



ANNUAL REPORT  
2016-17  
IDEA CELLULAR LIMITED



BIG ON MILESTONES



**Mr. Aditya Vikram Birla**

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.

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# The Chairman's Letter to Shareholders



Dear Shareholder,

## **Global Economy**

The global economy continued to be subdued in 2016. The slowdown in the advanced economies of the West adversely impacted growth levels, resulting in the slowing of the world economic growth to 3.1% from 3.4% in the earlier year. The growth in emerging markets and developing economies was encouraging. However, China and India experienced a deceleration. Financial markets reflected a broad uptrend, notwithstanding Brexit and the rate hikes by the US Fed.

Recent data reveals that the global economy is gaining momentum. PMIs (Purchasing Managers' Indexes), accelerating trade flows and better business and consumer confidence are the key pointers. The IMF has projected global growth to notch up to 3.5% in 2017 from 3.1% last year. Growth in the advanced economies is estimated at 2%, with US growth at 2.3%, the Euro area at 1.7% and Japan at 1.2%. Growth in the emerging markets is pegged at 4.5%, driven largely by China, India and the ASEAN region. Latin America is expected to grow only 1.1%, affected by the weak trend in Brazil.

## **Indian Economy**

India is on a roll. There is a buzz about India, as it blazes forth as the fastest growing economy in the

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*Foreign investment flows, which were at over USD 60 billion in FY-17 are scaling new records. Markets are buoyant. Stock index is at a historic peak. India's global ranking has jumped up in competitiveness and on the innovation index.*

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world at 7.1%. The trade deficit in 2016-17 was USD 106 billion, lower by 11% over the previous year. The current account deficit has been significantly pared. India's foreign exchange reserves as at March end 2017 were USD 370 billion. Investors are bullish. Foreign investment flows, which were at over USD 60 billion in FY-17 are scaling new records. Markets are buoyant. Stock index is at a historic peak. India's global ranking has jumped up in competitiveness and on the innovation index.

The various initiatives and reforms of the Modi Government have built the platform for a quantum leap ahead. High impact national projects, coming to grips with structural issues, which were holding back the country's progress, innovative approaches in policy making – have collectively contributed in driving India on a high growth trajectory. Going forward the abiding sense is one of immense optimism and confidence in the future with the nation slated to grow at 7.5% to 8%. India's narrative is unmatched.

That said, if there is one subject that needs greater attention on the government's radar for the ensuing years, it is the revival of investment activity and creation of quality jobs in large measure. The Government is seized of these issues. The Government has taken many steps, including a sharp focus on improving ease of doing business, speeding of green clearances and stepping up public sector outlays for infrastructure. I believe, it is a matter of time before the private sector investments pick up – as NPAs are resolved and corporate balance sheets are deleveraged.

### **Your Company's Performance**

As you are all aware, the Indian wireless industry witnessed an unprecedented disruption, given the lure of free offerings both voice and mobile data by a new entrant. It has been a 'Period of Telecom Discontinuity', permanently changing mobility business parameters. Consequently, the revenue KPIs and financial parameters for all mobile operators have sharply declined. For the first time in its history, the flourishing Indian Mobility industry, is trending towards an annual revenue decline of ~2% in FY17 (vs FY16). With the new entrant starting to charge for its services, albeit very slowly, the sector is expected to return to growth in the next financial year.

On a consolidated basis, your Company for the first time since its IPO, reported a total revenue decline of 0.8% at ₹ 358,827 million for FY17 (₹ 361,625 million in FY16). While we remain optimistic on the India growth story and Idea continues to expand its scale of operations, this tumultuous phase subdued Idea's EBITDA during the current financial year by 13.1% to ₹ 105,832 million (vs ₹ 121,807 million in FY16). Further, last two years of high Investment in Spectrum and Network Equipment has increased the 'Depreciation and Amortisation' charge to ₹ 78,272 million and 'Interest and Financing Cost' to ₹ 40,411 million. This has resulted into loss of ₹ 3,997 million in FY17 – the first ever annual loss in last 11 years since its IPO during Year 2007. The Cash Profit for the Company stands at around ₹ 69,981 million.

Inspite of short term challenges, Idea remains committed to the process of building world class broadband services. With the slated launch of Mumbai 4G services by end of May 2017, the Company will be offering broadband services on its own spectrum across all 22 service areas, 3G (15 service areas) and 4G (20 service areas). During FY 2017, Idea integrated highest ever network telecom site count of 50,004 sites (2G+3G+4G), expanding its network sites on GSM (2G), HSPA (3G) and LTE (4G) technologies to an overall EoP of 241,540 sites, including 70% increase in its wireless broadband sites on 3G and 4G platform from 64,703 sites as at end March, 2016 to 110,054 sites as at end March, 2017.

The wireless broadband population under coverage now expands beyond 500 million Indians in 21 service areas, while GSM presence spreads to nearly 1 billion Indians. The Company has also expanded its fibre backbone network by 29,100 km from 115,500 km as at end March, 2016 to 144,600 km as at end March, 2017. The Company's gross investment in fixed assets has risen nearly to ₹ 1,185 billion, an addition of ₹ 198 billion in last 12 months. Idea's overall spectrum holding of 891.2 MHz across spectrum bands of 900, 1800, 2100, 2300 and 2500 MHz equips it with an ability to rollout wireless broadband which can carry 15-20 times of its current mobile data traffic. The monetization of this front loaded large investment in spectrum and equipment is inevitable as Digital India mission gathers momentum.

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*The wireless broadband population under coverage now expands beyond 500 million Indians in 21 service areas, while GSM presence spreads to nearly 1 billion Indians.*

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*On 20<sup>th</sup> March, 2017, we announced a merger between Vodafone India and Idea Cellular. The two companies will combine their operations in India (excluding Vodafone's 42% stake in Indus Towers) to create India's largest telecom operator.*

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On 20<sup>th</sup> March, 2017, we announced a merger between Vodafone India and Idea Cellular. The two companies will combine their operations in India (excluding Vodafone's 42% stake in Indus Towers) to create India's largest telecom operator. The merger of Idea and Vodafone is founded on the shared commitment to deliver substantial stakeholder value, offer strong consumer choice to 1.3 billion Indians and contribute towards realising the Prime Minister's vision of Digital India and financial inclusion goals. The combined company would become the leading communication provider in India with ~ 400 million customers, 35% Customer Market Share and 41% Revenue Market Share (based on Q3FY17 TRAI release). The merger transaction is subject to approval from the relevant regulatory authorities and Idea's shareholders. Vodafone and Idea have initiated necessary steps to obtain regulatory approvals. A joint merger notification has been filed with the 'Competition Commission of India' (CCI) and the Scheme of Arrangement has been filled with SEBI and Stock Exchanges for their approvals.

In the meantime, Idea will remain nimble, agile, adaptive and focused on its execution capabilities. The company remains confident to capitalise on the emerging opportunities in mobile voice, digital content, mobile banking and wireless data business as telecom market invariably moves towards consolidation with 5 major providers.

### **A big thank you to all of our employees**

Organizational agility, excellence in execution, customer centricity and cost optimization are a given. I believe to drive business growth in a sustainable manner, the criticality of our people – our intellectual capital, is beyond expression. We deeply value our employees' engagement and their commitment to our culture of innovation and performance accountability.

### **Aditya Birla Group: In perspective**

At the Group level our performance both in terms of revenue and earnings has been growing. In fact our EBIDTA has been the highest ever. In line with our people focus, we have strengthened the capacity of our leadership

bench as well as employees across levels. Our Group's HR agenda is even more sharper and defining of our future. Our HR function has collectively developed and clearly articulated the HR 2020 strategy across the organization. It has clear actionables and review mechanisms, focused on talent, technology, productivity and employer brand.

On the people front it has truly been an exciting year of development, building on the strong foundations of the earlier years.

As I had shared with you earlier, we have 3 accelerated leadership programs. First - The Turning Point, which prepares high potential leaders for P&L roles. Second - Step Up which infuses a ready pipeline for Functional Head roles, and Third - Springboard designed especially for high caliber women leaders. These have enabled us set up the requisite bench strength of leaders.

We have prepared 123 leaders for higher responsibilities, over the last one year. Of this 26 have already taken on new roles. The Business leadership and I have personally reviewed talent across the business, and am happy to see the evolution of our structured succession plans.

The hiring freeze came into effect in January 2016. This, coupled with our leadership development actions, has resulted in extremely encouraging people moves. Over the last year, we witnessed 5500+ career movements across the Group. Of these, 600+ were inter-business movements, 150% higher than the previous year.

The Aditya Birla Group Leadership Program (ABGLP) is another strong source of building leaders. It has gained greater traction this year with 67% higher intake. From the earlier batches, 95 participants, have over the last 2 years, been given cross business and function exposures grooming them for a holistic perspective. I am happy to share that we continue to be an employer of choice amongst the top B schools in India. Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2016 as well.

Additionally to accelerate opportunities for our talent we have set up Talent Councils led by Business Heads and Directors at the business and Group levels. Up until now

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*Our HR function has collectively developed and clearly articulated the HR 2020 strategy across the organization. It has clear actionables and review mechanisms, focused on talent, technology, productivity and employer brand.*

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*Project Vega is yet another initiative launched this year. Its basic objective is to review the agility of decision making in the organization, keeping in view end-customer impact.*

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more than a 100 Talent Councils meetings have happened across the Group where the development plans of approximately 3000 colleagues have been discussed and actions taken.

Project Vega is yet another initiative launched this year. Its basic objective is to review the agility of decision making in the organization, keeping in view end-customer impact. This has yielded significant changes to internal processes, delegation of authority and speed of decision making, in turn empowering teams and freeing up leadership bandwidth. This, along with our focus on technology enabled processes, I believe, will keep us sharp and nimble.

Furthermore, to hone and enhance our functional expertise, Gyanodaya, the Aditya Birla Global Centre for Leadership & Learning, launched Functional Academies last year. The Sales, Marketing & Customer Centricity Academy and HR Academy enabled 1150 leaders build deeper expertise in their domain areas. Gyanodaya continues to deliver superior learning programs with over 1583 managers enrolled last year.

Additionally, the Gyanodaya Virtual Campus hosts more than 500 e-learning modules in multiple languages. During the year, over 31664 employees accessed these e-learning programs. I am happy to update you that we are doubling our capacity in Gyanodaya, through upcoming expansion plans.

**In sum,**

Our Group's solid reputation, robust financials, the quality and commitment of our talent, our leadership positions in our businesses, our operational excellence and our CSR engagement, are our strengths that I believe, will see us ride the wave of success.

