IDEA CELLULAR INFRASTRUCTURE SERVICES LIMITED

ANNUAL ACCOUNTS 2016-17

Independent Auditors' Report

To the Members of
Idea Cellular Infrastructure Services Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **IDEA CELLULAR INFRASTRUCTURE 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.

Independent Auditors' Report (Contd.)

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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements– Note 34 to the Ind AS financial statements;

   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 did not have any holdings or 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.

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 INFRASTRUCTURE SERVICES LIMITED** ("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 Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements / amalgamations provided to us, we report that, the title deeds, comprising all the immovable properties of buildings are held in the name of the Company as at the balance sheet date.

(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 provide 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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax / Value Added 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 Custom Duty and Excise Duty.

b) There were no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax / Value Added 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) Details of dues of Sales Tax / Value Added Tax, Income tax and Service Tax which have not been deposited as on March 31, 2017 by the Company on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Mn)	Amount Unpaid (₹ in Mn)
Bihar value Added Tax Act, 2005	Entry Tax	Commercial Tax Tribunal, Patna	2008-09 and 2009-10	16.25	9.75
Bihar value Added Tax Act, 2005	Entry Tax	Joint Commissioner (A)	2010-11 to 2013-14	2.14	1.63
Central Sales Tax Act, 2002	Sales Tax	Additional Commissioner of Commercial Tax	2008-11	0.56	0.53
Rajasthan Value Added Tax Act, 2003	Entry Tax	Rajasthan High Court	2016-17	0.08	-
The Finance Act, 1994	Service Tax	Customs Excise & Service Tax Appellate Tribunal	2005-06, 2008-09 to 2014-15	778.39	778.39
The Finance Act, 1994	Service Tax	Commissioner of Central Excise, Customs & Service tax (Appeals)	2008-09 to 2012-2013	5.64	5.43
The Finance Act, 1994	Service Tax	High Court, Mumbai	2006-07 to 2009-10, 2011-12 and 2012-13	247.82	247.82
Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2012-13	6.71	-

(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 and employee 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 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 them and 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

₹ Mn

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
(a) Property, plant and equipment	7	**6,550.91**	2,120.31	2,367.23
(b) Capital work-in-progress	7	**59.03**	9.06	9.33
(c) Intangible assets	8	**4.56**	-	-
(d) Financial assets				
(i) Long term loans to employees		**0.11**	-	-
(ii) Other non-current financial assets	9	**320.59**	17.79	16.61
(e) Deferred Tax Asset (Net) (Refer Note 44)		**355.69**	-	-
(f) Other non-current assets	10	**160.56**	68.04	72.72
Total non-current assets (A)		**7,451.45**	2,215.20	2,465.89
Current assets				
(a) Financial assets				
(i) Current investments	11	**798.50**	201.40	534.76
(ii) Trade receivables	12	**1,141.70**	80.45	232.07
(iii) Cash and cash equivalents	13	**127.76**	3.48	3.65
(iv) Bank balance other than cash and cash equivalents		**0.84**	0.60	-
(v) Current portion of loans to employees		**0.09**	-	-
(vi) Other current financial assets	14	**3.69**	3.68	4.55
(b) Current Tax Assets (Net)		**15.27**	49.01	1.01
(c) Other current assets	15	**155.91**	15.68	20.95
		2,243.76	354.30	796.99
Non-current assets held for sale (AHFS)	16	**-**	0.02	-
Total current assets (B)		**2,243.76**	354.32	796.99
Total Assets (A+B)		**9,695.21**	2,569.52	3,262.88

Balance Sheet as at March 31, 2017 (Contd.)

₹ Mn

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	17	**0.60**	0.50	0.50
(b) Other equity	18	**6,622.77**	998.39	656.96
Total equity (A)		**6,623.37**	998.89	657.46
Non-current liabilities				
(a) Financial liabilities				
(i) Other non-current financial liabilities	19	**880.86**	288.75	2.28
(b) Long term provisions	20	**498.35**	74.54	67.70
(c) Deferred Tax Liabilities (Net) (Refer Note 44)		**-**	128.04	108.59
(d) Other non-current liabilities	21	**13.02**	14.06	15.21
Total non-current liabilities (B)		**1,392.23**	505.39	193.78
Current liabilities				
(a) Financial liabilities				
(i) Short term borrowings	22	**-**	750.00	1,966.50
(ii) Trade payable		**1,312.74**	270.72	278.62
(iii) Other current financial liabilities	23	**259.02**	25.98	145.79
(b) Other current liabilities	24	**77.55**	18.54	20.73
(c) Short Term Provisions	25	**30.30**	-	-
Total current liabilities (C)		**1,679.61**	1,065.24	2,411.64
Total Equity and Liabilities (A+B+C)		**9,695.21**	2,569.52	3,262.88
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

Akshaya Moondra
Director

Himanshu Kapania
Director

Place : Mumbai
Date : May 9, 2017

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

₹ Mn

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Service revenue		**7,581.87**	2,408.08
Other Operating Income	**26**	**3.00**	1.56
Revenue from operations		**7,584.87**	2,409.64
Other income	**27**	**50.30**	52.60
TOTAL INCOME		**7,635.17**	2,462.24
OPERATING EXPENDITURE			
Employee benefit expenses	**28**	**277.03**	49.16
Network expenses	**29**	**4,771.47**	1,380.65
Administration and other expenses	**30**	**80.71**	28.65
		5,129.21	1,458.46
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION AND TAXES		**2,505.96**	1,003.78
Finance costs	**31**	**66.56**	156.32
Depreciation	**7**	**1,270.68**	328.19
Amortisation	**8**	**0.93**	-
PROFIT BEFORE TAX		**1,167.79**	519.27
Tax expense:			
– Current tax	**43**	**557.70**	192.18
– Deferred tax	**43**	**(152.25)**	(14.34)
PROFIT AFTER TAX		**762.34**	341.43
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans	**40**	**(3.75)**	-
Income tax effect		**1.30**	-
Other comprehensive income /(loss) for the year, net of tax		**(2.45)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**759.89**	341.43
Earnings per equity share (in ₹):	**46**		
Basic		**13,453**	6,829
Diluted		**13,453**	6,829
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

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
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	₹ Mn
As at April 1, 2015	**50,000**	**0.50**
Issue of shares	-	-
As at March 31, 2016	**50,000**	**0.50**
Issue of shares (Refer Note 32)	10,000	0.10
As at March 31, 2017	**60,000**	**0.60**

B. OTHER EQUITY:

₹ Mn

Particulars	Reserves and Surplus		Total
	Securities premium reserve	Retained earnings	
As at April 1, 2015	-	**656.96**	**656.96**
Profit for the year	-	341.43	341.43
Other comprehensive income	-	-	-
Total comprehensive income	-	**341.43**	**341.43**
As at March 31, 2016	-	**998.39**	**998.39**
Profit for the year	-	762.34	762.34
Other comprehensive income	-	(2.45)	(2.45)
Total comprehensive income	**-**	**759.89**	**759.89**
Transfer from retained earnings	-	(98.38)	(98.38)
Transfer to Securities premium account pursuant to transfer of Tower Infrastructure undertaking (Refer Note 32)	4,962.87	-	4,962.87
As at March 31, 2017	**4,962.87**	**1,659.90**	**6,622.77**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Hemant M. Joshi
Partner
Membership No.: 38019

For and on behalf of the Board

Akshaya Moondra
Director

Himanshu Kapania
Director

Place : Mumbai
Date : May 9, 2017

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

Idea Cellular Infrastructure Services Limited ("the Company"), a 100% subsidiary of Idea Cellular Limited was incorporated on October 3, 2007 and is in the business of providing passive infrastructure services.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 9, 2017.

