IDEA CELLULAR SERVICES LIMITED

ANNUAL ACCOUNTS 2016-17

Independent Auditors' Report

To the Members of
IDEA Cellular Services Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **IDEA CELLULAR SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, based on our audit to the extent applicable that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

   iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Hemant M. Joshi
Partner
Membership No: 38019

Place: Mumbai
Date: May 9, 2017

"Annexure A" To The Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **IDEA CELLULAR SERVICESLIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Hemant M. Joshi
Partner
Membership No: 38019

Place: Mumbai
Date: May 9, 2017

"Annexure B" To The Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i) In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable

ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.

iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence reporting under clause (v) of the Order is not applicable.

vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

vii) According to information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Service Tax and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of Customs Duty, Sales Tax / Value Added Tax, Excise duty and Cess.

b) There were no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax and other material statutory dues in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

c) There are no dues of Income tax and Service Tax which have not been deposited on account of any dispute.

viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, directors of its Parent or persons connected with themand hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Hemant M. Joshi
Partner
Membership No: 38019

Place: Mumbai
Date: May 9, 2017

Balance Sheet as at March 31, 2017

₹ '000

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	7	-	-	-
Financial assets				
Deposits and balances with goverment authorities		409	394	326
Deferred tax assets (Net)	23	13,264	10,583	8,892
Other non-current assets	8	14,962	18,288	17,848
Total non-current assets (A)		28,635	29,265	27,066
Current assets				
Financial assets				
Trade receivables	9	98,389	87,275	71,571
Cash and cash equivalents	10	1,348	2,523	752
Other receivable		2	240	307
Current Tax Assets (Net)		9,245	6,623	390
Other current assets	11	8,446	9,868	8,660
Total current assets (B)		117,430	106,529	81,680
Total assets (A+B)		146,065	135,794	108,746
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	500	500	500
Other equity	13	8,426	2,945	(2,571)
Total equity (A)		8,926	3,445	(2,071)
Non-current liabilities				
Long term provisions	14	31,504	24,679	21,872
Total non-current liabilities (B)		31,504	24,679	21,872
Current liabilities				
Financial liabilities				
Trade payable		88,824	93,119	76,649
Other current liabilities	15	10,295	8,411	7,849
Short Term Provisions	16	6,516	6,140	4,447
Total current liabilities (C)		105,635	107,670	88,945
Total Equity and Liabilities (A+B+C)		146,065	135,794	108,746
The accompanying notes are an integral part of the Financial Statements				

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : May 9, 2017

For and on behalf of the Board

Himanshu Kapania
Director

Akshaya Moondra
Director

Statement of Profit & Loss Account for the year ended March 31, 2017

₹ '000

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Service revenue		**1,568,179**	1,511,110
Miscellaneous receipts		**2,416**	4,575
Revenue From Operations		**1,570,595**	1,515,685
Interest income		**1,001**	-
TOTAL INCOME		**1,571,596**	1,515,685
OPERATING EXPENDITURE			
Employee benefit expenses	**17**	**1,333,320**	1,282,906
Administration and other expenses	**18**	**227,491**	230,208
		1,560,811	1,513,114
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION AND TAXES		**10,785**	2,571
Interest Expense		**7**	-
PROFIT BEFORE TAX		**10,778**	2,571
Tax expense:			
- Current tax	**22**	**5,389**	4,478
- Deferred tax	**23**	**(1,825)**	(3,586)
PROFIT AFTER TAX		**7,214**	1,679
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		**(2,589)**	5,732
Income tax effect		**856**	(1,895)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(1,733)**	3,837
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,481**	5,516
Earnings per equity share of ₹ 10 each fully paid up (in ₹)	**24**		
Basic		**144.28**	33.58
Diluted		**144.28**	33.58
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Hemant M. Joshi
Partner
Membership No.: 38019

Himanshu Kapania
Director

Akshaya Moondra
Director

Place : Mumbai
Date : May 9, 2017

Statement of Changes in Equity for the year ended March 31, 2017

A. EQUITY SHARE CAPITAL:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	₹ '000
As at April 1, 2015	**50,000**	**500**
Issue of shares	-	-
As at March 31, 2016	**50,000**	**500**
Issue of shares	-	-
As at March 31, 2017	**50,000**	**500**