Yours sincerely,



**Kumar Mangalam Birla**

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# Board of Directors



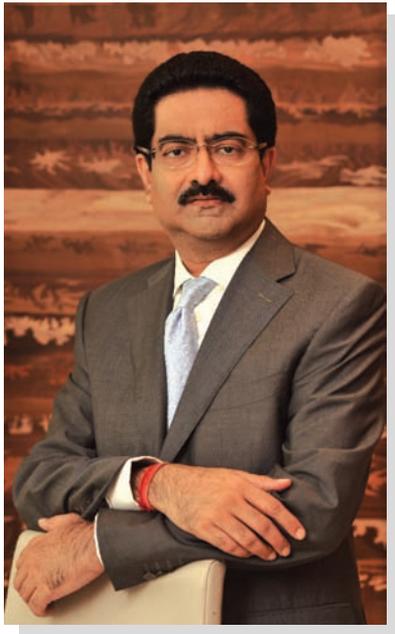
**Mrs. Rajashree Birla**  
Non-Executive Director



**Mr. Himanshu Kapania**  
Managing Director



**Mr. Sanjeev Aga**  
Non-Executive Director



**Mr. Kumar Mangalam Birla**  
Non-Executive Chairman



**Dr. Shridhir Sariputta Hansa Wijayasuriya**  
Non-Executive Director



**Mr. Arun Thiagarajan**  
Independent Director



**Mrs. Alka M. Bharucha**  
Independent Director



**Ms. Tarjani Vakil**  
Independent Director



**Mr. Baldev Raj Gupta**  
Independent Director  
(w.e.f. May 13, 2017)



**Mr. P. Murari**  
Independent Director



**Mr. Mohan Gyani**  
Independent Director



**Mr. Akshaya Moondra**  
Whole Time Director and  
Chief Financial Officer

# Corporate Information

**Managing Director**

Mr. Himanshu Kapania

**Whole Time Director and  
Chief Financial Officer**

Mr. Akshaya Moondra

**Company Secretary**

Mr. Pankaj Kapdeo

**Statutory Auditors**

Deloitte Haskins & Sells LLP  
Chartered Accountants  
706, B Wing,  
ICC Trade Tower,  
Senapati Bapat Road,  
Pune-411 016

**Cost Auditors**

Sanjay Gupta & Associates  
Cost Accountants  
C-4E/135, Janakpuri  
New Delhi-110 058

**Registered Office**

Suman Tower,  
Plot No. 18, Sector-11,  
Gandhinagar-382 011  
Gujarat

**Corporate Office**

Birla Centurion, 10th Floor  
Century Mills Compound,  
Pandurang Budhkar Marg,  
Worli,  
Mumbai-400 030

**Registrar and Share Transfer Agents**

Bigshare Services Pvt. Ltd.  
E-2&3, Ansa Industrial Estate,  
Saki-Vihar Road,  
Sakinaka,  
Andheri (East),  
Mumbai-400 072

**Website**

<http://www.ideacellular.com>

**Corporate Identity Number (CIN)**

L32100GJ1996PLC030976



# 4G

The BIGGEST  
**small**  
change is here

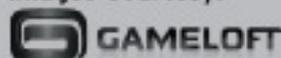
## MULTI-PLAYER GAMING



## VIRTUAL REALITY



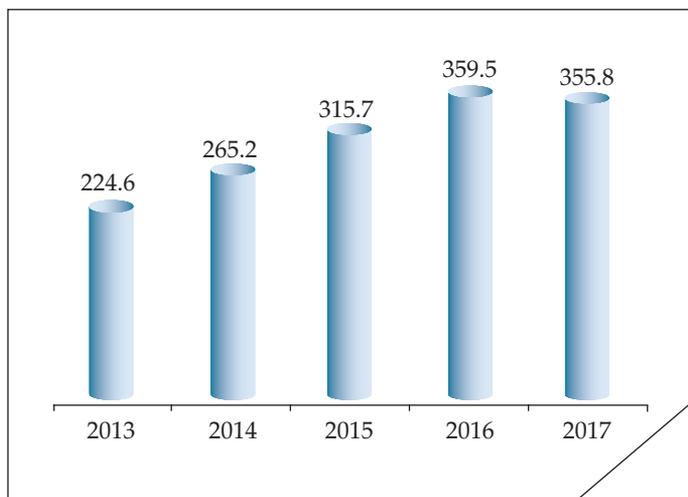
# 4G



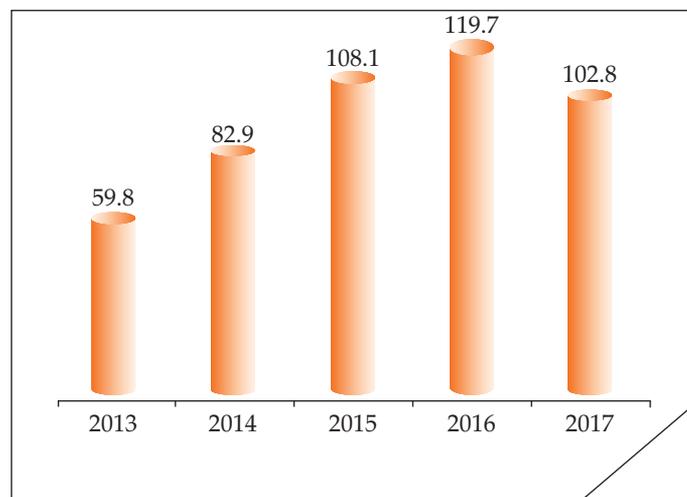
# Performance Highlights (Consolidated)

₹ Bn

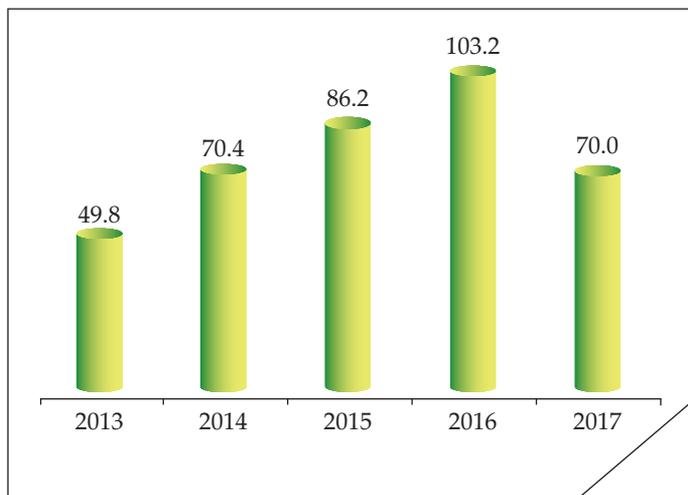
### Revenue



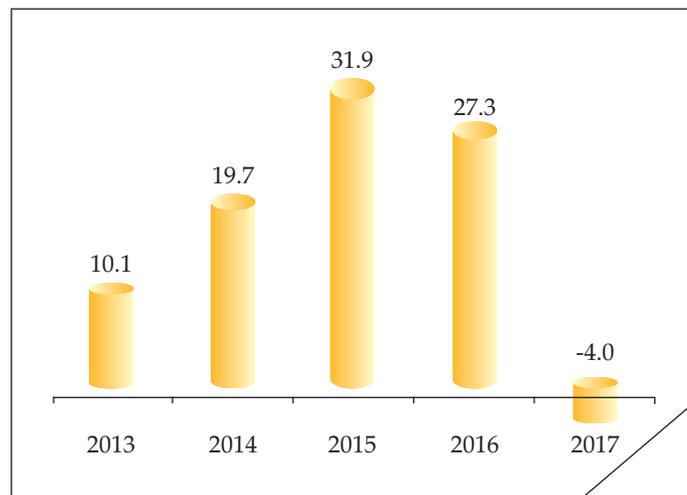
### Operating EBITDA



### Cash Profits



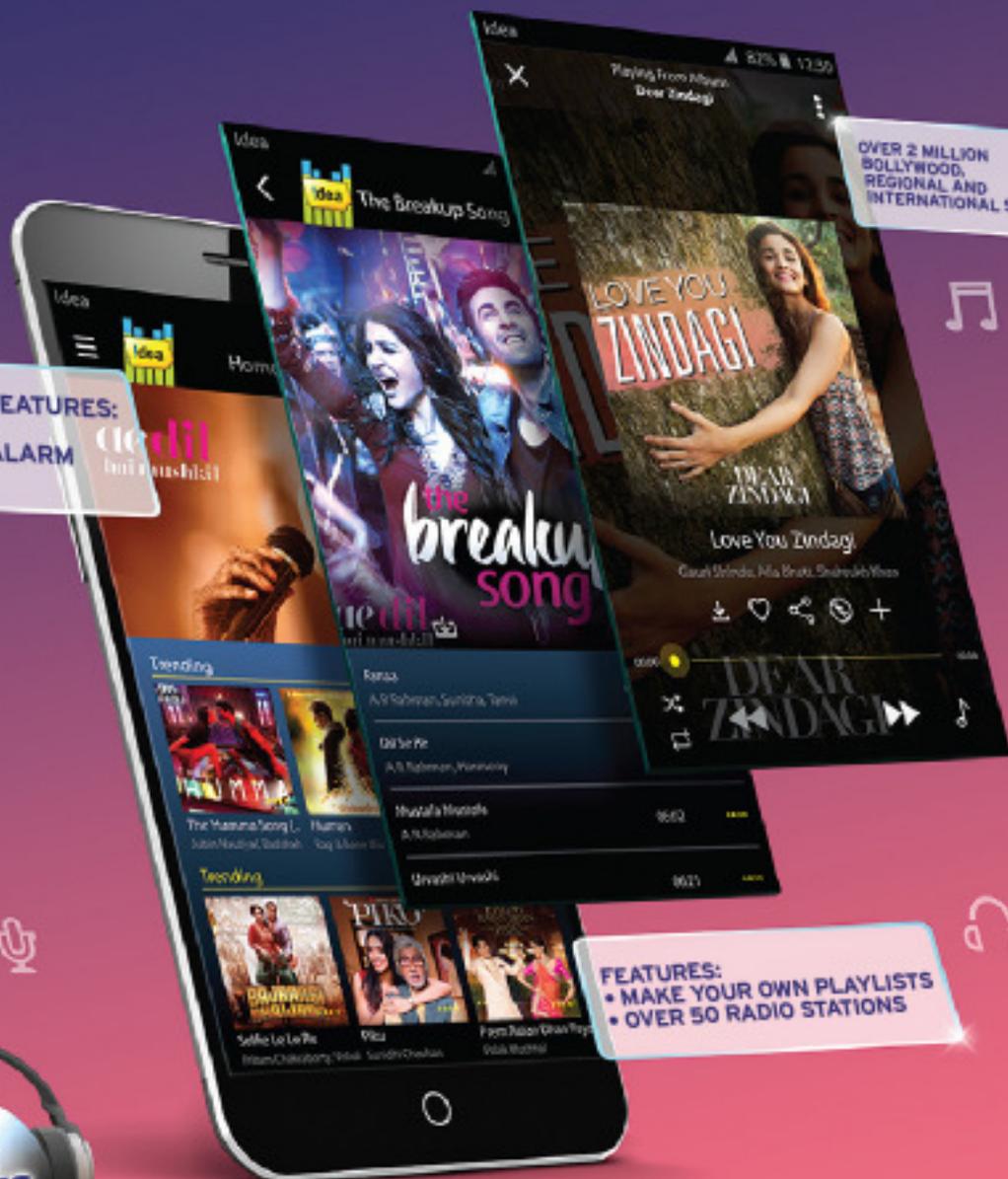
### Net Profits



*Note : FY 2016 and FY 2017 are based on Ind AS Financial Statements*

# !idea Music Lounge

## THUMP YOUR FEET TO THE GROOVIEST BEATS



OVER 2 MILLION BOLLYWOOD, REGIONAL AND INTERNATIONAL SONGS

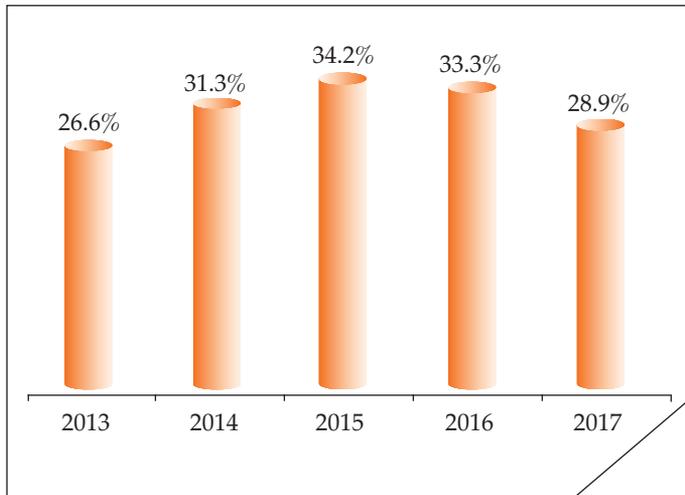
EXCLUSIVE FEATURES:  
• DJ EFFECT  
• WAKE UP ALARM  
• LYRICS