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 duties are 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 provision of tower passive infrastructure services is recognised on rendering of services on accrual basis as per the contractual terms.

ii. Unbilled Income

Unbilled income represents the value of services rendered but not yet been in voiced on the reporting date due to contractual terms.

iii. 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) Leases

The Company evaluates whether an arrangement is (or contains) a lease based on the substance of the arrangement at the inception of the lease. An arrangement which is dependent on the use of a specific asset or assets and conveys a right to use the asset or assets, even if it is not explicitly specified in an arrangement is (or contains) a lease.

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

i. Company as a lessee

Finance lease:

Assets held under finance leases are initially recognised as assets at the commencement of the lease at their fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Such assets are depreciated / amortised over the period of lease or estimated useful life of the assets whichever is less. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease:

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Contingent rentals arising, if any, under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as

Notes forming part of the Financial Statements

a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ii. Company as a lessor

Finance lease:

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease:

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

c) 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.

Contributions to Superannuation are funded with the Life Insurance Corporation of India 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.

Remeasurements, 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 the statement 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.

iii. Share-based payments

In respect of stock options pursuant to Holding Company's Stock Option scheme, the fair value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

d) 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 & Loss.

e) 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 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.

Notes forming part of the Financial Statements

Deferred tax liabilities are the amount of income tax payable in future periods in respect of taxable temporary differences.

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. Unrecognized 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.

f) Current / Non – Current Classification

An asset is classified as current when

a) It is expected to be realized 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

g) Property, Plant and Equipment

Property, Plant and Equipment (PPE) and Capital work in progress held for use in the rendering of services and supply of goods, 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. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. 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.

Freehold Land is not depreciated. Depreciation on other assets is provided using straight-line method on pro rata basis over their estimated 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)
Tower / Civil work	7 to 18
Shelters / Others	10
Power Equipment / Air conditioner / Electrical Work	5
Diesel Generators	5
Batteries	3 to 5
Furniture and Fixtures	3 to 10
Motor Vehicles	Upto 5

An item of property, plant and equipment and any significant part which meets the criteria for Asset held for sale will be reclassified from property, plant and equipment to Asset held for sale. When any 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.

h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating

Notes forming part of the Financial Statements

to qualifying assets. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised on straight line method as under:

- Software, which is not an integral part of hardware, is treated as an intangible asset and is amortised over its useful economic life as estimated by the management between 3 to 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

i) Non – Current Assets Held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and its sale is highly probable. The sale is considered highly probable only when the asset or disposal groups is available for immediate sale in its present condition , it is unlikely that the sale will be withdrawn and the sale is expected to be completed within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These are not depreciated or amortized once classified as held for sale.

Non-current assets that ceases to be classified as held for sale are measured at lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

j) Impairment of Non – Financial Assets

Tangible and Intangible 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 and loss.

k) Borrowing Costs

Borrowing Costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

l) Cash and cash equivalents

Cash and cash equivalent 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.

Notes forming part of the Financial Statements

m) **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 and loss.

i. **Financial assets**

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchase 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 either 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.

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 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

Notes forming part of the Financial Statements

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 statement of profit and 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.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

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.

n) 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) at the end of each reporting period.

o) Dividend distribution to equity holders

Dividends paid / payable along with applicable taxes are recognised when it is approved by the shareholders. In case of interim dividend it is recognised when it is approved by the Board of Directors. A corresponding amount is accordingly recognised directly in equity.

p) 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.

q) 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

Notes forming part of the Financial Statements

discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i. **Asset Retirement Obligation (ARO)**

ARO is provided for those lease arrangements where the Company has a binding obligation to restore the said location / premises at the end of the period in a condition similar to inception of the arrangement. The restoration and decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

ii. **Contingent Liabilities**

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.

r) **Business Combinations**

Business Combinations are accounted for using Ind AS 103 Business Combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognized in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their respective fair value at the acquisition date, except certain assets and liabilities required to be measured as per applicable standards.

Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognized, after reassessment of fair value of net assets acquired, is recognised as Capital reserve.

Business Combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value on the date of business transfer, no adjustment are made to reflect fair values, or recognize any new assets or liabilities. The identity of the reserves is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

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 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.

Notes forming part of the Financial Statements

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 table 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 40.

iii. Allowance for Trade receivable

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

iv. Provision for decommissioning

In measuring the provision for ARO the Company uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the risk adjusted bank rate of a similar period as the liability.

v. Operating lease commitments – Company as lessee

The Company has entered into lease agreements for properties and cell sites, where it has, on the basis of evaluation of the terms and conditions of the arrangement determined that the significant risks and rewards related to the assets and properties are retained with the lessors. Accordingly, such lease agreements are accounted for as operating leases. Further details about operating lease are given in Note 36.

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 exemptions:

I. There is no change in the functional currency of the Company and accordingly, it 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 subject to the adjustments for decommissioning liabilities. As per the exemption under Ind AS 101, decommissioning liability was measured in accordance with Ind AS 37 at the date of transition to Ind AS. To the extent the liability was within the scope of Appendix-A of Ind AS 16, estimated liability that would have been included in the cost of related asset when the liability first arose by discounting the liability to that date using best estimate of the historical risk adjusted discount rate over the intervening period. Accumulated depreciation was calculated on that amount as at the date of transition to Ind AS on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the Company in accordance with Ind AS.

II. Appendix C to Ind AS 17 requires the Company to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all relevant arrangements for classification of leases based on facts and circumstances existing at the date of transition to Ind AS.

B. Exceptions applied

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

I. 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 estimation:

- Impairment of financial assets based on Expected Credit Loss (ECL) model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.

Notes forming part of the Financial Statements

C. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET

₹ Mn

Particulars	Exp. Notes No.	As at March 31, 2016			As at April 1, 2015		
		Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	iii	**2,120.31**	**2,095.19**	**25.12**	2,367.23	2,339.97	27.26
Capital work-in-progress		**9.06**	**9.06**	**-**	9.33	9.33	-
Financial assets							
(i) Other non-current financial assets		**17.79**	**17.79**	**-**	16.61	16.61	-
Other non-current assets	i, vii	**68.04**	**286.52**	**(218.48)**	72.72	158.02	(85.30)
Total non-current assets (A)		**2,215.20**	**2,408.56**	**(193.36)**	2,465.89	2,523.93	(58.04)
Current assets							
Financial assets							
(i) Current investments	iv	**201.40**	**201.20**	**0.20**	534.76	534.41	0.35
(ii) Trade receivables		**80.45**	**80.45**	**-**	232.07	232.07	-
(iii) Cash and cash equivalents		**3.48**	**3.48**	**-**	3.65	3.65	-
(iv) Bank balance other than cash and cash equivalents		**0.60**	**0.60**	**-**	-	-	-
(v) Other current financial assets		**3.68**	**3.68**	**-**	4.55	4.55	-
Current Tax Assets (Net)		**49.01**	**49.01**	**-**	1.01	1.01	-
Other current assets	vii	**15.68**	**15.68**	**-**	20.95	27.85	(6.90)
		354.30	**354.10**	**0.20**	796.99	803.54	(6.55)
Non-current assets held for sale (AHFS)		**0.02**	**-**	**0.02**	-	-	-
Total current assets (B)		**354.32**	**354.10**	**0.22**	796.99	803.54	(6.55)
Total Assets (A+B)		**2,569.52**	**2,762.66**	**(193.14)**	3,262.88	3,327.47	(64.59)