B. OTHER EQUITY

₹ '000

Particulars	Retained Earnings
As at April 1, 2015	**(2,571)**
Profit for the year	1,679
Other comprehensive income	3,837
As at March 31, 2016	**2,945**
Profit for the year	7,214
Other comprehensive income	(1,733)
As at March 31, 2017	**8,426**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : May 9, 2017

For and on behalf of the Board

Himanshu Kapania
Director

Akshaya Moondra
Director

Notes forming part of the Financial Statements

1. Corporate Information

Idea Cellular Services Limited ('the Company') is a Company domiciled in India was incorporated on October 3, 2007. The company is 100% subsidiary of Idea Cellular Limited (Holding Company) and provides manpower services to the Holding Company & fellow subsidiaries.

2. Basis of preparation and statement of compliance

The financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity and Statement of Cash Flows, together with the notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Previous GAAP).

The financial statements for the financial year ended March 31, 2017 are the company's first Ind AS compliant annual financial statements with comparative figures for the year ended March 31, 2016 also under Ind AS. The date of transition is April 1, 2015.Please refer to note 5 for detailed disclosure on the first time adoption of Ind AS.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date.

All assets and liabilities have been classified as current or non-current in accordance with the operating cycle criteria set out in Ind AS 1 and Schedule III to the Companies Act, 2013.

Deferred tax assets (including MAT credit entitlement) and liabilities are classified as non-current assets and liabilities.

3. Significant Accounting Policies

a) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and can be reliably measured, regardless of the timing of receipt of payment. Revenue is measured at fair value of the consideration received or receivable and is reduced for rebates and other similar allowances. Taxes and dutiesare collected by the seller / service provider to be deposited with the Government and not received by the company on its own account. Accordingly, it is excluded from revenue.

i) Service Revenue

Revenue on account of Manpower Service is recognised as and when services are rendered and related cost are incurred.

ii) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b) Employee benefits

i) Retirement Benefits

Contributions to Provident and Pension funds are funded with the appropriate authorities and charged to the Statement of Profit and Loss when the employees have rendered service entitling them to the contributions.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with the Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding charge or credit to Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in thestatement of profit and loss:

- Service costs; and
- Net interest expense or income

ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages and other short term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provision for leave benefits to employees is based on actuarial valuation done by projected accrued benefit method at the reporting date.

Notes forming part of the Financial Statements

c) **Exceptional items**

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Statement of Profit and Loss.

d) **Taxes**

Income tax expense represents the sum of the current tax and deferred tax.

i) **Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax is based on the taxable income and calculated using the applicable tax rates and tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

ii) **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent 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.

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

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.

e) **Current / Non – Current Classification**

An asset is classified as current when

a) It is expected to be realised or consumed in the Company's normal operating cycle;

b) It is held primarily for the purpose of trading;

c) It is expected to be realized within twelve months after the reporting period; or

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

Any asset not conforming to the above is classified as non-current.

A liability is classified as current when

a) It is expected to be settled in the normal operating cycle of the Company;

b) It is held primarily for the purposes of trading;

c) It is expected to be settled within twelve months after the reporting period; or

d) The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Any liability not conforming to the above is classified as non-current.

f) **Property, Plant and Equipment**

Property, Plant and Equipment (PPE) and Capital work in progress held for use in the rendering of services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all direct costs relating to acquisition and installation of Property, Plant and Equipment and borrowing cost relating to qualifying assets. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Notes forming part of the Financial Statements

Depreciation on assets is provided using straight-line method on pro rata basis over theirestimated useful economic lives as given below. The useful life is taken as prescribed in Schedule II to the Companies Act, 2013 except where the estimated useful economic life has been assessed to be lower based on technical obsolescence, nature of assets, estimated usage of the assets, operating conditions of the asset, and manufacturers warranties, maintenance and support period, etc.

Particulars	Estimated useful life (in years)
Office Equipments	3 to 5

An item of property, plant and equipment and significant part of property, plant and equipment is discarded or replaced, the carrying value of discarded / replaced part is derecognized. Any gain or losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss on the date of retirement or disposal.

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

g) Impairment of Non – Financial Assets

Tangible assets which are subject to depreciation or amortization are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised by reducing the carrying amount of the asset (or cash-generating unit) to its recoverable amount.