FEATURES:  
• MAKE YOUR OWN PLAYLISTS  
• OVER 50 RADIO STATIONS

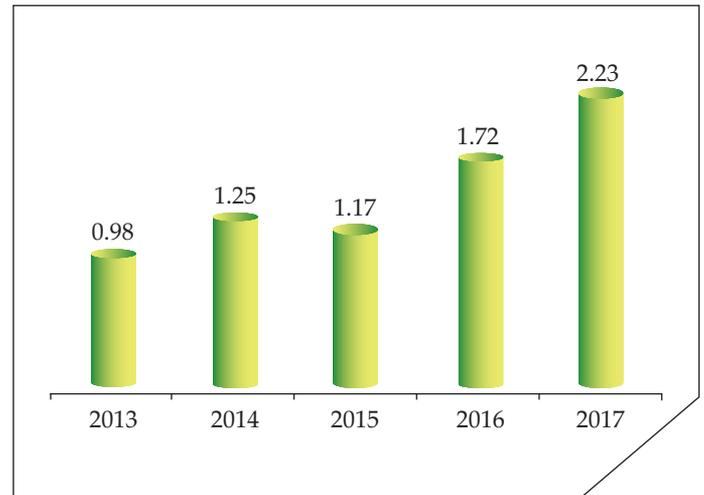


# Performance Highlights (Consolidated)

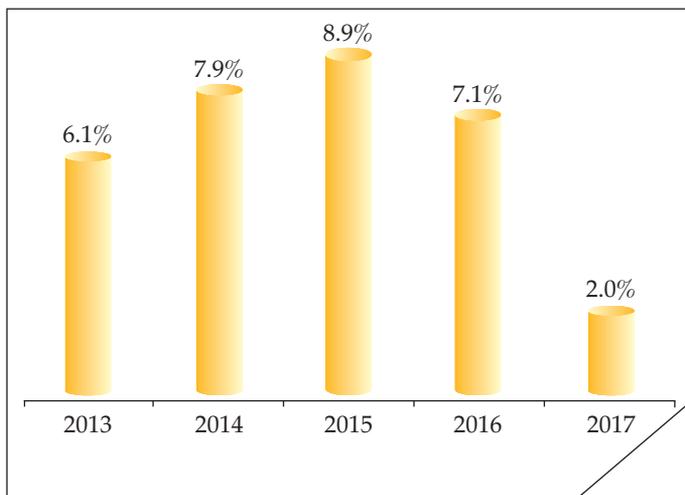
Operating EBIDTA (%)



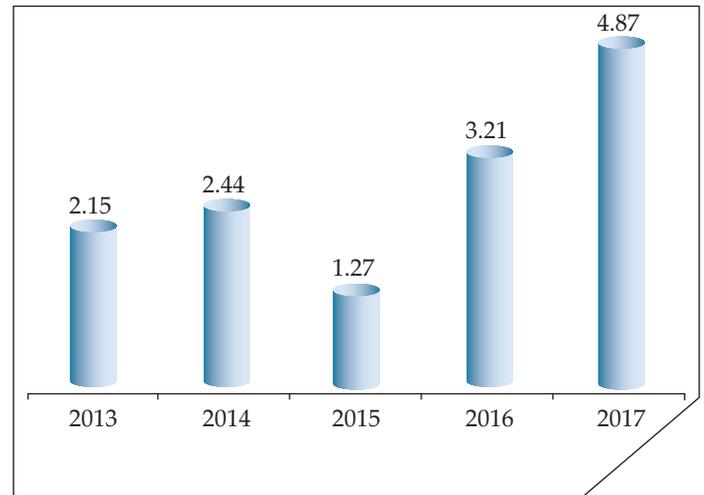
Debt Equity



ROCE (%)



Net Debt to Operating EBITDA



*Note : FY 2016 and FY 2017 are based on Ind AS Financial Statements*

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International titles

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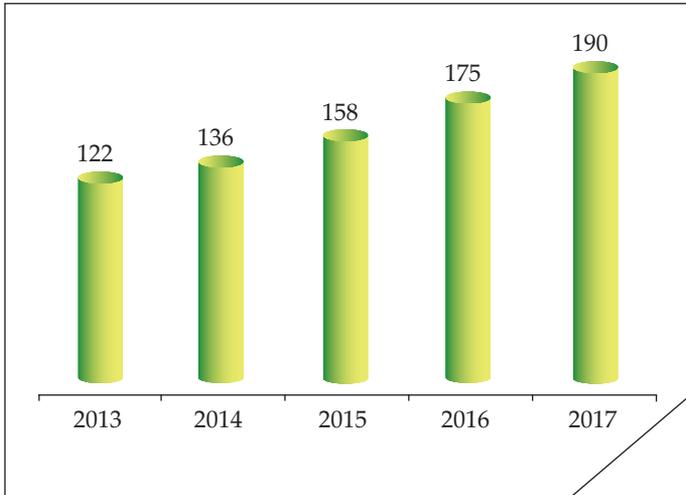


Limited period offer. Conditions apply.

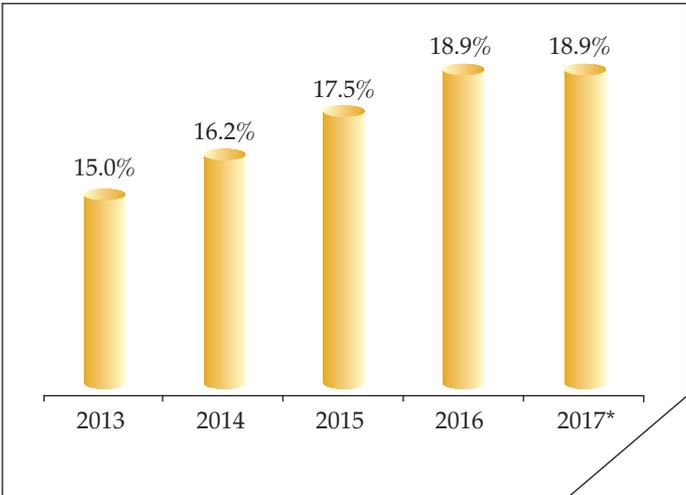


# Key Performance Indicators

**EoP Subscribers (Mn.)**

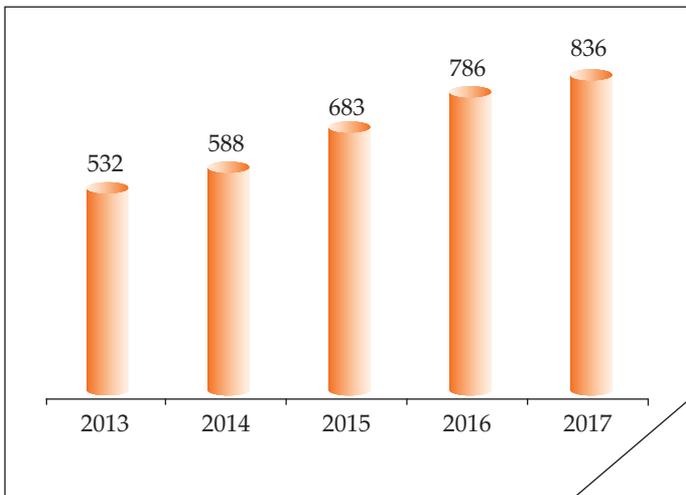


**Revenue Market Share (%)**

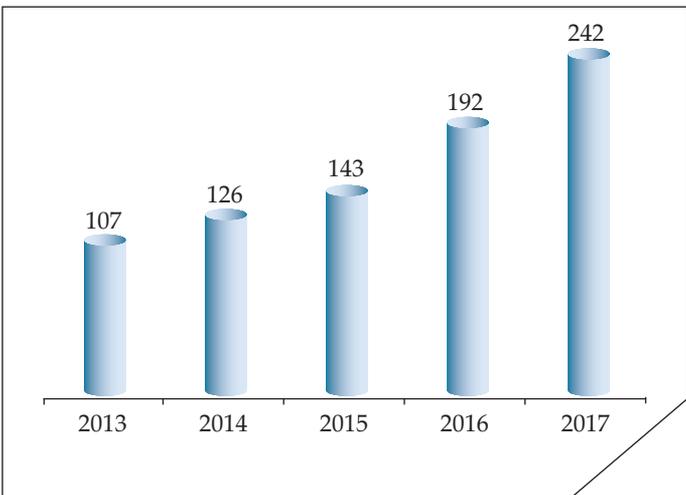


\*April 2016 to December 2016

**MoU (Bn.)**



**2G/3G/4G Cellsite Count ('000)**



# BIG IDEA OFFER

Sign up now and get the offer for 12 months.

Just @ ₹344 for all new customers.

No joining fees. Enjoy the offer on 2G, 3G, 4G network across 4 Lakh towns and villages.

UNLIMITED LOCAL & STD CALLS

UNLIMITED DATA

FREE MUSIC, MOVIES & GAMES APPS

Also available

MRP	Benefits
₹144	<ul style="list-style-type: none"> <li>• 2GB data,</li> <li>• Unlimited Idea to Idea calls (Local and STD)</li> <li>• Free Music, Movies &amp; Games Apps</li> </ul>



\*Offer for new customers with all networks only. \*Unlimited data has a Daily Cap of 1GB/day or 100MB/day (whichever is less). \*Local recharge validity 30 days. \*2GB to 10GB to 100GB to 1000GB offers for existing Idea customers. \*Limited period offer. \*Customer's signature during offer period can continue to enjoy the offer up to 12 months. Offer will be withdrawn if it is not recharged within 30 days of validity start of previous recharge. \*Commercial Usage Policy applies for Idea 2G, 3G & 4G. \*MRP will vary from circle to circle. \*For new customers, 2nd to 12th month recharge price will vary. Please visit the website or dial 12345 for specific recharge price. \*Customer can enjoy benefits of Voice & Data services on Idea on 2G/3G/4G network across 4 lakh towns & villages. \*Subscriber consent, music and games will be free for 3 months for subscriber recharging before 31st March 2017. \*Offer valid for select customers only. For more details, please visit ideacellular.com, My Idea App or dial 12345.

An idea can change your life



## Directors' Report

Dear Shareholders,

We have pleasure in presenting the Twenty Second Annual Report, together with the audited financial statements of the Company for the Financial Year ended March 31, 2017.

### Company Overview

Your Company is the third largest mobile telecommunications operator in the country, with Pan India operations offering Voice, Broadband Data, Value Added Services (VAS), Digital Content and Mobile Banking Services. The Revenue Market Share (RMS) for your Company stands at 18.7% for the quarter ended December 2016. As of February, 2017, the subscriber base of your company stands at 196.1 Mn (on VLR), with subscriber market share of 19.4%.

The GSM-based 2G services of your Company are available in all 22 service areas of India, covering approximately 1 billion Indians, in nearly 400,000 towns and villages. In October 2016 spectrum auction, your Company has acquired 349.2 MHz of spectrum and completed its Pan India broadband spectrum footprint. Your Company now owns 3G spectrum in 15 Service Areas and 4G spectrum in 20 Service Areas out of 22 Service Areas.

During the year your Company has launched 3G services in 2 additional service areas of Bihar and Rajasthan on its own spectrum, taking the total count to 15 from earlier 13. However, the 3G services of your Company are available in 21 Service Areas (excluding Odisha) including through intra-circle roaming arrangements with other mobile telecommunications service providers. On 4G front, your Company has rolled out 4G services in 9 new service areas during the year. The 4G launch in Mumbai service area is slated by end of May, 2017, post which the 4G services of your Company will be available in 20 Service Areas (Except Kolkata and Delhi).

Your Company also holds licenses to offer NLD, ILD and ISP services and registration for IP-1 services. While the NLD and ISP services mainly cater to the captive needs of the Company, the ILD and IP-1 services cater to external customers as well.

### Financial Results

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. 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. The disclosure and effects of first time adoption of Ind AS are detailed in Note 5 of the standalone financial statements and Note 6 of the consolidated financial statements for detailed disclosure and effects on the first time adoption of Ind AS.