Notes forming part of the Financial Statements

₹ Mn

Particulars	Exp. Notes No.	As at March 31, 2016			As at April 1, 2015		
		Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		**0.50**	**0.50**	**-**	0.50	0.50	-
Other equity		**998.39**	**1,170.52**	**(172.13)**	656.96	743.76	(86.80)
Total equity (A)		**998.89**	**1,171.02**	**(172.13)**	657.46	744.26	(86.80)
Non-current liabilities:							
Financial liabilities							
(i) Other non-current financial liabilities		**288.75**	**288.75**	**-**	2.28	2.28	-
Long term provisions	iii	**74.54**	**-**	**74.54**	67.70	-	67.70
Deferred tax liabilities (net)	vi, vii	**128.04**	**218.86**	**(90.82)**	108.59	161.43	(52.84)
Other non-current liabilities	ii	**14.06**	**19.35**	**(5.29)**	15.21	7.86	7.35
Total non-current liabilities (B)		**505.39**	**526.96**	**(21.57)**	193.78	171.57	22.21
Current liabilities:							
Financial liabilities							
(i) Short term borrowings		**750.00**	**750.00**	**-**	1,966.50	1,966.50	-
(ii) Trade payable	v	**270.72**	**270.16**	**0.56**	278.62	278.62	-
(iii) Other current financial liabilities		**25.98**	**25.98**	**-**	145.79	145.79	-
Other current liabilities		**18.54**	**18.54**	**-**	20.73	20.73	-
Total current liabilities (C)		**1,065.24**	**1,064.68**	**0.56**	2,411.64	2,411.64	-
Total equity and liabilities (A+B+C)		**2,569.52**	**2,762.66**	**(193.14)**	3,262.88	3,327.47	(64.59)

D. RECONCILIATION OF TOTAL EQUITY AS AT APRIL 1, 2015 AND MARCH 31, 2016

₹ Mn

Particulars	Exp. Notes No.	As at March 31, 2016	As at April 1, 2015
Total Equity (shareholders' funds) under Previous GAAP		**1,171.02**	744.26
Impact on opening retained earnings due to Ind AS		**(86.80)**	-
Inflation linked escalation on rental income not equalized over the lease term	i	**(133.18)**	(85.30)
Inflation linked escalation on rental expense not equalized over the lease term	ii	**12.64**	(7.35)
Asset Retirement Obligation discounting impact	iii	**(8.98)**	(40.44)
Effects of measuring financial instruments under Ind AS	iv	**(0.15)**	0.35
Share based payments recognised at Fair value	v	**(0.54)**	-
Deferred Tax impact on transitional adjustments due to Ind AS	vi	**44.88**	45.94
Total Equity under Ind AS		**998.89**	657.46

Notes forming part of the Financial Statements

E. EFFECT OF IND AS ADOPTION ON THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ Mn

Particulars	Exp. Notes No.	Ind AS	Previous GAAP	Effect of transition to Ind AS
INCOME				
Service revenue	i	2,408.08	2,541.26	(133.18)
Other Operating Income		1.56	1.56	-
Revenue from operations		**2,409.64**	**2,542.82**	**(133.18)**
Other income	iv	52.60	52.75	(0.15)
Total income		**2,462.24**	**2,595.57**	**(133.33)**
OPERATING EXPENDITURE				
Employee benefit expenses	v	49.16	48.62	0.54
Network expenses	ii	1,380.65	1,393.29	(12.64)
Administration and other expenses		28.65	28.65	-
		1,458.46	**1,470.56**	**(12.10)**
PROFIT BEFORE FINANCE CHARGES, DEPRECIATION AND TAXES		**1,003.78**	**1,125.01**	**(121.23)**
Finance costs	iii	156.32	149.55	6.77
Depreciation	iii	328.19	325.98	2.21
PROFIT BEFORE TAX		**519.27**	**649.48**	**(130.21)**
Tax expense:				
- Current tax		192.18	192.18	-
- Deferred tax	vi	(14.34)	57.43	(71.77)
- MAT credit entitlement / utilised	vii	-	(26.89)	26.89
PROFIT AFTER TAX		**341.43**	**426.76**	**(85.33)**
OTHER COMPREHENSIVE INCOME				
Other comprehensive income for the year, net of tax		**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**341.43**	**426.76**	**(85.33)**

F. RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2016

₹ Mn

Particulars	Exp. Notes No.	For the year ended March 31, 2016
Total Comprehensive Income under Previous GAAP		**426.76**
Inflation linked escalation on rental income not equalized over the lease term	i	(133.18)
Inflation linked escalation on rental expense not equalized over the lease term	ii	12.64
Asset Retirement Obligation discounting impact	iii	(8.98)
Effects of measuring financial instruments under Ind AS	iv	(0.15)
Share based payments recognised at Fair value	v	(0.54)
Deferred Tax impact on transitional adjustments due to Ind AS	vi	44.88
Total Comprehensive Income under Ind AS		**341.43**

Notes forming part of the Financial Statements

G. EFFECT OF IND AS ADOPTION ON THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

₹ Mn

Particulars	Ind AS	Previous GAAP	Effect of transition to Ind AS
Net cash flows from Operating activities	1,180.67	1,180.67	-
Net cash flows from Investing activities	318.21	(15.00)	333.21
Net cash flows from Financing activities	(1,499.05)	(1,499.05)	-
Net increase (decrease) in cash and cash equivalents	**(0.17)**	**(333.38)**	**333.21**
Cash and cash equivalents at the beginning of the year	3.65	538.06	(534.41)
Cash and cash equivalents at the end of the year	**3.48**	**204.68**	**(201.20)**

H. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF STATEMENT OF CASH FLOWS

₹ Mn

Particulars	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents under Previous GAAP	**204.68**	**538.06**
Investments in units of liquid mutual funds	(201.20)	(534.41)
Cash and cash equivalents under Ind AS	**3.48**	**3.65**

Explanatory notes to the reconciliations

i) Revenue Equalisation Reserve (RER)

Under Previous GAAP, the lease payments receivable under operating leases where the Company was a lessor were recognised as income on a straight line basis over the lease term. As per Ind AS 17, lease payments are not recognised on a straight line basis if payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases. Hence, RER pertaining to such agreements has been reversed and debited to Equity as on transition date. This has resulted to a decrease in equity on the transition date by ₹ 85.30 Mn. (March 31, 2016: ₹ 218.48 Mn). The profit before tax for the year ended March 31, 2016 has decreased by ₹ 133.18 Mn.

ii) Lease Equalisation Reserve (LER)

Under Previous GAAP, the lease payments under operating leases were recognised as expense on a straight line basis over the lease term. As per Ind AS 17, lease payments are not recognised on a straight line basis if payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Hence, LER pertaining to operating lease agreements has been reversed and adjusted to Equity as on transition date. This has resulted to a decrease in equity on the transition date by ₹ 7.35 Mn (increase in equity March 31, 2016: ₹ 5.29 Mn). The profit before tax for the year ended March 31, 2016 has increased by ₹ 12.64 Mn.

iii) Asset Retirement Obligation (ARO)

Under Ind AS, provision for ARO is measured at present value of the expenditure expected to be incurred to settle the obligation. The difference between the present value of ARO provision and Previous GAAP carrying amount of ARO, net of depreciation effect has been adjusted to retained earnings as on the transition date. This has resulted to a decrease in equity on the transition date by ₹40.44 Mn (March 31, 2016: ₹49.42 Mn). The profit before tax for the year ended March 31, 2016 has decreased by ₹8.98 Mn.

iv) Investments in Mutual Funds

Under Previous GAAP, the Company accounted for investments in mutual funds as financial instruments measured at lower of cost or fair value. Under Ind AS, the Company has designated such investments at fair value through profit and loss which are to be measured at fair value at each reporting date. The difference between the fair value of these instruments and Previous GAAP carrying amount has been adjusted in equity as on the transition date. This has resulted to an increase in equity on the transition