Impairment losses recognized in the earlier periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had such impairment loss not been recognised for the asset (or cash-generating unit) in prior years. Any reversal of an impairment loss is recognised immediately in statement of profit or loss.

h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i) Financial Instruments

Initial recognition and measurement

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in statement of Profit & Loss.

i) Financial assets

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets:

a) Financial assets measured at amortised cost

b) Financial assets measured at fair value through profit or loss (FVTPL)

c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

Notes forming part of the Financial Statements

I) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables, loans, etc.

II) Financial Assets measured at FVTPL

FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Derecognition

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Debt instruments measured at amortised cost e.g., loans and bank deposits
- Trade receivables
- Other Financial assets not designated as FVTPL

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables(including lease receivables). The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

ii) Financial liabilities

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL.

Financial liabilities at amortised cost

After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of Profit & Loss when the liabilities are derecognised as well as through the EIR 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 EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of Financial liabilities:

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

Notes forming part of the Financial Statements

iii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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.

j) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

* Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances that caused the transfer or (b) at the end of each reporting period or (c) at the beginning of each reporting period.

k) Earnings per share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) is the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

l) Provisions and Contingent Liabilities

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 of the obligation.The expense relating to a provision is presented in the statement of profit and loss.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability

A Contingent Liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are not recognised. Information on contingent liabilities is disclosed in the notes to Financial Statements unless the possibility of an outflow of resources embodying economic benefits is remote.

4. Use of Estimates, assumptions and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Taxes

The Company provides for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized. MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent

Notes forming part of the Financial Statements

there is no longer convincing evidence to the effect that Company will be able to absorb such credit during the specified period.

ii) Defined benefit plans (gratuity benefits)

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 20.

5. First Time Adoption of IndAS

The Company had prepared its financial statements in accordance with the Accounting Standards (AS) notified under section 133 of the Companies Act 2013 (previous GAAP), for and including the year ended March 31, 2016. The Company has prepared its first Ind AS (Indian Accounting Standards) compliant Financial Statements for the year ended March 31, 2017 with restated comparative figures for the year ended March 31, 2016 in compliance with Ind AS. Accordingly, the Opening Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2015, the date of Company's transition to Ind AS. The principal adjustments made by the Company in restating its Previous GAAP financial statements as at and for the Financial year ended March 31, 2016 and the balance sheet as at April 1, 2015 are as mentioned below:

A. Exemptions applied

Ind AS 101 on First Time Adoption of Ind AS allows first-time adopters certain voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemption:

1) Impairment of financial asset based on Expected credit Loss (ECL).

2) The company has elected to continue with the carrying values for all of its property, plant and equipment as recognised in its Previous GAAP financial statements as the deemed cost at the transition date.

B. Exceptions applied

Ind AS 101 specifies mandatory exceptions from retrospective application of some aspects of other Ind AS for first-time adopters. Following exception is applicable to the Company:

Use of Estimates

The estimates at April 1, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of previous GAAP did not require estimations:

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

C. Effect of Ind AS Adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015

There is no impact of Ind AS adoption on the Balance Sheet, Total Equity, Total Comprehensive Income, Statement of Cash Flows and Cash & Cash Equivalent.

Notes forming part of the Financial Statements

D. Effect of Ind AS Adoption on the Statement of Profit and Loss for the year ended March 31, 2016

₹ '000

Particulars	Exp. Note No.	Ind AS	Previous GAAP	Difference
INCOME				
Service revenue		1,511,110	1,511,110	-
Other Operating Income		4,575	4,575	-
Total income		**1,515,685**	**1,515,685**	**-**
OPERATING EXPENDITURE				
Employee benefits expense	(i)	1,282,906	1,277,174	5,732
Administration and other expenses		230,208	230,208	-
		1,513,114	**1,507,382**	**5,732**
PROFIT BEFORE DEPRECIATION AND TAXES		**2,571**	**8,303**	**(5,732)**
Less : Depreciation		-	-	-
PROFIT BEFORE TAX		**2,571**	**8,303**	**(5,732)**
Tax expense:				
- Current tax		4,478	4,478	-
- Deferred tax	(ii)	(3,586)	(1,691)	(1,895)
PROFIT AFTER TAX		**1,679**	**5,516**	**(3,837)**
OTHER COMPREHENSIVE INCOME				
Items not be reclassified to profit or loss in subsequent periods:				
Re-measurement gains/ (losses) on defined benefit plans	(i)	5,732	-	5,732
Income tax effect	(ii)	(1,895)	-	(1,895)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,837**	**-**	**3,837**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,516**	**5,516**	**-**