The standalone and consolidated financial highlights of your Company for the Financial Year ended March 31, 2017 are summarized as follows:

₹ Mn

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Income from Services	352,565	357,725	355,527	359,164
Other Operating Income	222	312	231	330
Other Income	1,970	1,773	3,069	2,131
Total Revenue	354,757	359,810	358,827	361,625
Operating Expenses	251,838	239,091	252,995	239,819
EBITDA	102,919	120,719	105,832	121,806
Depreciation and Amortisation	77,000	62,232	78,272	62,561
EBIT	25,919	58,487	27,560	59,245
Interest and Finance charges	40,109	17,778	40,411	20,961
EBT	(14,190)	40,709	(12,851)	38,284
Share of JV / Associates	-	-	4,218	4,217
Taxes	(5,879)	14,246	(4,636)	15,220
Profit/(Loss) after Tax	(8,311)	26,463	(3,997)	27,281
Other Comprehensive Income/(Loss), net of tax	(32)	(134)	(43)	(139)
Total Comprehensive Income/(Loss)	(8,343)	26,329	(4,040)	27,142

### Operations Review

The Indian wireless industry witnessed an unprecedented disruption in the second half of the year on account of free voice and mobile data promotions by the new entrant. The October 2016 to March 2017 period can be best described as 'Period of Telecom Discontinuity', permanently changing mobility business parameters. Consequently, the revenue KPIs and financial parameters for all mobile operators have sharply declined in H2 FY17. For the first time in its history, the flourishing Indian Mobility industry, is trending towards an annual revenue decline of ~2% in FY17 (vs FY16).

As a result of this industry upheaval, the standalone revenue of your Company dropped to an unforeseen level of ₹ 354,757 Mn, registering the first ever annual revenue decline of 1.4%. The EBITDA fell to ₹ 102,919 Mn, registering a decline of 14.7% over the previous year. The Net Loss of the Company for the Financial Year March 31, 2017 stood at ₹ 8,311 Mn, as compared to Net Profit of ₹ 26,463 Mn, for the previous year.

On a consolidated basis, the total revenues stood at ₹ 358,827 Mn, a decline of 0.8% over the previous year. The EBITDA at ₹ 105,832 Mn reflects decrease of 13.1% as compared to the previous year. The consolidated Net Loss stood at ₹ 3,997 Mn, as compared to the consolidated Net Profit of ₹ 27,281 Mn for the previous year.

Your Company withstood the unprecedented prolonged free services offers of the new entrant in the industry and

maintained its tag of 'One among the Top Three' operators in India. Your Company continues to maintain and strengthen its market position both in terms of Revenue and Subscribers.

Despite the free voice and data services by new operator your Company continues to maintain its attractiveness for subscribers. As on February 28, 2017, the reported subscriber base of your Company was 193.3 Mn, an increase of 18.6 Mn subscribers representing a growth of 10.7% over last 12 month period. The VLR subscriber base of your Company grew by 7.5% during same period and stands at 196.1 Mn representing market share of 19.4% as on February 28, 2017. Percentage of active subscriber base to total subscriber base for your Company stands at 101.4%. With over 198 Mn VLR subscribers in March, 2017, the Company opens multiple vistas for growth in Broadband, Digital Content and Payment Services etc.

As per latest published TRAI reports, your Company has gained 29.3% incremental Revenue Market Share (RMS) of the Indian mobile telecommunication service industry during nine months period from April, 2016 to December, 2016. Further, your Company maintained its leadership position in Mobile Number Portability (MNP), based on the net subscriber additions. The trends emerging from MNP are clearly distinguishing the strong operators in terms of customer preference for better quality of services and brand value. As on March 31, 2017, your Company has net MNP gain of 22.1 Mn subscribers, with one out of every four existing mobile customers, who ports out from their existing mobile operator preferring to shift and stay with world class Idea services.

Your Company carried 836 billion voice minutes on its network during Financial Year 2016-17, a growth of 6.4% compared to 786 billion minutes in previous year. The total data usage of 436 billion MB registered a growth of 46.5%, compared to previous year.

Your Company continues to invest in the long term value creators and remains committed towards increasing its geographical coverage as well as improve the capacity of network to address the growing demand of both voice and data. Over the last two financial years (2015-16 & 2016-17), your Company has expanded its telecom infrastructure by 69% adding 98,882 network sites (2G+3G+4G), including nearly quadrupling its wireless broadband sites (3G+4G) from 30,291 in March 2015 to 110,054 in March 2017.

During the year, your Company added a total of 50,004 sites across 2G, 3G and 4G, highest ever site addition by the Company in a year. On the 2G front Company added 4,653 2G sites, expanding the 2G site count to 131,486 as of March 31, 2017. 2G services are now available in nearly 400,000 towns and villages covering around 1 billion Indians, representing approximately 82% of Indian population. On 3G front, your Company added 19,142 sites, expanding the 3G site count to 69,202. 3G services of your Company are now available in more than 92,000 towns and villages covering more than 45% of population in 15 service areas where it is providing 3G services with own spectrum.

Further, your Company after launch of its 4G services on December 23, 2015 has rapidly expanded its presence and as on March 31, 2017, offers 4G Services in 19 service areas on its own spectrum and is slated to introduce 4G services in 20th service area of Mumbai telecom service area in May, 2017. Idea added 26,209 4G sites across these 19 service areas during the year, taking the total 4G site count to 40,852. The 4G services are now available in more than 23,000 towns and villages covering 23% of population in these 19 service areas.

Your Company is rapidly working in expanding its Optical Fibre Cable (OFC) backbone network, to support growth for broadband data services. During the year your Company expanded its OFC transmission network to 144,600 km compared to 115,500 km a year ago, an expansion of 29,100 km.

### Dividend

As your Company has incurred a net loss during the year, your Directors have not recommended any dividend for the year.

### Changes in Share Capital

During the year under review, your Company issued and allotted 4,818,853 Equity Shares of ₹ 10/- each, fully paid-up, to the Option/RSU grantees pursuant to the exercise of Stock Options/Restricted Stock Units (RSU's) by the eligible employees under the Employee Stock Options Scheme, 2006 (ESOS-2006) and Employee Stock Option Scheme, 2013 (ESOS-2013).

Consequent to the above, the issued, subscribed and paid-up Equity Share capital of your Company as on March 31, 2017 stood at ₹ 36,05,32,82,310/- comprising of 3,60,53,28,231 Equity Shares of ₹ 10/- each.

### Borrowings

During the year under review, your Company raised ₹ 70,000 Mn through issuance of Non-Convertible Debentures (NCDs) at face value of ₹ 1 Mn each on private placement basis. NCDs issued by the Company carry a coupon ranging from 7.57% to 8.12%. Further, the said NCDs have tenure of 5 years to 7 years and all the NCDs are listed on the WDM Segment of National Stock Exchange of India Limited.

The details of repayments / pre-payments of loans and deferred payment obligations towards Department of Telecommunications during the year are as under:

Scheduled Repayments:

- (i) Rupee Loans of ₹ 5,225 Mn;
- (ii) External Commercial Borrowing of USD 127 Mn; and
- (iii) Deferred Payment Liability amounting to ₹ 16,919 Mn.

Pre-payments:

- (i) Rupee Loans of ₹ 1,800 Mn; and
- (ii) Deferred Payment Liability amounting to ₹ 17,530 Mn.

In addition to this, an amount of USD 64 Mn External Commercial Borrowing was primarily refinanced for lowering the cost of borrowing and an amount of ₹ 11,100 Mn was borrowed and repaid in the form of Inter Corporate Deposit from Aditya Birla Telecom Ltd., a wholly owned subsidiary.

### Capital Expenditure

Your Company continues to expand its telecommunication infrastructure on 2G, 3G and 4G technology and Optical Fibre Cable (OFC) transmission backbone network (own and through IRU arrangements with other companies) along with building core subscriber and traffic capacities as required. Your Company's telecom network now offers its GSM services covering over 1 billion Indians in nearly 4,00,000 towns and villages. Further, your Company's mobile broadband services are now available to approximately 500 million Indians across nearly 1,00,000 towns and villages in 21 service areas.

During the Financial Year 2016-17, in addition to ₹ 130,569 Mn incurred for fresh spectrum procurement, the capital expenditure (including capital advances) incurred during the year was ₹ 77,653 Mn and ₹ 78,407 Mn at standalone and consolidated levels respectively.

### Significant Developments:

- Spectrum Auction – October, 2016**

Your Company participated in Spectrum Auction conducted by Department of Telecommunications (DoT) in October, 2016 and acquired 349.2 MHz of spectrum primarily to expand its broadband services coverage to Pan India and increase its broadband capacity in most of the circles, including 149.2 MHz (2x74.6 MHz) spectrum in FDD technology on 1800 MHz and 2100 MHz frequency bands and 200 MHz of capacity spectrum in TDD technology on 2300 MHz and 2500 MHz frequency bands, at an aggregate value of ₹ 128 billion, with less than 1% premium paid over the DoT reserve price. With this incremental spectrum purchase your Company has successfully completed its mobile broadband footprint across all 22 service areas in India to be used with 3G and 4G technologies and also acquired substantial capacity spectrum to meet future capacity needs for its ever growing 198 Mn quality customer base.

The circle wise spectrum acquired and total commitment is tabulated below:

Circle	Spectrum Won (in MHz)					Payout (₹ Mn)					Total
	FDD		TDD		Total (FDD*2+TDD)	1800	2100	2300	2500		
	1,800	2,100	2,300	2,500							
Andhra Pradesh	-	-	-	10.0	10.0	-	-	-	6,800	6,800	
Assam	5.0	-	-	10.0	20.0	2,000	-	-	200	2,200	
Bihar	5.0	5.0	-	10.0	30.0	3,100	4,300	-	600	8,000	
Gujarat	8.4	-	-	10.0	26.8	19,992	-	-	3,900	23,892	
Haryana	4.8	-	-	10.0	19.6	2,366	-	-	800	3,166	
Himachal Pradesh	0.6	-	-	10.0	11.2	96	-	-	100	196	
Jammu & Kashmir	5.0	-	-	10.0	20.0	650	-	-	100	750	
Kerala	-	-	10.0	10.0	20.0	-	-	1,757	1,608	3,365	
Madhya Pradesh	4.6	-	10.0	20.0	39.2	3,818	-	820	1,600	6,238	
Maharashtra	2.0	-	10.0	10.0	24.0	6,360	-	6,306	5,800	18,466	
Mumbai	-	5.0	-	-	10.0	-	23,050	-	-	23,050	
North East	-	-	-	10.0	10.0	-	-	-	100	100	
Odisha	-	-	-	10.0	10.0	-	-	-	400	400	
Punjab	2.0	-	-	-	4.0	1,540	-	-	-	1,540	
Rajasthan	5.0	5.0	-	10.0	30.0	4,595	7,000	-	600	12,195	
Uttar Pradesh (East)	-	5.0	-	10.0	20.0	-	5,500	-	900	6,400	
Uttar Pradesh (West)	7.2	-	-	10.0	24.4	7,222	-	-	1,200	8,422	
West Bengal	5.0	-	-	10.0	20.0	2,300	-	-	500	2,800	
<b>Total</b>	<b>54.6</b>	<b>20.0</b>	<b>30.0</b>	<b>170.0</b>	<b>349.2</b>	<b>54,039</b>	<b>39,850</b>	<b>8,883</b>	<b>25,208</b>	<b>127,980</b>	

### Deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet.

### Credit Rating

Your Company enjoys credit rating of 'CARE AA+' for its Long Term borrowings and Non-Convertible Debentures and CARE A1+ for its short term debt program. On the outlook front, CARE has assigned the outlook of 'Credit Watch with developing implications'. Additionally, Brickwork Ratings has assigned credit rating of "BWR AA+" with Stable Outlook for Non-Convertible Debentures amounting to ₹ 1,000 crore.

Post October, 2016 spectrum auction, your Company's overall spectrum holding has expanded to 891.2 MHz including 108 MHz on 900 MHz, 413.2 MHz on 1800 MHz, 160 MHz on 2100 MHz, 30 MHz on 2300 MHz and 170 MHz on 2500 MHz to be used for expanding coverage and capacity for Idea on 2G, 3G & 4G services using GSM, HSPA and LTE technologies respectively. The below table provides circle-wise and band-wise spectrum holding for your Company.