Notes forming part of the Financial Statements

date by ₹ 0.35 Mn (March 31, 2016: ₹ 0.20 Mn). The profit before tax for the year ended March 31, 2016 has decreased by ₹ 0.15 Mn.

v) Share-based payments

Under Previous GAAP, the cost of equity-settled employee share based payments was recognised based on intrinsic value of the options as at the grant date over the appropriate vesting period. Ind AS requires expense on such share based payments to be recognised based on fair value as at grant date using an appropriate pricing model over the appropriate vesting period. There was no ESOP as on transition date and there is no impact in total equity as on the transition date. As a result of this change, there is a decrease in Total equity by ₹ 0.54 Mn as on March 31, 2016. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 0.54 Mn.

vi) Deferred tax

Due to Ind AS transitional adjustments various temporary differences have arisen on the transition date. The net impact in deferred tax liabilities on the transitional adjustments is credited to Equity. This has resulted to an increase in equity on the transition date by ₹ 45.94 Mn (March 31, 2016: ₹ 90.82 Mn). The Profit before tax for the year ended March 31, 2016 has decreased by ₹ 44.88 Mn.

vii) MAT Credit

Under Previous GAAP, MAT credit was disclosed under non- current assets. In accordance with Ind AS 12, deferred tax asset shall include any carry forward unused tax credits. Hence, MAT credit entitlement has been included in deferred tax asset. This has resulted to a decrease in Non-current assets and deferred tax liabilities on the transition date by ₹ 6.90 Mn (March 31, 2016: ₹ Nil). The MAT credit entitlement of ₹ 26.89 Mn for the year ended March 31, 2016 has been presented with deferred tax.

6. STANDARDS ISSUED OR MODIFIED BUT NOT YET EFFECTIVE UP TO THE DATE OF ISSUANCE OF THE COMPANY'S FINANCIAL STATEMENTS

The new standards, 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

b) Amendments to Ind AS 102 Share-based payments

Ind AS 102 has been amended to include clarity on the following areas :

- Measurement of cash-settled share-based payments
- Classification of share-based payments settled net of tax with holdings
- Accounting for a modification of a share-based payment from cash-settled to equity-settled

The above changes do not impact the Company as the Share based payments made by the Company are neither cash-settled share-based payment nor do they have any "net settlement feature".

Notes forming part of the Financial Statements

₹ Mn

	Particulars	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
7	**PROPERTY, PLANT AND EQUIPMENT**						
	Cost						
	As at April 1, 2015 *	**-**	**2,367.23**	**-**	**-**	**-**	**2,367.23**
	Additions	-	81.18	0.14	-	-	**81.32**
	Disposals / Adjustments (including asset held for sale)	-	(0.82)	-	-	-	**(0.82)**
	As at March 31, 2016	**-**	**2,447.59**	**0.14**	**-**	**-**	**2,447.73**
	Transfer from Holding Company (refer note 32)	1.20	7,054.61	-	4.94	10.82	**7,071.57**
	Additions	-	682.61	0.46	-	15.77	**698.84**
	Disposals / Adjustments (including asset held for sale)	-	(0.77)	-	-	-	**(0.77)**
	As at March 31, 2017	**1.20**	**10,184.04**	**0.60**	**4.94**	**26.59**	**10,217.37**
	Accumulated Depreciation						
	As at April 1, 2015 *	**-**	**-**	**-**	**-**	**-**	**-**
	Depreciation charge for the year	-	328.19	-	-	-	**328.19**
	Disposals / Adjustments (including asset held for sale)	-	(0.77)	-	-	-	**(0.77)**
	As at March 31, 2016	**-**	**327.42**	**-**	**-**	**-**	**327.42**
	Transfer from Holding Company (refer note 32)	0.09	2,063.14	-	1.71	4.19	**2,069.13**
	Depreciation charge for the year	0.01	1,263.06	0.33	0.94	6.34	**1,270.68**
	Disposals / Adjustments (including asset held for sale)	-	(0.77)	-	-	-	**(0.77)**
	As at March 31, 2017	**0.10**	**3,652.85**	**0.33**	**2.65**	**10.53**	**3,666.46**
	Net Book Value						
	As at March 31, 2017	**1.10**	**6,531.19**	**0.27**	**2.29**	**16.06**	**6,550.91**
	As at March 31, 2016	**-**	**2,120.17**	**0.14**	**-**	**-**	**2,120.31**
	As at April 1, 2015 *	**-**	**2,367.23**	**-**	**-**	**-**	**2,367.23**

Notes:

***Information regarding gross block and accumulated depreciation under previous GAAP as on March 31, 2015 are as under :** ₹ Mn

Gross Block as on April 1, 2015	**-**	**4,590.87**	**-**	**-**	**-**	**4,590.87**
Accumulated Depreciation as on April 1, 2015	-	2,250.90	-	-	-	**2,250.90**
Net Block as on April 1, 2015	**-**	**2,339.97**	**-**	**-**	**-**	**2,339.97**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Work in Progress	**59.03**	9.06	9.33

Notes forming part of the Financial Statements

₹ Mn

	Particulars	Computer-Software	Total
8	**INTANGIBLE ASSETS**		
	Cost		
	As at April 1, 2015	-	**-**
	Additions	-	**-**
	Disposals / Adjustments (including asset held for sale)	-	**-**
	As at March 31, 2016	**-**	-
	Additions	5.49	**5.49**
	Disposals / Adjustments (including asset held for sale)	-	**-**
	As at March 31, 2017	**5.49**	**5.49**
	Accumulated Amortisation		
	As at April 1, 2015	-	**-**
	Amortisation charge for the year	-	**-**
	Disposals / Adjustments (including asset held for sale)	-	**-**
	As at March 31, 2016	**-**	-
	Amortisation charge for the year	0.93	**0.93**
	Disposals / Adjustments (including asset held for sale)	-	**-**
	As at March 31, 2017	**0.93**	**0.93**
	Net Book Value		
	As at March 31, 2017	**4.56**	**4.56**
	As at March 31, 2016	**-**	**-**
	As at April 1, 2015	**-**	**-**

₹ Mn

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9	**OTHER NON-CURRENT FINANCIAL ASSETS**			
	Deposits with body corporate and others	**87.93**	1.38	1.34
	Deposits and balances with government authorities	**232.66**	16.41	15.27
	Total	**320.59**	17.79	16.61
10	**OTHER NON-CURRENT ASSETS**			
	a) Capital advances	**1.50**	-	-
	b) Amounts paid under protest	**62.15**	7.30	-
	c) Prepaid expenses	**0.20**	0.11	0.07
	d) Advance income tax (net of Provisions of ₹ 361.91 Mn (March 31, 2016: ₹ 373.93 Mn and April 1, 2015: ₹ 217.86 Mn))	**96.71**	60.63	72.65
	Total	**160.56**	68.04	72.72