Explanatory Notes to the reconciliation

i) Employee Benefits

In Previous GAAP, actuarial gains and losses were recognised in Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability/asset which is recognized in other comprehensive income (OCI) in the respective periods. The change does not affect total equity but there is a decrease in profit before tax for the year ended March 31, 2016 by ₹ 5,732 thousands.

ii) Deferred tax

As the Actuarial gain/loss is recognised in OCI under Ind AS, corresponding deferred tax impact on actuarial gains & losses is also recognised in OCI. This change has no impact on equity as on the transition date. The profit after tax for the year ended March 31, 2016 has increased by ₹ 1,895 thousands.

6 Standards issued or modified but not yet effective up to the date of issuance of the Company's financial statements

The amendments to standards that are issued, but not yet effective up to the date of issuance of Company's financial statements are discussed below. The company intends to adopt these standards, if applicable, when they became effective.

a) Amendments to Ind AS 7 Statement of Cash Flows

(Effective from accounting period starting on or after April 1, 2017)

i. An entity shall provide certain additional disclosures for changes in liabilities arising from financing activities on account of non-cash transactions to enable users of financial statements evaluate changes in liabilities arising from financing activities.

ii. To the extent necessary to satisfy the requirement, an entity shall disclose the following changes in liabilities arising from financing activities:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates;
- Changes in fair values; and
- Other changes.

Notes forming part of the Financial Statements

7 As on transition date viz April 1, 2015, the Gross Block and accumulated depreciation of Office Equipment of the Company was ₹ 3,906 thousand each. Hence, the cost of office equipment under Ind AS on transition date is considered NIL, under deemed cost option.

8 OTHER NON-CURRENT ASSETS

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax (net of provision of ₹15,336 thousand (March 31, 2016 ₹9,547 thousand and April 1, 2015 ₹ 4,030 thousand))	**14,962**	18,288	17,848
Total	**14,962**	18,288	17,848

9 TRADE RECEIVABLES

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Billed Receivables			
Unsecured - Considered Good (Refer Note 25)	**98,389**	87,275	71,571
Total	**98,389**	87,275	71,571

10 CASH AND CASH EQUIVALENTS

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash in hand	**4**	9	8
Balances with banks in current accounts	**1,344**	2,514	744
Total	**1,348**	2,523	752

11 OTHER CURRENT ASSETS

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cenvat credit	**1,775**	1,497	995
Prepaid expenses	**4,646**	4,634	4,378
Others	**2,025**	3,737	3,287
Total	**8,446**	9,868	8,660

12 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers	₹ '000	Numbers	₹ '000	Numbers	₹ '000
Authorised Share Capital						
Equity Shares of ₹ 10 each	**2,000,000**	**20,000**	2,000,000	20,000	50,000	500
	2,000,000	**20,000**	2,000,000	20,000	50,000	500
Issued subscribed & paid up share capital						
Equity Shares of ₹ 10 each fully paid up	**50,000**	**500**	50,000	500	50,000	500
	50,000	**500**	50,000	500	50,000	500

Notes forming part of the Financial Statements

a) The entire paid up equity share capital is held by the Holding Company, Idea Cellular Limited and its nominee Shareholders.

b) At the Annual General Meeting held on September 28, 2015, the members of the company have approved to increase the Authorised Equity Share Capital from ₹ 500 Thousand to ₹ 20,000 Thousand.

c) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

13 OTHER EQUITY

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016
Retained Earnings		
Balance at the beginning of the year	**2,945**	(2,571)
Add : Profit / (Loss) during the year	**7,214**	1,679
Add : Other Comprehensive Income	**(1,733)**	3,837
Balance at the end of the year	**8,426**	2,945

14 LONG TERM PROVISIONS

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity (Refer Note 20)	**1,307**	-	-
Compensated Absences	**30,197**	24,679	21,872
Total	**31,504**	24,679	21,872

15 OTHER CURRENT LIABILITIES

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Taxes and Other Liabilities	**10,295**	8,411	7,849
Total	**10,295**	8,411	7,849

16 SHORT TERM PROVISIONS

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Compensated Absences	**6,516**	6,140	4,447
Total	**6,516**	6,140	4,447

