Expenditure contracted for	55,509	20,000

**19. Investment in Jointly Owned Assets**

The Company has participated in various consortium towards supply, construction, maintenance and providing long term technical support with regards to following Cable Systems. The details of the same are as follows:

Cable project	March 31, 2017		March 31, 2016	
	Net block (USD)	Share %	Net block (USD)	Share %
AAG-Project	27,580,307	8.86%	26,329,031	8.86%
EASSY Project	1,583,796	0.72%	1,723,909	0.72%
Unity Project	2,550,086	10.00%	16,726,695	10.00%
I2I Cable	2,550,086	100.00%	-	-

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**20. Related party disclosures**

Related party transactions represent transactions entered into by the Company with the holding company, fellow subsidiaries and entities having significant influence over the Company. The transactions and balances with the following related parties for the years ended March 31, 2017 and March 31, 2016, respectively, are described below:

<b>List of related parties</b>	<b>Relationship</b>
Bharti Airtel Limited	Holding Company
Singapore Telecommunication Limited	Entity having significant influence
Bharti Airtel International (Mauritius) Limited	Subsidiary
Bharti Airtel International (Netherlands) B.V.	Subsidiary
Celstel Congo (RDC) S.a.r.l. *	Subsidiary of subsidiary
Airtel Networks Kenya Limited *	Subsidiary of subsidiary
Airtel Madagascar S.A. *	Subsidiary of subsidiary
Airtel Malawi Limited *	Subsidiary of subsidiary
Airtel Tanzania Limited *	Subsidiary of subsidiary
Airtel Uganda Limited *	Subsidiary of subsidiary
Airtel Networks Zambia Plc (formerly known as Celstel Zambia plc) *	Subsidiary of subsidiary
Airtel Congo S.A *	Subsidiary of subsidiary
Airtel Networks Limited*	Subsidiary of subsidiary
Airtel Burkina Faso S.A. *	Subsidiary of subsidiary
Airtel Ghana Limited*	Subsidiary of subsidiary
Celstel Niger S.A. *	Subsidiary of subsidiary
Bharti Airtel Lanka (Pvt) Limited	Fellow subsidiary
Bharti Airtel (HK) Limited	Fellow subsidiary
Bharti Airtel (USA) Limited	Fellow subsidiary
Bharti Airtel (France) SAS	Fellow subsidiary
Bharti Airtel (UK) Limited	Fellow subsidiary

\* Transactions of similar nature with such subsidiaries have been clubbed and shown under the head 'Other African subsidiaries'.

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The details of amounts due to or due from the related parties as of March 31, 2017 and March 31, 2016 are as follows:

	As of	
	March 31, 2017	March 31, 2016
<b>1 Loan outstanding # @</b>		
Bharti Airtel International (Netherlands) B.V	669,160,143	187,331,592
Bharti Airtel Holdings (Singapore) Pte. Limited	153,969,878	156,105,104
Bharti Airtel Lanka (Pvt) Limited	78,260,000	40,060,000
	<b>901,390,021</b>	<b>383,496,696</b>
<b>2 Accrued Interest @</b>		
Bharti Airtel International (Netherlands) B.V	9,497,141	4,998,743
Bharti Airtel Holdings (Singapore) Pte. Limited	12,364,418	9,580,119
Bharti Airtel Lanka (Pvt) Limited	2,945,616	1,432,761
	<b>24,807,175</b>	<b>16,011,623</b>
<b>3 Trade and other receivables/(payables) @</b>		
Bharti Airtel Limited	1,323,464	18,713
Bharti Airtel (USA) Limited	1,144,955	2,009,259
Singapore Telecommunication Limited	(1,178,253)	(1,570,719)
Bharti Airtel (France) SAS	-	(7,700)
Bharti Airtel (HK) Ltd	(59,946)	88,951
Bharti Airtel (UK) Ltd	76,702	134,226
Bharti International (Singapore) Pte Ltd	3,281,834	6,003,268
Other African Subsidiaries	17,859,418	18,372,716
	<b>22,448,174</b>	<b>25,048,715</b>
<b>4 Borrowings</b>		
Bharti Airtel International (Mauritius) Limited	31,000,000	-
	<b>31,000,000</b>	<b>-</b>

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The details of related party transactions entered into by the Company for the years ended March 31, 2017 and March 31, 2016 are as follows:

		<b>For the year ended</b>	
		<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>1</b>	<b>Purchase of fixed assets</b>		
	Bharti Airtel Limited	-	2,773,428
		-	2,773,428
<b>2</b>	<b>Sale/ transfer of IRU</b>		
	Bharti Airtel Limited	220,868	954,911
	Bharti Airtel (USA) Limited	-	42,820
	Bharti International (Singapore) Pte Ltd	220,868	8,110,720
	Bharti Airtel UK LTd	110,434	-
		552,170	9,108,451
<b>3</b>	<b>Sale/ rendering of services</b>		
	Bharti Airtel Limited	14,939,740	21,840,904
	Bharti Airtel (USA) Limited	6,620,387	7,558,966
	Singapore Telecommunication Limited	-	(171,957)
	Bharti International (Singapore) Pte Limited	10,734,775	17,184,819
	Other African Subsidiaries	5,279,062	7,703,258
	Bharti Airtel (HK) Limited	189,185	274,027
	Bharti Airtel (UK) Limited	266,669	286,156
		38,029,819	54,676,173
<b>4</b>	<b>Purchase of goods / Receiving of services</b>		
	Bharti Airtel Limited	1,611,059	2,003,103
	Bharti Airtel (France) SAS	-	30,800
	Singapore Telecommunication Limited	(1,427,110)	1,596,047
	Bharti Airtel (UK) Ltd	-	1,016
	CIM Corporate Services Ltd.	(3,415)	(6,765)
		180,535	3,624,201
<b>5</b>	<b>Fund received/Expenses incurred on behalf of the Company</b>		
	CIM Corporate Services Ltd.	4,055,048	1,768,450
		4,055,048	1,768,450
<b>6</b>	<b>Loans given #</b>		
	Bharti Airtel International (Netherlands) B.V	535,300,000	52,000,000
	Bharti Airtel Lanka (Pvt) Limited	38,200,000	12,060,000
	Bharti Airtel Holdings (Singapore) Pte. Limited	15,500,000	-
		589,000,000	64,060,000
<b>7</b>	<b>Repayment of loans given</b>		
	Bharti Airtel International (Netherlands) B.V	53,471,449	14,187,050
	Bharti Airtel Holdings (Singapore) Pte. Limited	17,635,227	-
		71,106,676	14,187,050
<b>8</b>	<b>Interest Income</b>		
	Bharti Airtel International (Netherlands) B.V	5,553,947	3,593,261
	Bharti Airtel Holdings (Singapore) Pte. Limited	1,274,131	3,211,898
	Bharti Airtel Lanka (Pvt) Limited	1,489,561	616,378
		8,317,639	7,421,537
<b>9</b>	<b>Investment</b>		
	Bharti Airtel International (Netherlands) B.V	61,000,000	-
	Bharti Airtel International (Mauritius) Limited	235,200,000	-
		296,200,000	-
<b>10</b>	<b>Borrowings taken</b>		
	Bharti Airtel International (Mauritius) Limited	31,000,000	-
		31,000,000	-

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# Loans given to related parties are unsecured, bear average interest rate of 1.93% to 1.96% per annum and are given for a short term period on a revolving basis. The amounts are expected to be settled in cash.

@ Some of the related parties rely on support of holding company to meet their obligation.

**21. Events after reporting date**

There were no significant events after the reporting date which requires amendments and / or disclosure to the financial statements.