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
11	**CURRENT INVESTMENTS**			
	Investment in units of liquid mutual funds (Quoted)			
	3,055,782 (March 31, 2016: 827,714 and April 1, 2015: 2,380,972) units of Birla Sun Life Cash Plus -Growth - Direct	**798.50**	201.40	534.76
	Total	**798.50**	201.40	534.76
12	**TRADE RECEIVABLES (INCLUDING AMOUNT REFERRED TO IN NOTE 46)**			
	(Unsecured considered good unless otherwise stated)			
	a) Billed Receivables			
	Considered Good	**622.54**	53.72	36.20
	Considered Doubtful	**33.54**	20.96	14.10
		656.08	74.68	50.30
	Less: Allowance for Doubtful Debts (Refer note 38)	**33.54**	20.96	14.10
		622.54	53.72	36.20
	Trade receivable are secured for amounts receivable from certain parties who have provided security deposits of ₹ 411.75 Mn (March 31, 2016: ₹ 18.50 Mn and April 1, 2015: ₹ 2.28 Mn)			
	b) Unbilled Receivables	**519.16**	26.73	195.87
	Total	**1,141.70**	80.45	232.07
13	**CASH AND CASH EQUIVALENTS**			
	a) Balances with banks - In current accounts	**127.76**	3.48	3.65
	Total	**127.76**	3.48	3.65
14	**OTHER CURRENT FINANCIAL ASSETS**			
	a) Interest Receivable	**0.05**	-	-
	b) Deposits with body corporates and others	**0.73**	-	-
	c) Other Receivables - Considered Good	**2.91**	3.68	4.55
	Total	**3.69**	3.68	4.55
15	**OTHER CURRENT ASSETS**			
	a) Cenvat credit	**58.89**	7.89	5.92
	b) Prepaid expenses	**72.43**	6.86	2.28
	c) Others	**24.59**	0.93	12.75
	Total	**155.91**	15.68	20.95

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
16	**ASSETS CLASSIFIED AS HELD FOR SALE**			
	The major classes of assets classified as held for sale are as below:			
	a) Plant and machinery	**-**	0.02	-
	Total	**-**	0.02	-

	Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Numbers	₹ Mn	Numbers	₹ Mn	Numbers	₹ Mn
17	**EQUITY SHARE CAPITAL**						
	Authorised share capital						
	Equity Shares of ₹ 10 each	**100,000**	**1.00**	50,000	0.50	50,000	0.50
		100,000	**1.00**	50,000	0.50	50,000	0.50
	Issued, subscribed and paid-up share capital						
	Equity Shares of ₹ 10 each fully paid up	**60,000**	**0.60**	50,000	0.50	50,000	0.50
		60,000	**0.60**	50,000	0.50	50,000	0.50

a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers	₹ Mn	Numbers	₹ Mn
Equity shares outstanding at the beginning of the year	**50,000**	**0.50**	50,000	0.50
Issue of Shares to Holding Company (Refer No. 32)*	**10,000**	**0.10**	-	-
	60,000	**0.60**	50,000	0.50

* The shares has been issued other than cash pursuant to transfer of Tower Infrastructure undertaking

The entire paid up Equity Share Capital is held by the holding Company, Idea Cellular Limited and its nominees.

b) 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. 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

₹ Mn

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
18	**OTHER EQUITY**			
	Securities premium	**4,962.87**	-	-
	Retained Earnings	**1,659.90**	998.39	656.96
	Total	**6,622.77**	998.39	656.96
	(i) Securities Premium			
	Opening Balance	**-**	-	-
	Premium on issue of shares to Holding Company (Refer note 32)	**4,962.87**	-	-
	Closing balance	**4,962.87**	-	-

Notes forming part of the Financial Statements

₹ Mn

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	(ii) Retained Earnings			
	Opening Balance	**998.39**	656.96	532.66
	Add: Profit for the year	**762.34**	341.43	124.30
	Add: Other Comprehensive Income	**(2.45)**	-	-
	Difference between Net Assets acquired in Tower Infrastructure Undertaking from Holding Company and issue price of shares	**(98.38)**	-	-
	Closing Balance	**1,659.90**	998.39	656.96
19	**OTHER NON-CURRENT FINANCIAL LIABILITIES**			
	a) Security Deposits (Refer note 46)	**880.86**	288.75	2.28
	Total	**880.86**	288.75	2.28
20	**LONG TERM PROVISIONS**			
	a) Gratuity (Refer note 40)	**30.76**	-	-
	b) Compensated Absences	**26.34**	-	-
	c) Asset Retirement Obligation (Refer note 39)	**441.25**	74.54	67.70
	Total	**498.35**	74.54	67.70
21	**OTHER NON-CURRENT LIABILITIES**			
	a) Lease Equalisation Reserve	**13.02**	14.06	15.21
	Total	**13.02**	14.06	15.21
22	**SHORT TERM BORROWINGS**			
	Unsecured Loans - from Fellow Subsidiary (Refer note 46)	**-**	750.00	1,966.50
	Total	**-**	750.00	1,966.50
23	**OTHER CURRENT FINANCIAL LIABILITIES**			
	a) Payable for capital expenditure	**259.02**	23.21	10.02
	b) Interest accrued but not due on borrowings (Refer note 46)	**-**	2.77	135.77
	Total	**259.02**	25.98	145.79
24	**OTHER CURRENT LIABILITIES**			
	a) Advance from Customers	**50.86**	-	-
	b) Taxes and Other Liabilities	**26.69**	18.54	20.73
	Total	**77.55**	18.54	20.73
25	**SHORT TERM PROVISIONS**			
	a) Compensated Absences	**1.83**	-	-
	b) Provision for asset retirement obligation (Refer note 39)	**6.79**	-	-
	c) Provision for tax (net of Advance Tax of ₹ 536.02 Mn (March 31, 2016: ₹ Nil, April 1, 2015 ₹ Nil))	**21.68**	-	-
	Total	**30.30**	-	-

Notes forming part of the Financial Statements

₹ Mn

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
26	**OTHER OPERATING INCOME**		
	Liabilities / provisions no longer required written back	**1.47**	1.32
	Miscellaneous receipts	**1.53**	0.24
	Total	**3.00**	1.56
27	**OTHER INCOME**		
	Interest income	**0.05**	-
	Profit on sale of Mutual Funds	**24.71**	40.34
	Gain on disposal of Property, plant and equipment	**25.54**	12.26
	Total	**50.30**	52.60
28	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries, wages and bonus	**248.73**	43.52
	Contribution to provident and other funds (Refer note 40)	**18.16**	1.95
	Share based payment expenses*	**4.29**	0.88
	Staff welfare	**4.49**	2.26
	Recruitment and training	**1.36**	0.55
	Total	**277.03**	49.16
	*based on amount debited by the Holding Company towards the fair value charge of the options granted to employees of the company by the Holding Company.		
29	**NETWORK EXPENSES**		
	Security service charges	**505.28**	37.69
	Power and fuel	**3,000.56**	1,202.51
	Repairs and maintenance - plant and machinery	**324.87**	35.50
	Switching and cellsites rent	**858.30**	100.93
	Network insurance	**4.77**	1.63
	Other network operating expenses	**77.69**	2.39
	Total	**4,771.47**	1,380.65
30	**ADMINISTRATION AND OTHER EXPENSES**		
	Repairs and maintenance		
	Building	**0.89**	0.18
	Others	**2.30**	1.67
	Other insurance	**0.12**	0.06
	Non network rent	**15.78**	1.95
	Rates and taxes	**5.62**	0.04
	Electricity	**1.67**	1.22
	Printing and stationery	**0.53**	0.29

Notes forming part of the Financial Statements

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Administration and other expenses (Contd.)		
Communication expenses	**2.22**	0.20
Travelling and conveyance	**16.52**	3.30
Bad debts / advances written off	**4.35**	0.55
Allowances for doubtful debts and advances	**0.60**	6.86
Bank charges	**0.38**	0.01
Directors Sitting Fees	**0.14**	0.14
Legal and professional charges	**14.31**	1.48
Audit fees (Refer note 41)	**0.50**	0.28
CSR expenditure (Refer Note 42)	**2.27**	2.50
Miscellaneous expenses	**12.51**	7.92
Total	**80.71**	28.65
31 FINANCE COSTS		
Interest		
- On fixed period loan (Refer note 46)	**40.07**	149.55
Other finance charges	**26.49**	6.77
Total	**66.56**	156.32

32. During the year, the Company has acquired Tower infrastructure undertaking through a business transfer agreement executed with Idea Cellular Limited (the Holding Company) on a going concern basis, w.e.f August 1, 2016. The company has issued 10,000 equity shares of Face Value of ₹ 10 each to its holding company in exchange of acquiring the Tower infrastructure undertaking consisting of telecom towers along with other assets and liabilities, including human resources deployed for an amount of ₹ 4,864.58 Mn. The assets and liabilities have been accounted at the respective values that stood hitherto in the books of the transferor Company.