Notes forming part of the Financial Statements

17 EMPLOYEE BENEFIT EXPENSES

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	**1,223,723**	1,182,924
Contribution to provident and other funds (Refer Note 20)	**52,676**	43,814
Staff welfare	**56,656**	55,798
Recruitment and training	**265**	370
Total	**1,333,320**	1,282,906

18 ADMINISTRATION AND OTHER EXPENSES

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rates and taxes	**125**	425
Printing and stationery	**404**	383
Communication expenses	**39,707**	34,009
Travelling and conveyance	**182,400**	191,265
Bank charges	**22**	8
Directors Sitting Fees	**116**	115
Legal and professional charges	**4,461**	3,757
Audit fees (Refer Note 21)	**175**	175
Miscellaneous expenses	**81**	71
Total	**227,491**	230,208

19 As of March 31, 2017, March 31, 2016 & April 1, 2015 there were no amounts payable to Micro, Small, and Medium Enterprises (SMEs) within the meaning of the Micro, Small and Medium Enterprises Development Act, 2006.

20. Employee Benefits:

a) Defined Benefit Plan (Gratuity):

General Description and Benefits of the plan

The Company operates a defined benefit salary gratuity plan through a trust. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. In case of employees retiring from the company, the Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972 depending on the period of continuous service. The benefit is payable on termination of service or retirement, whichever is earlier. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory Framework, Funding Arrangement and Governance of the Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income tax act and rules. The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan. vis-à-vis settlements, the trustees of the trust are responsible for the overall governance of the plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which in turn manage these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity plans through separate trust which is administered and managed by the Trustees. As on March 31, 2017 and March 31, 2016, the contribution towards the plans have been invested in Insurer Managed Funds.

Notes forming part of the Financial Statements

Inherent Risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The following tables summarizes the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the balance sheet for gratuity:

₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Amount recognised in Balance Sheet			
Present value of obligations as at the end of the year	**38,559**	28,471	26,142
Fair value of plan assets as at the end of the year	**37,252**	28,650	26,256
Net Funded Obligation	**(1,307)**	178	114
Net Asset/(Liability) recognized in Balance Sheet	**(1,307)**	178	114
Net Asset/(Liability) recognized in Balance Sheet is bifurcated as			
- Current	**-**	178	114
- Non –Current	**(1,307)**	-	-

₹ '000

Sr. No	Particulars	As at March 31, 2017	As at March 31, 2016
1	**Reconciliation of Net Defined Benefit Obligation**		
	Opening Net Defined Benefit liability/(asset)	**(178)**	(114)
	Expense charged to Statement Profit &Loss	**8,756**	9,220
	Expense charged to OCI	**2,589**	(5,732)
	Contribution made	**(9,859)**	(3,552)
	Closing Net Defined Benefit liability/(asset)	**1,307**	(178)
2	**Reconciliation of Defined Benefit Obligation**		
	Opening Defined Benefit Obligation	**28,471**	26,142
	Current Service cost	**9,184**	9,371
	Interest on Defined Benefit Obligation	**2,153**	1,950
	Actuarial (Gain)/Loss arising from change in financial assumptions	**2,676**	1,529
	Actuarial (Gain)/Loss arising on account of experience changes	**(140)**	(6,992)
	Benefits paid	**(3,785)**	(3,528)
	Closing Defined Benefit Obligation	**38,559**	28,471
3	**Reconciliation of plan assets**		
	Opening fair value of plan assets	**28,650**	26,256
	Employer contributions	**9,859**	3,552
	Interest on plan assets	**2,581**	2,101
	Re measurements due to		
	Actual return on plan assets less interest on plan assets	**(53)**	269
	Benefits paid	**(3,785)**	(3,528)
	Closing fair value of plan assets	**37,252**	28,650

Notes forming part of the Financial Statements

Amounts recognized in statements of profit and loss in respect of these defined benefit plans are as follows:

₹ '000

Sr. No	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1	**Expenses Recognised in Statement of Profit & Loss**		
	Current Service cost	**9,184**	9,371
	Interest on Net Defined Benefit liability / (asset)	**(428)**	(151)
	Expenses recognised in Statement of Profit & Loss	**8,756**	9,220
2	**Amount recorded as Other Comprehensive Income (OCI)**		
	Re measurement during the year due to		
	- Changes in financial assumptions	**2,676**	1,529
	- Experience adjustments	**(140)**	(6,992)
	- Return on plan assets (excluding amounts included in net interest expense)	**53**	(269)
	Amount recognised in OCI	**2,589**	(5,732)

The principal assumptions used in determining gratuity obligations are shown below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	**7.10%**	8.10%
Future salary increases*	**8.00%**	8.00%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Rate of Employee Turnover		
Age(Years) – 21-30	12.00%	
	12.00%	
	12.00%	
Disability	No explicit allowance	

*The estimates of future salary increase considered takes into account inflation, seniority, promotion and other relevant factors.