Service Areas	Idea Spectrum Holding										
	FDD				TDD			FDD (2x)* +TDD	GSM Broadband Carrier services		
	900	1800	2100	Total	2300	2500	Total		(2G)	3G	4G
Maharashtra	9.0	11.0	5.0	25.0	10.0	10.0	20.0	70.0	✓	2	5
Kerala	6.0	10.0	5.0	21.0	10.0	10.0	20.0	62.0	✓	1	5
Madhya Pradesh	7.4	11.6	5.0	24.0	10.0	20.0	30.0	78.0	✓	2	7
Uttar Pradesh (West)	5.0	9.4	5.0	19.4		10.0	10.0	48.8	✓	1	4
Gujarat	5.0	10.0	5.0	20.0		10.0	10.0	50.0	✓	1	4
Andhra Pradesh	5.0	6.0	5.0	16.0		10.0	10.0	42.0	✓	1	3
Punjab	5.6	10.0	5.0	20.6				41.2	✓	1	2
Haryana	6.0	10.8	5.0	21.8		10.0	10.0	53.6	✓	1	4
<b>8 Leadership Circle (Sub Total)</b>	<b>49.0</b>	<b>78.8</b>	<b>40.0</b>	<b>167.8</b>	<b>30.0</b>	<b>80.0</b>	<b>110.0</b>	<b>445.6</b>		<b>10</b>	<b>32</b>
Uttar Pradesh (East)		6.2	10.0	16.2		10.0	10.0	42.4	✓	1	3
Rajasthan		11.2	5.0	16.2		10.0	10.0	42.4	✓	1	3
Bihar		10.80	5.0	15.8		10.0	10.0	41.6	✓	1	3
Himachal Pradesh		9.8	5.0	14.8		10.0	10.0	39.6	✓	1	3
Delhi	5.0	8.6		13.6				27.2	✓	1	0
Mumbai		6.4	5.0	11.4				22.8	✓		1
Karnataka	5.0	6.0		11.0				22.0	✓		1
<b>7 Emerging Circle (Sub Total)</b>	<b>10.0</b>	<b>59.0</b>	<b>30.0</b>	<b>99.0</b>		<b>40.0</b>	<b>40.0</b>	<b>238.0</b>		<b>5</b>	<b>12</b>
Tamil Nadu		11.4		11.4				22.8	✓		1
Kolkata		5.0	5.0	10.0				20.0	✓	1	
West Bengal		11.4		11.4		10.0	10.0	32.8	✓		3
Odisha		10.0		10.0		10.0	10.0	30.0	✓		3
Assam		10.0		10.0		10.0	10.0	30.0	✓		3
North East		11.0		11.0		10.0	10.0	32.0	✓		3
Jammu & Kashmir		10.0	5.0	15.0		10.0	10.0	40.0	✓	1	3
<b>7 New Circle (Sub Total)</b>		<b>68.8</b>	<b>10.0</b>	<b>78.8</b>		<b>50.0</b>	<b>50.0</b>	<b>207.6</b>		<b>2</b>	<b>14</b>
<b>Total 22 Circle</b>	<b>59.0</b>	<b>206.6</b>	<b>80.0</b>	<b>345.6</b>	<b>30.0</b>	<b>170.0</b>	<b>200.0</b>	<b>891.2</b>	<b>22</b>	<b>17</b>	<b>57</b>

\*FDD spectrum consisting of uplink and downlink

5 MHz of paired FDD spectrum = 1 carrier, 10 MHz of unpaired TDD spectrum = 1.5 carrier.

- **Launch of Digital Idea**

On January 30, 2017 your Company announced its arrival into the digital world with launch of 3 new exciting Mobile Apps - Idea Music Lounge, Idea Movie Club and Idea Game Spark - giving birth to a "*Digital Idea*". The new suite of integrated Digital Apps provides one of the best ranges of entertainment content to your Company's 192 Million plus customer base. These Apps deliver world class user experience in domains that are 'telecom adjacencies' viz. Music, Movies, Live TV and Gaming. The *Digital Idea* movement will not only digitize our existing processes and strengthen them, but will also build the Company's capability for future marking first entry of Idea into internet based economy. Within first 60 days of introduction of digital entertainment applications around 1.5 million customers started to enjoy Idea's digital content services including approximately 5,50,000 customers on Idea Music App, around 2,75,000 customers on Idea Movie Club App and around 5,00,000 customers on Idea Game Spark App.

A growing percentage of Idea's existing customers prefer prepaid recharges, postpaid payments and product activations on the Company's digital channels and your Company remains committed to push online adoption even further, in line with our Prime Minister's Digital India vision. Your Company has been constantly driving Digital Enablement by augmenting the capabilities on its Website and simplifying '*My Idea*' mobile application. As on March 31, 2017, over 10 Mn Idea subscribers have installed '*My Idea*' mobile application for self-care and product purchases.

Similarly to keep pace with changing customer expectations and ensuring seamless customer experience at all times, your Company has embarked on '*Customer Experience Management*' and advanced analytics journey during the year. This enables delivery of a superior customer experience for mobile broadband and data services and proactive customer care practices through accurate diagnostics leading to higher up-time and an even higher satisfaction for its customers.

- **4G Launch**

Your Company now provides 4G services in 19 service areas, with 7 new service areas launched through 1800 MHz spectrum in Gujarat, Uttar Pradesh (West), Bihar, Rajasthan, West Bengal, Assam and Jammu & Kashmir and 1 service area of Uttar Pradesh (East) launched on 2100 MHz integrating spectrum acquired in October, 2016. Launch of 4G services in Mumbai service area is scheduled in Q1 FY18 through 2100 MHz frequency band. In the October, 2016 Spectrum Auction, your Company won 2\*54.6 MHz spectrum block in 1800 frequency band and 20 MHz in 2100 MHz frequency band including 4G LTE compatible contiguous blocks of 5 MHz in 9 service areas and 3G spectrum in 2 service

areas. Further in October 2016 auctions, your Company won additional capacity of 30 MHz in three service areas in 2300 MHz band and 170 MHz in 16 service areas in 2500 MHz band. As at end of March 2017, your Company provides 4G coverage to 272 million Indian population with 40,852 sites across 23,000 towns and villages. Post launch of 4G services in 9 new service areas and 3G in 2 new service areas, the broadband service offerings (3G / 4G) of your Company now covers 21 service areas on its own broadband spectrum, ~96.5% of Idea revenue and ~93.5% of Industry revenue (As per Q3 TRAI reported revenue) and more than 500 million Indians.

- **Paperless E-KYC Activations**

Taking the digital dream of our Honorable Prime Minister forward, your Company has enabled Aadhar Based Biometric new subscriber activations which not only benefit the customer with instant and paperless activation but also helps the economy by reducing carbon footprint. As on year end your Company had moved 85% prepaid activations to E-KYC activations and is targeting to reach 95% at the earliest.

- **Launch of FTTH services**

Your Company has ventured into Wireline broadband services to provide ultra-high speed broadband services at customers' home through FTTH (Fiber-to-the-home) technology. In the month of March, 2017, FTTH service was launched in select premium housing societies in the city of Pune with speeds ranging from 20 Mbps to 200 Mbps. This FTTH service is capable of delivering upto 1 Gbps speeds in near future. The new service is fully scalable to deliver multi-play product and services. This end-to-end fully underground OFC network in Pune, is also scalable to deliver multi-play product and services, as Idea's FTTH is integrated on its own. The expansion of FTTH services will be linked to business performance and experience from Pune. With this initiative, your Company endeavors to stay ahead and provide high speed internet access in the connected world with relevant products and services to cater to emerging market opportunities.

- **Merger of Idea Mobile Commerce Services Limited with Aditya Birla Idea Payments Bank Limited**

To comply with the Reserve Bank of India (RBI) guidelines on Payments Bank, Idea Mobile Commerce Services Limited (IMCSL), wholly owned subsidiary of the Company had filed a petition under section 391 to 394 of the Companies Act, 1956 with Hon'ble High Court of Delhi at New Delhi for its amalgamation with Aditya Birla Idea Payments Bank Limited (ABIPBL) an associate Company, which had also filed similar petition in the Hon'ble Bombay High Court. The Hon'ble High Court of Bombay and the Hon'ble High Court of Delhi at New Delhi have sanctioned the Scheme of Amalgamation vide

their orders dated December 9, 2016 and January 3, 2017 respectively. The said scheme of amalgamation is conditional to be effective upon receipt of certain approvals/ authorization from RBI. ABIPBL has received license from RBI to carry on Payments Bank business and has also received authorization to carry on PPI business. The business of IMCSL shall be folded into ABIPBL as and when ABIPBL is ready to commence its operations, for which permission is yet to be received from RBI.

- ***Distribution of assets with consequent reduction in share capital of Aditya Birla Telecom Limited, a wholly-owned subsidiary***

During the year, Aditya Birla Telecom Limited (ABTL), a wholly owned subsidiary of the Company, received approval of the Hon'ble High Court of Bombay for its application under section 100 of the Companies Act, 1956, for distribution of assets with consequent reduction in share capital held by P5 Asia. Pursuant to this, P5 Asia holds direct equity stake of 4.85% in Indus Towers Ltd. and their stake in ABTL is extinguished.

- ***Merger of Vodafone India Limited and Vodafone Mobile Services Limited with the Company***

The Board of Directors of your Company had at its Meeting held on March 20, 2017, approved merger of Vodafone India Limited (VIL) and Vodafone Mobile Services Limited (VMSL) with your Company (Idea). The said merger shall be subject to receipt of necessary approvals of shareholders and creditors, SEBI, Stock Exchanges, National Company Law Tribunal, the Competition Commission of India, Department of Telecommunications, Foreign Investment Promotion Board, Reserve Bank of India and other governmental authorities as may be required.

*Key Highlights of the Merger of VIL and VMSL with Idea are as under:*

- Entire business of VIL and VMSL (excluding VIL's investment in Indus Towers Ltd., and their certain international network assets and information technology platforms which will be disposed of prior to the merger being effective) will vest in the Company.
- Merged company shall be governed by the shareholders agreement. Both Vodafone Group and existing promoters of Idea shall exercise joint control in the merged company. Share exchange ratio considered for the purpose of merger scheme is consistent with recommendations of joint independent valuers.
- Post implementation of the composite scheme of amalgamation and arrangement under the

applicable provisions of the Companies Act, 2013, Vodafone Group and existing Promoters of Idea (i.e. Aditya Birla Group and its affiliates) will hold 45.1% and 26% of the equity share capital of the merged company, respectively and the balance 28.9% will be held by the public shareholders. With a view to equalizing the shareholdings of the Vodafone Group and existing Promoters of Idea over a period of time, the existing Promoters of Idea have the right to acquire upto 9.5% additional stake from Vodafone Group under an agreed mechanism. If Vodafone Group and the existing Promoters of Idea do not have equal shareholding by the expiry of the 4<sup>th</sup> year from completion of the amalgamation, Vodafone Group is obliged to reduce its holding in order to equalise its shareholding with that of the existing Promoters of Idea over the following 5 year period.

- Until equalization is achieved the additional shares held by Vodafone Group will be restricted and votes will be exercised jointly under the terms of the shareholder's agreement.
- Existing Promoters of Idea and Vodafone Group shall have the right to nominate 3 directors each. The Board will include Independent Directors as required under law;
- Existing Promoters of Idea have the sole right to appoint the Chairman. The appointment of the Chief Executive Officer and the Chief Operation Officer will require the approval of both the existing Promoters of Idea and the Vodafone Group. Vodafone Group has the right to appoint the Chief Financial Officer of the merged company;
- Certain critical matters of the merged company such as the issue of shares otherwise than on a rights basis, consolidation, subdivision or reclassification of share capital, liquidation, amendments to the constitutional documents, entry into related party transactions, change to the name or key brands or branding strategy of the company, etc. are subject to the affirmative consent of the existing Promoters of Idea and Vodafone Group; and
- The Combination of Idea and Vodafone will create the scale to meet customer's rapidly accelerating demand for data consumption and enable significant efficiencies. Run rate operating cost and capex synergies are expected to reach INR 140 billion on annual basis by the fourth full year post completion.