33. Capital and other Commitments:

Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 129.23 Mn (Previous year: ₹ 45.23Mn, Transition date: ₹ 27.35Mn).

34. Contingent Liabilities:

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax matters not acknowledged as debts (see note (a) below)	**6.71**	6.71	-
Service tax matters not acknowledged as debts (see note (b) below)	**1,031.85**	167.24	161.60
Entry tax matters not acknowledged as debts (see note (c) below)	**18.48**	18.70	16.25
Sales tax matters not acknowledged as debts (see note (d) below)	**0.56**	-	-
Other claims not acknowledged as debts (see note (e) below)	**161.33**	24.33	24.29

Notes:

a) **Income Tax:**

Appeal filed by the Company against the demands raised by Income Tax Authorities which is pending before Appellate Authorities include mainly proportionate disallowance on account of allocation of expenses by holding company.

Notes forming part of the Financial Statements

b) **Service Tax:**

Service Tax demands are mainly related to denial of Cenvat credit related to Towers and Shelters.

c) **Entry Tax:**

Entry Tax disputes pertains to classification / valuation of goods.

d) **Sales Tax:**

Sales tax demands are related to demands raised by VAT/Sales Tax authorities on account of non-submission of "C" Forms in stipulated time limit.

e) **Other Claims:**

Mainly include consumer forum cases, miscellaneous disputed matters with local Municipal Corporation, Electricity Board and others.

35. Details of Guarantees given :

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank guarantees given	**0.10**	0.60	-

36. Operating Lease

a) **Company as lessee**

The Company has entered into Long term lease arrangement to take tower sites under Operating leases for periods ranging from 36 months to 240 months.

The Company has charged ₹ 858.30 Mn (Previous year: ₹ 100.93 Mn) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating leases are as follows:

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	**1,141.93**	96.58	80.53
After one year but not more than five years	**3,890.98**	405.14	347.66
More than five years	**3,402.85**	356.43	407.78

b) **Company as lessor**

The Company has leased certain cell sites under Operating Lease arrangements. The gross block, accumulated depreciation and depreciation expense of the assets given on lease are as follows:

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gross Block	**10,184.04**	2,447.59	2,367.23
Accumulated Depreciation	**3,652.84**	327.42	-
Depreciation	**1,263.06**	328.18	-

Future minimum rentals receivable under non-cancellable operating leases are as follows:

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	**6,570.03**	1,305.06	1,194.38
After one year but not more than five years	**27,757.13**	5,553.31	5,083.69
More than five years	**27,271.85**	5,183.13	6,195.62

Notes forming part of the Financial Statements

37. Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables.	**20.64**	Nil	Nil
(ii) The interest due on above.	**Nil**	Nil	Nil
The total of (i) & (ii)	**20.64**	Nil	Nil
b) The amount of interest paid by the buyer in terms of section 16 of the Act.	**Nil**	Nil	Nil
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	**Nil**	Nil	Nil
d) The amounts of interest accrued and remaining unpaid at the end of financial year	**Nil**	Nil	Nil
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	**Nil**	Nil	Nil

38. Movement of Allowances for Doubtful debts

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	**20.96**	14.10
Additional Provision (net)	**0.60**	6.86
Transfer from Holding Company (Refer note 32)	**11.98**	-
Closing Balance	**33.54**	20.96

39. Asset Retirement Obligation:

The Company installs tower infrastructure equipment's such as towers, shelters, power regulation equipment, battery banks, diesel generator sets etc. on leased premises. In certain cases, the Company may have to incur some cost to remove such equipment and restoration of the premises. Estimated costs to be incurred for restoration is capitalised along with the assets. The movement of provision as required in Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets" is given below:

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	**74.54**	67.70
Additional Provision	**6.25**	0.07
Interest Expense	**26.49**	6.77
Transfer from Holding Company (Refer note 32)	**340.76**	-
Closing Balance	**448.04**	74.54

40. Employee Benefits

a) Defined benefit plan (Gratuity):

General Description and Benefits of the plan

The Company operates a defined benefit final 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

Notes forming part of the Financial Statements

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 borne 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. 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.

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 in 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 Company did not have any employee covered under defined benefit plan in previous years. Therefore comparative figures for previous years have not been provided.

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

₹ Mn

Particulars	As at March 31, 2017
Amount recognised in Balance Sheet	
Present value of obligations as at the end of the year	38.44
Fair value of plan assets as at the end of the year	7.68
Net Funded Obligation	30.76
Net Asset/(Liability) recognised in Balance Sheet	(30.76)
Net Asset/(Liability) recognised in Balance Sheet is bifurcated as	
- Current	-
- Non – Current	(30.76)

₹ Mn

Sr. No	Particulars	For the year ended March 31, 2017
1	**Reconciliation of Net Defined Benefit Obligation**	
	Opening Net Defined Benefit liability (asset)	-
	Transfer from Idea Cellular Limited	27.13
	Expense charged to Statement of Profit and Loss	7.38
	Expense charged to OCI	3.75
	Contribution made	(7.50)
	Impact of liability assumed / (settled)	-
	Closing Net Defined Benefit liability (asset)	30.76

Notes forming part of the Financial Statements

₹ Mn

Sr. No	Particulars	For the year ended March 31, 2017
2	**Reconciliation of Defined Benefit Obligation**	
	Opening Defined Benefit Obligation	-
	Current Service cost	5.55
	Interest on Defined Benefit Obligation	1.83
	Actuarial (Gain)/Loss arising on account of experience adjustments	3.93
	Benefits paid	-
	Transfer from Idea Cellular Limited	27.13
	Closing of Defined Benefit Obligation	38.44
3	**Reconciliation of plan assets**	
	Opening fair value of plan assets	-
	Employer contributions	7.50
	Interest on plan assets	-
	Re measurements due to-	
	- Actual return on plan assets less interest on plan assets	0.17
	Benefits paid	-
	Closing fair value of plan assets	7.67

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

₹ Mn

Sr. No	Particulars	For the year ended March 31, 2017
1	**Expenses Recognised in Statement of Profit & Loss**	
	Current Service cost	5.55
	Interest on Net Defined Benefit liability (asset)	1.83
	Expenses recognised in Statement of Profit and Loss	7.38
2	**Amount recorded as Other Comprehensive Income (OCI)**	
	Re measurement during the year due to	
	- Experience adjustments	3.93
	- Return on plan assets (excluding amounts included in net interest expense)	(0.17)
	Amount recognised in OCI	3.76

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

Particulars	For the year ended March 31, 2017
Discount rate	7.10%
Future salary increases	8.00%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table
Rate of Employee Turnover	
Age (Years) –21-30	5.00%
31-40	3.00%
41-59	2.00%
Disability	Leaving service due to disability is included in the provision made for all causes of leaving service.