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is as below:

Particulars	For year ended March 31, 2017		For year ended March 31, 2016	
	Discount rate %	Salary escalation rate %	Discount rate %	Salary escalation rate %
Impact of increase in 50 bps on DBO	**6.6%**	**8.5%**	8.6%	8.5%
Impact of decrease in 50 bps on DBO	**7.6%**	**7.5%**	7.6%	7.5%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Within the next 12 months	**8,000**	3,600

Notes forming part of the Financial Statements

Investment details of plan assets (% allocation):

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Insurer Managed Funds*	**37,252**	28,650

*The funds are managed by Insurers & they do not provide breakup of plan assets by investment type.

Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

₹ '000

Maturity Profile	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected benefits for year 1	**3,728**	1,689
Expected benefits for year 2	**3,129**	2,343
Expected benefits for year 3	**4,188**	3,336
Expected benefits for year 4	**5,307**	4,580
Expected benefits for year 5 and above	**57,436**	55,496

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.92 years (March 31, 2016: 12.92 years).

b) Defined contribution plans:

During the year, the Company has recognised the following amounts in the statement of profit and loss:

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Employer's contribution to provident and pension fund	**30,980**	30,395

21. Auditor's Remuneration:

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit Fees	**175**	175
Certification (included in Legal and Professional Charges)	**40**	40

22. Tax Reconciliation:

(a) Income Tax Expense:

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax		
Current Tax on profits for the year	**5,389**	4,478
Total Current Tax Expense (A)	**5,389**	4,478
Deferred Tax		
Relating to addition& reversal of temporary differences	**(1,825)**	(3,586)
Total Deferred Tax Expense (B)	**(1,825)**	(3,586)
Income Tax Expense (A+B)	**3,564**	892
Income tax impact of re-measurement gains/ losses on defined benefit plans taken to other comprehensive income	**(856)**	1,895

Notes forming part of the Financial Statements

(b) Reconciliation of average effective tax rate & applicable tax rate: ₹ '000

Particulars	As at March 31, 2017	As at March 31, 2016
Profit before Income tax expense	**10,778**	2,571
Applicable Tax Rate	**33.06%**	33.06%
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effects of expenses that are not deductible in determining the taxable profits	**0%**	4.60%
Other Items	**0.01%**	(2.97%)
Effective Tax Rate	**33.07%**	34.69%

23. Movement in deferred Tax Assets :

₹ '000

Particulars	Depreciation	Expenses allowable on payment basis	Total
As at April 1, 2015	**190**	**8,702**	**8,892**
Recognised in			
- Statement of Profit & Loss	(29)	3,615	3,586
- Other Comprehensive Income	-	(1,895)	(1,895)
As at March 31, 2016	**161**	**10,422**	**10,583**
Recognised in			
- Statement of Profit & Loss	(24)	1,849	1,825
- Other Comprehensive Income	-	856	856
As at March 31, 2017	**137**	**13,127**	**13,264**

24. Basic & Diluted Earnings per Share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Nominal value of equity shares (₹)	**10/-**	10/-
Profit after Tax (₹ in '000)	**7,214**	1,679
Profit attributable to equity shareholders (₹ in '000)	**7,214**	1,679
Weighted average number of equity shares outstanding during the year	**50,000**	50,000
Basic & Diluted Earnings Per Share (₹)	**144.28**	33.58

25. Related party transactions

List of Related Parties is as follows:

i) Holding Company:

Idea Cellular Limited (ICL)

ii) Fellow Subsidiaries:

Idea Telesystems Limited (ITL)

iii) Key Managerial Personnel:

Ms. TarjaniVakil

Mr. Baldev Raj Gupta

iv) Other Related Parties:

Idea Cellular Services Limited Employees Group Gratuity Scheme

(Refer note 20 for information on transactions with post-employment benefit plans mentioned above.)