The Board of Directors of your Company believes that the proposed amalgamation will result in, amongst others, the following:

- Creation of largest Indian telecom operator with widest mobile network in the country and Pan India 3G / 4G footprint;

- Sufficient spectrum to compete in the market while offering innovative and attractively priced mobile service to customers;
- Acceleration of expansion of wireless broadband networks across India to deliver the Government of India's 'Digital India' mission;
- Substantial operating cost and capex synergies creating value for shareholders; and
- Leveraging the customer's affinity for both the existing brands.

### Awards and Recognitions

Some key awards and recognitions received by your Company are:

- Idea was voted by investors as one of the Top 10 Asia's Best Companies in 2017 in a poll conducted by Finance Asia magazine, in the categories of (i) Best CEO (ii) Best CFO (iii) Most Committed to Corporate Governance (iv) Best at CSR and (v) Best at Investor Relations.
- Idea won the ET Telecom Award 2017 for the 'Best Enterprise Mobility Service Provider' for Logistics Tracking Solution.
- Idea won the 'Golden Peacock Award' for Corporate Social Responsibility for being the best in CSR, among Indian Telecom Companies.
- Idea won Voice & Data Telecom Leadership Awards 2016 in the following categories: (i) CTO of the Year Award for the company's record breaking network rollout in 2016 (ii) Highest Subscriber Additions in 2016 in Maharashtra & Goa and Madhya Pradesh & Chhattisgarh circles (iii) Enterprise Business Award for Workforce Tracking Management Solution (iv) Customer Service Award for Centre Management System (v) VAS Award for USSD \*191# portal (vi) Marketing Award for Pooling product (vii) Internet & Broadband Award for Internet for All initiative Infrastructure Innovation Award for Telematics product on IOT by ICISL.
- Idea bagged the Business world Golden Cart Summit and Awards 2016 for India's most preferred brand in the category of 'Telecommunication Services'.
- Idea was recognized among 'Top 25 Best Companies to Work' in 2016 by Business Today.
- Idea won GSMA Chairman's Award for collectively enabling 'Mobile Connect' in India.
- Idea was ranked amongst the 'Buzziest Brands of the Year' in 2016 and rated among Top 3 Brands in 'Telecom' category by afaqs.

### New Initiatives

During the year under review, your Company together with its subsidiaries made extensive progress on the marketing and customer care front by entering into various alliances,

introducing various innovative products and services. Some of these are:-

- To announce launch of 4G services, your Company launched the "**Biggest Small Change**" campaign with a focus on upgrading customers from 2G/3G to 4G. The campaign leveraged the insight that for those who live online, a small change in technology could make a big impact on their online experience. 4G revolutionized the digital experience for consumers who could now make seamless video calls, stream videos on the go, play multiplayer games, watch movies in HD and stream all their favourite music on their mobile. This was a high decibel campaign across all mediums including TV, Radio, Outdoor and Digital, amongst others.
- Your Company has always been the pioneer in terms of propagating the use of mobile internet. Therefore, to get more customers online, your Company had to tackle the issue of internet relevance. The 'Get India Online' campaign encouraged existing Internet users to share free Internet benefits with non-Internet users and get more people into the data fold and share the advantages of being online. The campaign was truly innovative as it created a new currency for sharing. To support this product initiative, your company launched a communication campaign 'Internet for all'. Besides Television, this campaign was amplified via media integrations on Radio & Digital.
- After launching Idea 4G with the Biggest Small Change campaign, your Company democratized 4G in the "Reverse Migration" campaign to focus on the fact that 4G transcends all boundaries and is truly for everyone. One of the biggest issues India faces today is lack of opportunities in Rural and small town India. People leave the comfort of their homes and find shelter in already overcrowded cities impacting the lives of both the migrants & the residents, breaking up families, increasing the gap between the developments of the cities versus the development of the villages. Idea 4G was positioned as the new-age infrastructure that would bring opportunities to every Indian across the country and could bridge the gap between urban and rural India. With Idea 4G creating opportunities in villages, every village would now prosper like a city, thus creating a movement of "Reverse Migration" from urban to rural India.
- Your Company launched digital services with the launch of three unique apps, Music Lounge, Game Spark and Movie Club. Idea customers can now enjoy a host of entertainment services with these apps. As of March 31, 2017, around 1.5 million subscribers enjoy the new digital content services.
- Your Company launched Long term plans for subscribers that not only made Internet more affordable but also ensured long term engagement of customers. These packs came with the commitment of offering data at the rate of just ₹ 50/GB.

- Your Company introduced data pack offering 1GB/day for postpaid 4G handset users. This was a first of its kind offer with such a huge benefit to a large base of postpaid customers in India. The package was designed to catalyse data usage amongst existing customers and to attract more postpaid customers to the Idea network.
- For increased usage and adoption of 4G technology, your Company encouraged its customers to upgrade to a 4G Handset and 4G SIM with innovative offers. Upon upgrading to a 4G handset, customers got 10 GB data for the price of 1GB. Upon upgrading to a 4G SIM, 4G handset customers could get up to 4GB data free.
- Your Company initiated an engagement drive for MyIdea App; for checking the pack status and doing recharge Data users were incentivized through better benefits on recharge through MyIdea App. Subscribers were notified about offers that were tailor made for each subscriber. As a result of this initiatives within 3 months, App downloads increased by 9%, App recharge revenue increased by 6%, App active users increased by 18%.
- Your Company launched industry first offers with the most prominent and leading e-commerce players Flipkart and Amazon. Also Idea's website now partners with Amazon & Flipkart and offers handpicked popular handsets with propositions that bring significant value to customers and enhance 4G penetration.
- For Data users your Company launched 4G netsetter (dongle), Smart Wi-Fi hub and Home Wi-Fi, which are available at competitive price with compelling data plans at select Idea stores across the country.
- While working towards strengthening the digital economy, your Company became the first operator in India to introduce carrier billing on Google Play Store. Idea customers can now buy various apps, e-books, movies, music etc. available on Google Play Store by paying through their prepaid balance or postpaid bill.
- Your Company worked with GSMA and 5 other Indian operators for launching Mobile Connect - a secured way of authentication. Your Company became the first Indian operator to have a working customer facing app, by enabling mobile connect login in the MyIdea App.
- Your Company launched Opera games club service with Opera. Idea Games Club is a subscription based app distribution model. Once the user has subscribed to the service, user can download Games Spark app and get access to unlimited downloads of exceptional gaming content. The store contains premium content which has 4+ rating in Google play store.
- Idea now allows its net savvy customers to interact with customer care professionals online. Targeted to serve select high end Prepaid & Postpaid Customers, the Live Chat Solution is currently positioned to assist our "online users" during their Recharge, Bill Payment & Self Care through Idea Cellular website.
- Delivering superior customer experience is a key pillar of sustainable growth and profitability. To consistently deliver a high quality customer experience requires any organization to be completely Customer Centric. Your Company is committed to the philosophy of designing it's product and service offerings from the point of view of the customer. Your Company has been doing this through understanding and meeting customer expectations with help of various Feedback programs, direct VOC listening programs and in this year, launched a company-wide Hello Bosstomer program, aimed at harnessing the collective employee knowledge and ideation capabilities to devise actions towards improving customer experience and thereby, creating a true Customer-Centric culture across the company.
- Your Company also scaled up digital governance at My Idea stores. An app-based governance system was launched which can be used by field staff to track the stores and customer interactions leading to more active and real-time training need identification.

#### **Subsidiaries, Joint Ventures and Associates**

As on March 31, 2017, your Company has five subsidiary companies, one joint venture company and one Associate company, details whereof are as under:

#### *Subsidiaries*

- Aditya Birla Telecom Limited, is engaged in the trading of mobility devices and holds 11.15% shareholding in Indus Towers Limited (Indus) as on March 31, 2017.
- Idea Cellular Services Limited, provides manpower services to the Company.
- Idea Cellular Infrastructure Services Limited, is a tower Company owning telecom towers of your Company in all the 22 service areas.
- Idea Telesystems Limited, is engaged in the trading of mobility devices.
- Idea Mobile Commerce Services Limited (IMCSL) is engaged in operating Prepaid Payment Instruments in India. IMCSL is in the process of being amalgamated with ABIPBL. Business of IMCSL shall be folded into ABIPBL as and when ABIPBL is ready to commence its operations, for which permission is yet to be received from RBI.

#### *Joint Venture Company*

- Indus Towers Limited, in which Aditya Birla Telecom Limited (ABTL - a wholly-owned subsidiary of the Company) holds 11.15% stake, continues to be a joint venture with the Bharti Group and Vodafone Group and provides passive infrastructure services in 15 service areas. Following the direct stake by P5 Asia of 4.85%, the stake of ABTL in Indus stands at 11.15% from 16% held at the beginning of the year.

### Associate Company

- Aditya Birla Idea Payments Bank Limited (ABIPBL), is an Associate Company wherein your Company currently holds 9.84% of the equity capital and the balance is held by Aditya Birla Nuvo Limited. Upon merger of IMCSL with ABIPBL, your Company will ultimately hold 49% of the equity capital and balance 51% of the equity capital will be held by Aditya Birla Nuvo Limited. ABIPBL has received banking license for carrying on the business of Payments Bank from Reserve Bank of India (RBI) on 3<sup>rd</sup> April, 2017 and has also received an authorisation to carry on the business of Prepaid Payments Instrument business. ABIPBL is in the process of launching its operations commercially.

In accordance with the provisions contained in section 136(1) of the Companies Act, 2013 (Act), the Annual Report of the Company, containing therein its standalone and the consolidated financial statements are available on the Company's website [www.ideacellular.com](http://www.ideacellular.com).

Further, pursuant to the said requirement, the financial statements of each of the aforesaid subsidiary companies are available on the Company's website [www.ideacellular.com](http://www.ideacellular.com) and shall be available for inspection during business hours at the Registered Office of the Company. Any member who is interested in obtaining a copy of the financial statements may write to the Company Secretary at the Registered Office of the Company.

In terms of provisions contained in Section 129(3) of the Act, read with Rule 5 of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries and joint venture companies is provided as 'Annexure A' to this report.

### Consolidated Financial Statements

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements forms part of this Annual Report and shall also be laid before the ensuing Annual General Meeting of the Company. The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The consolidated financial statements for the financial year ended March 31, 2017 are the Company's first IND-AS compliant annual consolidated financial statements with comparative figures for the year ended March 31, 2016 also under IND-AS. The date of transition is April 1, 2015.

### Risk Management

In compliance with the requirements of regulations contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013, your Company has constituted a Risk Management

Committee, details whereof are set out in the Corporate Governance Report forming part of the Annual Report. Further, your Company has formally adopted a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

Your Company has a well-established Enterprise-wide Risk Management (ERM) framework in place for identification, evaluating and management of risks, including the risks which may threaten the existence of the Company. In line with your Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organized approach for evaluating and managing risks.

A detailed exercise is carried out to identify, evaluate, manage and monitor the risks. The Committee / Board periodically reviews the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework.

### Employee Stock Option Schemes

Your Company values its employees and is committed to adopt the best HR practices for rewarding them suitably. In this direction your Company had implemented the Employee Stock Option Scheme, 2006 (ESOS-2006) and Employee Stock Option Scheme, 2013 (ESOS-2013) and made grants to eligible employees under ESOS-2006 and ESOS-2013 from time to time.

During the year under review, in terms of ESOS-2013, the Nomination and Remuneration Committee has granted 4,16,033 Options at an exercise price of ₹ 110.45 per option and 1,61,869 Restricted Stock Units (RSU) at an exercise price of ₹ 10/- per RSU. Each Option is convertible into one Equity Share of the Company upon vesting and would vest in 4 equal annual installments after one year of the grant (subject to meeting performance targets) and shall be exercisable within a period of 5 years from the date of vesting. Further each RSU is convertible into one Equity Share of the Company upon vesting and all RSUs would vest at the end of 3 years from the date of grant and shall be exercisable within a period of 5 years from the date of vesting.

In terms of the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, the details of the Stock Options and Restricted Stock Units granted under the above mentioned Schemes are available on your Company's website [www.ideacellular.com](http://www.ideacellular.com).