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

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

Particulars	For the year ended March 31, 2017	
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on DBO	(7.60) %	8.50 %
Impact of decrease in 50 bps on DBO	6.60 %	(7.50)%

The sensitivity analyses 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:

₹ Mn

Particulars	For the year ended March 31, 2017
Within the next 12 months	-

Investment details of plan assets (% allocation):

₹ Mn

Particulars	For the year ended March 31, 2017
Insurer Managed Funds	**7.67**

The funds are managed by Birla Sun Life Insurance Corporation (BSLIC) and BSLIC does 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

₹ Mn

Maturity Profile	For the year ended March 31, 2017
Expected benefits for year 1	**0.71**
Expected benefits for year 2	**0.86**
Expected benefits for year 3	**1.83**
Expected benefits for year 4	**1.22**
Expected benefits for year 5 and above	**20.56**

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.38 years.

b. Defined contribution plans:

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

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Employers' contribution to provident and pension fund	**8.44**	1.42
Employers' contribution to superannuation fund	**1.75**	0.15

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

Notes forming part of the Financial Statements

41. Auditor's Remuneration:

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit Fees	**0.50**	0.28
Certification (included in Legal and Professional Charges)	**0.04**	0.04
Total Remuneration	**0.54**	0.32

42. Expenditure for Corporate Social Responsibility:

a) Gross amount required to be spent by the company during the year is ₹ 6.92 Mn (Previous year ₹ 4.63 Mn).

b) Amount spent for the year ended March 31, 2017:

₹ Mn

Sr. No	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	2.12	0.15	**2.27**

c) Amount spent for the year ended March 31, 2016:

₹ Mn

Sr. No	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	-	2.50	**2.50**

43. Tax Reconciliation:

(a) Income Tax Expense:

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax		
Current Tax on profits for the year	**557.70**	192.18
Total Current Tax Expense (A)	**557.70**	192.18
Deferred Tax		
Relating to addition& reversal of temporary differences	**(152.25)**	(14.34)
Total Deferred Tax Expense (B)	**(152.25)**	(14.34)
Income Tax Expense (A+B)	**405.45**	177.84
Income tax impact of re-measurement gains/ losses on defined benefit plans taken to other comprehensive income	**(1.30)**	-

(b) Reconciliation of average effective tax rate and applicable tax rate :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before Income tax expense (₹ Mn)	**1,167.79**	519.27
Applicable Tax Rate	**34.61%**	34.61%
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of unrecognised deductible temporary differences	**-**	0.04%
Effect of expenses that are not deductible for taxation purposes	**0.07%**	0.17%
Other Items	**0.04%**	(0.57)%
Effective Tax Rate	**34.72%**	34.25%

Notes forming part of the Financial Statements

44. Movement in Deferred Tax

₹ Mn

Particular	As at April 1, 2015	Recognised in P&L	Mat Credit Utilized	As at March 31, 2016	Recognised in P&L	Recognised in OCI	Transfer from Holding Company (Refer note no 32)	As at March 31, 2017
Deferred Tax Assets								
Defined Benefit Obligation	**-**	-	-	-	(0.04)	1.30	9.39	**10.65**
Assets Retirement Obligation	**23.43**	2.36	-	**25.79**	11.33	-	117.93	**155.05**
Expenses allowable on Payment basis	**-**	6.04	-	**6.04**	9.45	-	31.29	**46.78**
MAT Credit	**6.90**	26.89	(33.79)	**-**	-	-	-	**-**
Effects of inflation linked escalation on rental income / expense not requiring equalization over the lease term	**32.07**	(33.90)	-	**(1.83)**	6.34	-	-	**4.51**
Provision of Doubtful Debts	**4.88**	2.37	-	**7.25**	0.21	-	4.15	**11.61**
Others	**-**	-	-	**-**	1.55	-	-	**1.55**
Total (A)	**67.28**	**3.76**	**(33.79)**	**37.25**	**28.84**	**1.30**	**162.76**	**230.15**
Deferred Tax Liabilities								
Depreciation & Amortisation	**(175.75)**	10.53	-	**(165.22)**	123.81	-	167.42	**126.01**
Effects of remeasuring financial instruments under IND AS	**(0.12)**	0.05	-	**(0.07)**	(0.40)	-	-	**(0.47)**
Total (B)	**(175.87)**	**10.58**	**-**	**(165.29)**	**123.41**	**-**	**167.42**	**125.54**
Net Deferred Tax Assets / (Liabilities) (A) +(B)	**(108.59)**	**14.34**	**(33.79)**	**(128.04)**	**152.25**	**1.30**	**330.18**	**355.69**

45. 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 (₹ Mn)	**762.34**	341.43
Profit attributable to equity shareholders (₹ Mn)	**762.34**	341.43
Weighted average number of equity shares outstanding during the year	**56,667**	50,000
Basic & Diluted Earnings Per Share (₹)	**13,453**	6,829

46. Related party transactions

List of Related Parties is as follows:

I. Holding Company

Idea Cellular Limited (ICL)

II. Fellow Subsidiaries

Aditya Birla Telecom Limited (ABTL)

III. Entities having significant influence

Hindalco Industries Limited (Hindalco)
Grasim Industries Limited (Grasim)
Aditya Birla Health Insurance Co Limited
Birla Sun Life Insurance Company Limited

Notes forming part of the Financial Statements

IV. Key Managerial Personnel (KMP)

Ms. Tarjani Vakil

Mr. Baldev Raj Gupta

V. Other related parties

Idea Cellular Infrastructure Services Limited Employees Group Gratuity Scheme

Idea Cellular Infrastructure Services Limited Employee Superannuation Scheme

(Refer notes 40 for information on transactions with post-employment benefit plans mentioned above.)

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

₹ Mn

Particulars	Holding Company	Fellow Subsidiary	Entities having significant influence	Key Managerial Personnel
Repayment of ICD/Loan	- (-)	750 (1,216.50)	- (-)	- (-)
Interest on ICD taken	- (-)	40.07 (149.55)	- (-)	- (-)
Directors Sitting Fees	- (-)	- (-)	- (-)	0.14 (0.14)
Purchase of Fixed Assets	1.00 (-)	- (-)	- (-)	- (-)
Purchase of service	1.61 (-)	- (-)	98.79 (0.55)	- (-)
Expenses incurred on Company's behalf by	40.61 (61.36)	- (-)	- (-)	- (-)
Rent expense	7.66 (-)	- (-)	- (-)	- (-)
ESOP Cost	4.29 (0.88)	- (-)	- (-)	- (-)
Sale of service	4,861.23 (1,332.94)	- (-)	- (-)	- (-)
Security Deposit	374.45 (158.85)	- (-)	- (-)	- (-)

(Figures in brackets represent corresponding amount for the year ended March 31, 2016)

Note: The above does not include the transfer of tower infrastructure undertaking as per the business transfer agreement (Refer note 32).

B. Balances with Related Parties:

As at March 31, 2017 ₹ Mn

Particulars	Holding Company	Fellow Subsidiary	Entities having significant influence
Trade receivables	577.60	-	-
Trade payables	22.15	-	1.62
Security Deposit taken	533.40	-	-
ICD / Loan taken	-	-	-
Interest accrued but not due	-	-	-

Notes forming part of the Financial Statements

As at March 31, 2016 ₹ Mn

Particulars	Holding Company	Fellow Subsidiary	Entities having significant influence
Trade receivables	19.90	-	-
Trade payables	10.89	-	0.08
Security Deposit taken	158.85	-	-
ICD / Loan taken	-	750.00	-
Interest accrued but not due	-	2.77	-

As at April 1, 2015 ₹ Mn

Particulars	Holding Company	Fellow Subsidiary	Entities having significant influence
Trade receivables	119.59	-	-
Trade payables	5.38	-	0.16
Security Deposit taken	-	-	-
ICD / Loan taken	-	1,966.50	-
Interest accrued but not due	-	135.77	-

47. Financial Instruments

a) Financial Instruments by Category: The following table provides categorization of all financial instruments.