Notes forming part of the Financial Statements

A) Transactions with Related Parties for the year ended March 31, 2017 and March 31, 2016

₹ '000

Particulars	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Grand Total
Expense incurred on Company's behalf by	3,455 (3,251)	-	-	**3,455** **(3,251)**
Purchase of service	39,306 (32,753)	-	-	**39,306** **(32,753)**
Sale of service	1,561,163 (1,504,742)	7,016 (6,368)	-	**1,568,179** **(1,511,110)**
Sitting Fees	-	-	116 (115)	**116** **(115)**

Figures in brackets represent corresponding figures for the year ended March 31, 2016.

B) Balances with Related Parties as at March 31, 2017, as at March 31, 2016 and as at April 1, 2015.

₹ '000

Particulars	Holding Company		
	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
Trade receivables	**98,389**	87,275	71,571

26. As the Company operates in only one business segment, there is no separate reportable segment as per Ind AS - 108 on "Operating Segment".

27. Financial Instruments

(a) Financial Instruments by Category:

₹ '000

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets						
Trade Receivables	-	**98,389**	-	87,275	-	71,571
Cash and cash equivalents	-	**1,348**	-	2,523	-	752
Others	-	**2**	-	240	-	307
Deposits and balances with government authorities	-	**409**	-	394	-	326
Total Financial Assets	-	**100,148**	-	90,432	-	72,956
Financial Liabilities						
Trade Payables	-	**88,824**	-	93,119	-	76,649
Total Financial Liabilities	-	**88,824**	-	93,119	-	76,649

(b) Fair value hierarchy

The carrying amounts of the financial assets and financial liabilities are reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

Notes forming part of the Financial Statements

28. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as, credit risk and liquidity risk. The Holding company's team comprising of qualified finance professionals with appropriate skills and experience provides assurance to the management that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives

Financial assets other than trade receivables

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2017, March 31, 2016 and April 01, 2015 on its carrying amounts has been illustrated in note 10.

Liquidity risk

Liquidity risk is the risk that the company may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has Financial liabilities of trade and other payables all of which are payable within one year. The Company maintains sufficient cash and other liquid financial asset to meet the payment of financial liabilities within the due dates.

29. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company is a 100% subsidiary of Idea Cellular Limited and has no borrowings. The existing surplus funds along with the cash generated by the company is sufficient to take care of its long term and working capital requirements.

30. Details of 'Specified Bank Notes' (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the Table below:-

₹ '000

Particulars	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	25	1	**26**
(+) Permitted receipts	-	45	**45**
(-) Permitted payments	-	15	**15**
(-) Amount deposited in Banks	25	10	**35**
Closing Cash in Hand as on 30.12.2016	**-**	**21**	**21**

31. The Company has not given any loans, made investments or given guarantees covered under section 186(4) of the Companies Act, 2013.

For and on behalf of the Board

Himanshu Kapania
Director

Akshaya Moondra
Director

Place : Mumbai
Date : May 9, 2017

Statement of Cash Flows for the year ended March 31, 2017

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash Flow from Operating Activities		
Profit before tax	**10,778**	2,571
Adjustments for		
Provision for gratuity and compensated absences	**4,790**	10,167
Operating Profit before Working Capital changes	**15,568**	12,738
Adjustments for changes in Working Capital		
(Increase)/decrease in trade receivables	**(11,113)**	(15,704)
(Increase)/decrease in other financial and non-financial assets	**1,466**	(1,146)
Increase/(decrease) in trade payables	**(4,295)**	17,034
Increase/(decrease) in other financial and non-financial liabilities	**1,884**	-
Cash generated from Operations	**3,510**	12,922
Income tax paid (including TDS) (net)	**(4,685)**	(11,151)
Net Cash from / (used in) Operating Activities	**(1,175)**	1,771
Net increase / (decrease) in Cash and Cash Equivalents	**(1,175)**	1,771
Cash and Cash Equivalents at the beginning	**2,523**	752
Cash and Cash Equivalents at the end	**1,348**	2,523

Notes to Statement of Cash Flows for the year ended March 31, 2017

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Cash on hand	**4**	9
Balances with banks in current accounts	**1,344**	2,514
Total	**1,348**	2,523

2. The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

Place : Mumbai
Date : May 9, 2017

For and on behalf of the Board

Himanshu Kapania
Director

Akshaya Moondra
Director