A certificate from M/s. Deloitte Haskins & Sells LLP, Statutory Auditors, with respect to the implementation of the Company's Employee Stock Option Scheme(s), would be placed at the ensuing Annual General Meeting for inspection by the Members and a copy will also be available for inspection at the Registered Office of the Company.

### Internal Control Systems

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The internal controls cover operations, financial

reporting, compliance with applicable laws and regulations, safeguarding assets from unauthorised use and ensure compliance of corporate policies. Internal controls are reviewed periodically by the internal auditors, and are subject to management reviews with significant audit observations and follow up actions reported to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them in accordance with the changes in the business dynamics, if required.

### Human Resources

Your Company continues to be an Employer of Choice with robust hiring of high quality talent, high engagement scores, focus on development and effective retention of high potential employees.

Value based HR programs have enabled your company's HR team to be Strategic Partners for the Business. To keep pace with the evolving demands of the Mobility Business and the New Business Lines like Digital, HR has shifted focus to building capability in newer areas to be able to predict, diagnose, and take actions that will improve business performance. The Employee Engagement Scores continue to be high despite a great deal of volatility and disruption in the macro environment. This has resulted in your Company's ability to retain best talent.

Your Company has had continuous focus on Diversity and Inclusivity. Being an employer of choice your company has hired some of the best talent from premier Management and Engineering Colleges. In addition your company has laid stress to build a women friendly workplace by introducing various initiatives around hiring, development and progression of women employees in the organization.

Your Company has focused on identifying internal talent and nurture them through the culture of continuous learning and development, thereby building capabilities for creating future leaders. The efforts in efficient and effective talent development through internal capability deployment was recognized across industries when your company was awarded the Gold Category Award for the "Best Program for Sales Enablement" at the 5th edition of the Tata Institute of Social Sciences Leapvault CLO Awards- India in September 2016.

Your Company has also focused on continual process improvement through driving Six Sigma and Lean methodologies. These HR strategies have continued to have strong alignment with your Company's vision to successfully build and sustain Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

Your Company has demonstrated the qualities of a good Corporate citizen by investing in the area of Corporate Social Responsibility. Various innovative projects through which socio-economic challenges of under privileged community are

addressed were rolled out. In terms of outreach these have been extended to 14 states. Idea Cellular has been ranked 3rd amongst 271 companies for blending CSR with responsible growth by Economic Times. Your Company has also been bestowed the prestigious Golden Peacock Award by Institute of Directors for the year 2016.

### Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

### Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. Your Company continues to be compliant with the requirements of Corporate Governance as enshrined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). A Report on Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report. A certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, as stipulated in the Listing Regulations forms part of the Annual Report.

### Business Responsibility Report

As stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective is presented in a separate section forming part of the Annual Report.

### Corporate Social Responsibility

In terms of the provisions of section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance report, which forms part of this report.

Your Company has also in place a CSR Policy and the same is available on your Company's website <http://www.ideacellular.com/investor-relations/corporate-governance>.

During Financial Year 2016-17, the Company has spent ₹ 369.6 Mn towards CSR activities as against ₹ 731.9 Mn required to be spent during the financial year 2016-17. The Company during the year has gradually increased the CSR expense and the number of CSR projects being undertaken. The expense and the number of projects undertaken during the current financial year was around two times the amount

spent and projects undertaken during the previous year. The Company's key objective is to make a difference to the lives of the underprivileged and help bring them to a self-sustaining level and is committed to CSR engagement. We are increasing capacity of CSR team to take up more projects. As a socially responsible Company, we are committed to play larger role in India's sustainable development. The implementation has been acknowledged and awarded.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in 'Annexure B' forming part of this Report.

### Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 ('Act') the Directors, to the best of their knowledge and belief, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the financial position of the Company at the end of the financial year and of the financial performance and cash flows the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts were prepared on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Directors

In accordance with the provisions of the Companies Act, 2013, Mrs. Rajashree Birla and Dr. Shridhir Sariputta Hansa Wijayasuriya, retire from office by rotation, and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

During the year under review, Mr. R.C. Bhargava, an Independent Director resigned from the Board of your Company with effect from October 1, 2016 citing personal reasons for his resignation. Further, Mrs. Madhabi Puri Buch, an Independent Director, has also resigned from the Board of your Company with effect from April 3, 2017 citing her inability to continue to hold any directorships pursuant to her taking

up the position as Whole Time Member of SEBI. The Board places on record its sincere appreciation for the valuable guidance and contribution made by Mr. Bhargava and Mrs. Buch in the deliberations of the Board during their tenure as Independent Directors on the Board of Directors of the Company.

Further, based on recommendation of Nomination and Remuneration Committee, Mrs. Alka M. Bharucha (DIN: 00114067) was appointed as an Additional (Independent) Director, on the Board of your Company with effect from December 26, 2016. As per the provisions of Companies Act, 2013 she holds office upto the date of ensuing Annual General Meeting of the Company.

Additionally, based on recommendation of Nomination and Remuneration Committee, Mr. Baldev Raj Gupta (DIN: 00020066) was appointed as an Additional (Independent) Director, on the Board of your Company with effect from May 13, 2017. As per the provisions of Companies Act, 2013 he holds office upto the date of ensuing Annual General Meeting of the Company.

Your Company has received Notice under Section 160 of the Companies Act, 2013 together with requisite deposit from a member proposing appointment of Mrs. Alka Bharucha and Mr. Baldev Raj Gupta as Director(s) on the Board of your Company. Necessary resolution seeking approval of the members for appointment of Mrs. Alka Bharucha and Mr. Baldev Raj Gupta as director(s) has been incorporated in the Notice of the ensuing Annual General Meeting.

The Independent Directors have given the declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Brief profile of the directors proposed to be appointed/re-appointed are annexed to the Notice convening Annual General Meeting forming part of this Annual Report.

### Board Evaluation and Familiarization Programme

The Board has carried out the annual performance evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The manner in which the evaluation has been carried out has been provided in the Corporate Governance Report.

The details of programme for familiarization of Independent Directors of your Company is available on your Company's website [www.ideacellular.com](http://www.ideacellular.com).

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy on remuneration of Directors and Senior Management Employees. The remuneration policy is attached as 'Annexure C' to this report.

### Dividend Distribution Policy

The Board has in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulated Dividend Distribution Policy. This policy will provide clarity to the stakeholders on the dividend distribution framework of the Company. The Policy sets out various internal and external factors which shall be considered by the Board in determining the dividend payout. The dividend distribution policy is attached as 'Annexure I' to this report and is also available on the website of the Company [www.ideacellular.com](http://www.ideacellular.com).

### Board Meetings

During the year, seven meetings of the Board of Directors were held. The details of the meetings and the attendance of the Directors are provided in the Corporate Governance Report.

### Board Committees

Your Company has in place the Committee(s) as mandated under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are currently seven committees of the Board, namely:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee
- Finance Committee
- Securities Allotment Committee

Details of the Committees along with their charter, composition and meetings held during the year, are provided in the Corporate Governance Report, which forms part of this report.

### Audit Committee

Audit Committee currently comprises of Mr. Arun Thiagarajan as Chairman of the Audit Committee with other members being Ms. Tarjani Vakil, Dr. Shridhir Sariputta Hansa Wijayasuriya and Mrs. Alka M. Bharucha. Further details relating to the Audit Committee are provided in the Corporate Governance Report, which forms part of this report. Mrs. Madhabi Puri Buch ceased to be the member of the Committee with effect from April 3, 2017. Mrs. Alka M. Bharucha was inducted as a member of the Committee with effect from April 21, 2017.

### Key Managerial Personnel

In terms of the provisions of Section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Himanshu Kapania, Managing Director; Mr. Akshaya Moondra, Whole-time Director and Chief Financial Officer; and Mr. Pankaj Kapdeo, Company Secretary are the Key Managerial Personnel of the Company. They continue to hold the respective offices.

### Contract and Arrangements with Related Parties

During the year under review, the Company acquired 10,000 Equity Shares of face value of ₹ 10 each of Idea Cellular Infrastructure Services Limited (ICISL), a wholly owned subsidiary of the Company at an issue price of ~ ₹ 4,96,297 per Equity Share each, for consideration other than cash, against transfer of tower infrastructure undertaking by the Company to ICISL with approval granted by the Audit Committee and the board of directors at their respective meetings. All contracts/ arrangements/ transactions entered by the Company during the financial year with the related parties as detailed in Note no. 59 of the Standalone Financial Statements were in ordinary course of business and at an arm's length basis.

The related party transaction which can be considered material during the year is the existing arrangement with Indus Towers Limited (Indus), a joint venture of the wholly owned subsidiary of your Company which provides Passive Infrastructure services and related operations and maintenance services to various telecom operators in India, including your Company. Indus is currently one of the world's largest independent passive infrastructure providers. Your Company had entered into a Master Service Agreement (MSA) with Indus in 2008 for availing passive infrastructure services provided by them in certain service areas. The MSA requires individual tenancy service contracts to be executed for each passive infrastructure site, the terms of which vary depending on the location, type of site, number of existing tenants, etc. and contain lock in period for ensuring continuity. Such terms are similarly applicable to all other telecom providers having arrangement with Indus. The details of the material related party transaction with Indus for the Financial Year ended March 31, 2017 is provided in Form AOC-2, which is attached as 'Annexure D' to this report.

None of the related party transactions entered into by the Company were in conflict with the Company's interest. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. Member's approval for material Related Party Transaction, as defined under the Listing Regulations shall be obtained at the ensuing Annual General Meeting.

All Related Party Transactions are placed before the Audit Committee/Board, as applicable, for their approval. Omnibus approvals are taken for the transactions which are repetitive in nature. The Company has implemented a Related Party Transaction manual and Standard Operating Procedures for the purpose of identification and monitoring of such transactions. The details of the transactions with Related Parties are provided in the accompanying financial statements as required under Ind AS 24.

The policy on Related Party Transactions is uploaded on the Company's website [www.ideacellular.com](http://www.ideacellular.com).

### Particulars of Loans, Guarantees and Investments

As your Company is engaged in the business of providing infrastructural facilities, 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. The details of such loans made and guarantees given are provided in the standalone financial statements at Note no. 59. Particulars of investments made by the Company are provided in the standalone financial statements at Note nos. 9 and 13.

### Vigil Mechanism

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimization to those who avail of the mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism is available on your Company's website [www.ideacellular.com](http://www.ideacellular.com).

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are given to the extent applicable in 'Annexure E' forming part of this report.

### Particulars of Employees

Disclosures pertaining to remuneration and other details as required under section 197(12) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as 'Annexure F' to this report.

In accordance with the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company.

### Statutory Auditors

In terms of the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, an audit firm can hold office as statutory auditor for two terms of five consecutive years i.e. for a maximum period of ten years.

Further, as per the provisions of the Act, Company is required to comply with these provisions within three years from the commencement of the Act.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company in September, 2005 and were re-appointed at every Annual General Meeting (AGM) thereafter. As they have been in office for more than 10 years, in compliance with the provisions of the Act, the Company had to appoint a new auditor in their place by March 31, 2017. In terms of the shareholder's resolution passed at the 19<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> September, 2014, M/s Deloitte Haskins & Sells LLP shall hold office until the conclusion of the ensuing 22<sup>nd</sup> AGM.

The Board of Directors has at its Meeting held on February 11, 2017 recommended appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Firm Registration No. 101049W/E300004, as the new statutory auditors of the Company to hold office for one term of 5 years commencing from conclusion of the ensuing 22<sup>nd</sup> Annual General Meeting upto the Annual General Meeting of the Company to be held in calendar year 2022.

The Company has received a certificate from the Statutory Auditors to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Companies Act, 2013. Accordingly, the Board proposes appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as the statutory auditors of the Company in place of M/s. Deloitte Haskins & Sells LLP, to hold office from the conclusion of this AGM until the conclusion of the 27<sup>th</sup> AGM of your Company. Necessary resolution seeking approval of the members for appointment of new statutory auditors has been incorporated in the Notice convening the Annual General Meeting forming part of this Annual Report.