₹ Mn

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						
Current Investments	798.50	-	201.40	-	534.76	-
Trade Receivables	-	1,141.70	-	80.45	-	232.07
Loans to employees	-	0.19	-	-	-	-
Cash and cash equivalents	-	127.76	-	3.48	-	3.65
Others	-	324.28	-	21.47	-	21.16
Total Financial Assets	**798.50**	**1,593.93**	**201.40**	**105.40**	**534.76**	**256.88**
Financial Liabilities						
Borrowings	-	-	-	750.00	-	1,966.50
Trade Payable	-	1,312.74	-	270.72	-	278.62
Payables for Capital Expenditure	-	259.02	-	23.21	-	10.02
Interest accrued but not due on borrowings	-	-	-	2.77	-	135.77
Security Deposits	-	880.86	-	288.75	-	2.28
Total Financial Liabilities	-	**2,452.62**	-	**1,335.45**	-	**2,393.19**

Notes forming part of the Financial Statements

b) Fair value hierarchy

The company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

i. Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2017:

₹ Mn

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Current Investments	798.50	-	-	798.50
Total Financial Assets	**798.50**	-	-	**798.50**
Total Financial Liabilities	-	-	-	-

ii. Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2016:

₹ Mn

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Current Investments	201.40	-	-	201.40
Total Financial Assets	**201.40**	-	-	**201.40**
Total Financial Liabilities	-	-	-	-

iii. Fair value hierarchy of financial assets and liabilities measured at fair value as at April 1, 2015:

₹ Mn

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Current Investments	534.76	-	-	534.76
Total Financial Assets	**534.76**	-	-	**534.76**
Total Financial Liabilities	-	-	-	-

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

a) Financial Assets
- Trade receivables
- Loans to Employees
- Cash and cash equivalents
- Interest receivable
- Security Deposits with corporate and others

b) Financial Liabilities
- Trade payables
- Payable for capital expenditure
- Security deposits

c) Valuation Technique used to determine fair value

Fair value of quoted current investments in Mutual Funds is based on Net Asset Value (NAV) at the reporting date.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties, other than in a forced or liquidation sale. The valuation techniques used to determine the fair values of financial assets and financial liabilities classified as level 2 include use of quoted market prices or dealer quotes for similar instruments and generally accepted pricing models based on a discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities.

48. Financial risk management objectives and policies

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

Notes forming part of the Financial Statements

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings, bank deposits and investments.

a. Price risk

The Company invests its surplus funds in debt mutual funds. These comprise of only liquid schemes of mutual funds.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Hence no impact has been considered for Sensitivity purpose.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

- **Trade receivables**

  Customer credit risk is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 15 to 30 days credit terms. Outstanding customer receivables are regularly monitored.

  The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible

- **Other financial assets and cash deposits**

  Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

  The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2017, March 31, 2016 and April 01, 2015 is the carrying amounts as disclosed in notes 13 and 14.

c. Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

₹ Mn

Particulars	Carrying Amount	Less than 1 Year	1 to 5 years	> 5 years	Total
As at March 31, 2017					
Other financial liabilities	1,139.88	259.02	7.56	873.30	**1,139.88**
Trade and other payables	1,312.74	1,312.74	-	-	**1,312.74**
Total	**2,452.62**	**1,571.76**	7.56	873.30	**2,452.62**

Notes forming part of the Financial Statements

₹ Mn

Particulars	Carrying Amount	Less than 1 Year	1 to 5 years	> 5 years	Total
As at March 31, 2016					
Borrowings	750.00	750.00	-	-	**750.00**
Other financial liabilities	314.73	25.98	-	288.75	**314.73**
Trade and other payables	270.72	270.72	-	-	**270.72**
Total	**1,335.45**	**1,046.70**	**-**	**288.75**	**1,335.45**
As at April 1, 2015					
Borrowings	1,966.50	1,966.50	-	-	**1,966.50**
Other financial liabilities	148.07	145.79	-	2.28	**148.07**
Trade and other payables	278.62	278.62	-	-	**278.62**
Total	**2,393.19**	**2,390.91**	**-**	**2.28**	**2,393.19**

49. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium 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. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

50. Segment information

The Company operates in only one business segment, hence there is no separate segment as per Ind As 108, Operating Segments.

51. Details of 'Specified Bank Notes' (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

Particulars	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing Cash in Hand as on 30.12.2016	**-**	**-**	**-**

52. The Company is engaged in tower passive infrastructure services which is included in the definition of infrastructure and accordingly, the provisions of Section 186 of the Companies Act, 2013 relating to loans made, guarantees given or securities provided are not applicable to the Company. Please refer Note 9 & 11 for investments made by the Company.

For and on behalf of the Board

Place : Mumbai
Date : May 9, 2017

Akshaya Moondra
Director

Himanshu Kapania
Director

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

₹ Mn

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
A) Cash Flow from Operating Activities				
Profit/(Loss) before Tax		**1,167.79**		519.27
Adjustments For				
Depreciation	**1,270.68**		328.19	
Amortisation of Intangible Assets	**0.93**		-	
Loss / (Gain) on disposal of PPE, intangible assets and AHFS	**(25.54)**		(12.26)	
Interest income	**(0.05)**		-	
Gain on Mutual Funds (including fair value gain / (loss))	**(24.71)**		(40.34)	
Finance costs	**66.56**		156.32	
Provision for gratutity and compensated absences	**8.68**		-	
Bad debts / advances written off and provided for	**4.95**		7.41	
Liabilities / provisions no longer required written back	**(1.47)**		(1.32)	
Total Non Cash Adjustments		**1,300.03**		438.00
Cash flows from operating activities before working capital changes		**2,467.82**		957.27
Working capital adjustments				
(Increase)/decrease in trade receivables	**(653.59)**		144.21	
(Increase)/decrease in other financial and non-financial assets	**(72.46)**		(2.98)	
Increase/(decrease) in trade payables	**341.98**		(6.59)	
Increase/(decrease) in other financial and non-financial liabilities	**453.93**		283.13	
Total Working Capital Adjustments		**69.86**		417.77
Cash flows from operating activities		**2,537.68**		1,375.04
Income tax paid (including TDS) (net)		**(538.36)**		(194.37)
Net cash flows from operating activities		**1,999.32**		1,180.67
Investing activities				
Purchase of property, plant and equipment and intangible assets (including CWIP)	**(535.34)**		(67.81)	
Proceeds from sale of property, plant and equipment and intangible assets	**25.54**		12.32	
Net Proceeds from Sale / (Purchase) of Current Investment	**(572.40)**		373.70	
Net cash flows from / (used in) investing activities		**(1,082.20)**		318.21
Financing activities				
Finance charges paid	**(42.84)**		(282.55)	
Repayment of short term borrowings	**(750.00)**		(1,216.50)	
Net cash flows from / (used in) financing activities		**(792.84)**		(1,499.05)

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

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net increase / (decrease) in cash and cash equivalents	**124.28**	(0.17)
Cash and cash equivalents at the beginning of the year	**3.48**	3.65
Cash and cash equivalents at the end of the year	**127.76**	3.48

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

1. Cash and Cash Equivalents include following balance sheet amounts

Balances with banks in current accounts	**127.76**	3.48
	127.76	3.48

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

For and on behalf of the Board

Hemant M. Joshi
Partner
Membership No.: 38019

Akshaya Moondra
Director

Himanshu Kapania
Director

Place : Mumbai
Date : May 9, 2017