### Auditors' Report and Notes to Financial Statements

The Board has duly reviewed the Statutory Auditors' Report on the Financial Statements including the emphasis of matter relating to the one-time spectrum fee demand raised by the Department of Telecommunications in January, 2013. As explained in the Notes to the Financial Statements, the matter remains sub-judice and does not call for any further explanation/clarification under Section 134(3)(f) of the Companies Act, 2013.

### Cost Auditors

In conformity with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board on the recommendation of the Audit Committee has appointed M/s. Sanjay Gupta & Associates, Cost Accountants, as the Cost Auditors, to conduct the Cost Audit of your Company for the Financial Year ended March 31, 2017, at a remuneration as specified in the notice convening the Annual General

Meeting. The Cost Audit Report for the Financial Year 2016-17 will be placed before the Board at the next Meeting of Board of Directors.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders. Accordingly, the Board recommends the same for ratification by the shareholders at the ensuing Annual General Meeting.

#### Secretarial Auditor

In terms of the provision of the Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Umesh Ved & Associates, Company Secretaries, Ahmedabad, as the Secretarial Auditor for conducting the Secretarial Audit of your Company for the financial year ended March 31, 2017.

The report of the Secretarial Auditor is annexed to this report as 'Annexure G'. The secretarial audit report does not contain any qualification, reservation or adverse remark.

#### Extract of Annual Return

In terms of the provisions of Section 92 (3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 for the Financial Year ended March 31, 2017 is annexed herewith as 'Annexure H' to this report.

#### Other Disclosures

- There are no material changes and commitments affecting the financial position of your Company between end of financial year and the date of report.
- Your Company has not issued any shares with differential voting.
- There was no revision in the financial statements.

- Your Company has not issued any sweat equity shares.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.
- The number of complaints received during the Financial Year 2016-17, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, are available in the Business Responsibility Report which is part of this Annual Report.

#### Acknowledgement

Your Directors place on record their sincere appreciation to the Department of Telecommunications, Telecom Regulatory Authority of India, the Central Government, the State Governments, all its investors & stakeholders, bankers, technology providers, equipment suppliers, value added service partners, all the business associates and above all our subscribers for the co-operation and support extended to the Company. Your Directors also wish to place on record their deep appreciation to the employees for their hard work, dedication and commitment. The perseverance and unstinting efforts of the employees has enabled the Company to retain the 'Fastest Growing Indian Telecom Brand' within the sector.

**For and on behalf of the Board**

Place: Mumbai  
Date : May 13, 2017

**Kumar Mangalam Birla**  
Chairman

## Annexure 'A' to the Directors' Report

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

##### Part "A": Subsidiaries

₹ Mn

Sr. No.	Particulars	Name of the Subsidiary				
		Idea Cellular Services Limited	Idea Cellular Infrastructure Services Limited	Idea Telesystems Limited	Idea Mobile Commerce Services Limited	Aditya Birla Telecom Limited
1.	The date since when subsidiary was acquired	3.10.2007	3.10.2007	9.07.2002	1.03.2010	28.02.2007
2.	Reporting period	April - March	April - March	April - March	April - March	April - March
3.	Reporting Currency	INR	INR	INR	INR	INR
4.	Equity Share Capital	0.50	0.60	0.50	900.00	100.00
5.	Other Equity	8.43	6,622.76	191.01	(875.83)	63,430.48
6.	Total Assets	146.06	8,896.69	61.84	440.39	23.69
7.	Total Liabilities	137.13	3,071.83	45.61	521.15	16,390.17
8.	Investments other than investments in Subsidiary	-	798.50	175.28	104.93	79,896.96 #
9.	Turnover (Total Revenue)	1,571.60	7,635.18	358.21	113.15	4,963.03
10.	Profit / (Loss) Before Taxation	10.78	1,167.78	(47.41)	(590.25)	4,662.04
11.	Provision for Taxation	3.57	405.43	(0.14)	-	382.61
12.	Profit / (Loss) After Taxation	7.21	762.35	(47.27)	(590.25)	4,279.43
13.	Other Comprehensive Income / (Loss)	(1.73)	(2.46)	-	(0.98)	10,616.64
14.	Total Comprehensive Income / (Loss)	5.48	759.89	(47.27)	(591.23)	14,896.07
15.	Proposed Dividend	-	-	-	-	-
16.	% of Shareholding	100%	100%	100%	100%	100%

#### Notes:

- There were no subsidiaries which are yet to commence operations.
  - There were no subsidiaries liquidated during the Financial year 2016-17. However, Idea Mobile Commerce Services Limited (IMCSL), is in the process of being amalgamated with Aditya Birla Idea Payments Bank Limited (ABIPBL), an Associate Company. The business of IMCSL shall be folded into ABIPBL, upon receipt of authorization to carry on the business of Prepaid Payments Instruments in India (PPI) by ABIPBL from RBI.
- # Includes amount of Investment in Joint Venture as on March 31, 2017.

## Annexure 'A' to the Directors' Report (Contd.)

### Part "B": Associates and Joint Ventures

Sr. No.	Particulars	Name of Associate	Name of Joint Venture
		Aditya Birla Idea Payments Bank Limited <sup>§</sup> (ABIPBL)	Indus Towers Limited
1.	Last Audited Balance Sheet Date	March 31, 2017	March 31, 2017
2.	Date on which the Associate or Joint Venture was associated or acquired	February 19, 2016	December 8, 2007
	Number of Shares held by the Company as on March 31, 2017	13,433,360	132,868
	Amount of Investment in Joint Venture / Associate <sup>#</sup>	₹ 134.33 Mn	₹ 72,225.23 Mn
	Extent of holding %	9.84%	11.15%
3.	Description of how there is a significant influence	Refer Note 2 below	-
4.	Reason why the Joint Venture is not consolidated	N.A.	N.A.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet <sup>@</sup>	₹ 48.19 Mn	₹ 14,736.56 Mn
6.	Profit / (Loss) for the year		
	i. Considered in Consolidation	₹ (84.67) Mn	₹ 4,302.93 Mn
	ii. Not Considered in Consolidation	-	-
7.	Other Comprehensive Income / (Loss) for the year		
	i. Considered in Consolidation	₹ (1.47) Mn	₹ (4.35) Mn
	ii. Not Considered in Consolidation	-	-
8.	Total Comprehensive Income / (Loss) for the year		
	i. Considered in Consolidation	₹ (86.14) Mn	₹ 4,298.58 Mn
	ii. Not Considered in Consolidation	-	-

#### Notes:

1. There were no associates or joint ventures liquidated during the Financial Year 2016-17.

2. Significant influence by virtue of having directors on the board of ABIPBL.

§ Aditya Birla Idea Payments Bank Limited (ABIPBL) was incorporated on February 19, 2016. ABIPBL is yet to commence operations.

# Amount of investment in Joint Venture/Associate is based on the value of investments in the standalone financial statements of venturer / investor.

@ Represent our share of networth attributable to shareholding.

## Annexure 'B' to the Directors' Report

### Annual Report on Corporate Social Responsibility (CSR) Activities

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	To actively contribute to the social and economic development of the communities and build a better sustainable way of life for the weaker sections of society, through our meaningful engagement in the areas of Education, Health Care, Sustainable Livelihood, Infrastructure Development and Social Change. The Company's CSR policy can be accessed on the Company's website: <a href="http://www.ideacellular.com/corporate-governance">http://www.ideacellular.com/corporate-governance</a> .
2.	The composition of CSR Committee	(i) Mrs. Rajashree Birla, Chairperson (ii) Mr. P. Murari, Member (iii) Mr. Himanshu Kapania, Member (iv) Dr. Pragnya Ram, Group Executive President, Corporate Communications & CSR, Permanent Invitee
3.	Average Net Profits of the Company for last three financial years	₹ 36,596.92 Mn
4.	Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)	₹ 731.94 Mn
5.	Details of CSR Spent during the financial year - Total Amount to be spent for the financial year - Amount unspent, if any - Manner in which the amount spent during the financial year	₹ 731.94 Mn ₹ 362.28 Mn Details specified as under:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
1.	<b>Million Solar Urja Lamp</b> Providing support to assemble and distribute 1 lakh lamps across 3 states. The key activities include facilitating education by providing solar lamps to school children, capacity building of rural youth including women on solar technology, creating awareness on the importance of learning and capacity building through this project.	Education	i) Rajasthan ii) Bihar iii) Uttar Pradesh	38.00	26.60	26.60	IIT, Bombay

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
2.	<p><b>Mid-Day Meal Programme for School Children</b></p> <p>In the villages nutritional meals for children is a major area of concern. Given the poverty levels, children are not sent to schools. To ensure that parents educate children, we contributed to the mid-day meal programme. This ensures one nutritional meal to the school going children. More children attend school and the dropout rate has been significantly reduced. The project reaches out to 39,075 children in 9 locations spanning five states. Alongside, we create awareness among parents and children regarding nutritional food and sensitize school teachers and the administration as well on its benefits both on health and development of the brain.</p>	Education	<ul style="list-style-type: none"> <li>i) Gujarat (Ahmedabad, Vadodara, Surat)</li> <li>ii) Odisha (Cuttack, Bhubaneswar, Puri)</li> <li>iii) Rajasthan (Jaipur)</li> <li>iv) Uttar Pradesh (Lucknow)</li> <li>v) Karnataka (Bengaluru, Mysore)</li> </ul>	20.00	20.00	20.00	Akshaya Patra Foundation
3	<p><b>KHEL- Knowledge Hub for E-Learning</b></p> <p>KHEL is a project that fosters the development of multi-media lessons in the form of interactive games. These addresses curricular objectives and helps enhance learning capabilities of children. The learning is on a narrative pattern for primary and secondary classes. The project reaches out to 50 schools in three States impacting 7000 children.</p>	Education	<ul style="list-style-type: none"> <li>i) Maharashtra</li> <li>ii) Madhya Pradesh</li> <li>iii) Uttar Pradesh</li> </ul>	10.0	9.00	9.00	IIT Bombay & IIT Kanpur
4.	<p><b>Restoring Vision / Eye sight of 6666 Treatable partial Blind Persons</b></p> <p>This project is being implemented by the Vision Foundation and it aims at restoring eyesight of over 6666 visually impaired persons in remote areas in 8 States. The activities entail organizing eye camps, pre-examination, eye surgery and rehabilitation as well.</p>	Health	<ul style="list-style-type: none"> <li>i) Andhra Pradesh</li> <li>ii) Assam</li> <li>iii) Gujarat</li> <li>iv) Karnataka</li> <li>v) Maharashtra</li> <li>vi) Odisha</li> <li>vii) Rajasthan</li> <li>viii) West Bengal</li> </ul>	10.00	10.00	10.00	Vision Foundation of India

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
5.	<b>School Based Educational Intervention Program for Reduction of Future Risks of Cardio-vascular Diseases</b> Project aims at creating awareness about cardio-vascular diseases (CVD) among school going children, as well as improving knowledge, perception, awareness and practices related to CVD and their risk factors. The project is implemented in 2762 schools in 4 districts of West Bengal.	Health	West Bengal i) Kolkata ii) Burdwan iii) Howrah iv) Hooghly	5.06	3.03	3.03	Mission Arogya Health and Information Technology
6.	<b>Polio Non Recurrence Campaign Program</b> This project is undertaken on Pan India basis. This Project aims at ensuring the non-recurrence of polio in India. Its major activities involve organizing polio immunization camps, rallies and awareness generation among parents for polio vaccination and the need to have children from 0-5 years vaccinated on time.	Health	All States	68.00	68.00	68.00	Rotary Foundation (India)
7.	<b>Providing Drinking Water in Drought Affected Marathwada Region</b> Under this project Company distributed drinking water in four districts of Marathwada Region which were severely hit by drought. The project reached out to 11415 families. Drinking water was provided for around 45 days during the drought period. The key activities included identification of the most drought affected villages and distribution of drinking water etc.	Water and Sanitation	Maharashtra i) Latur ii) Aurangabad iii) Beed iv) Jalna	15.00	11.21	11.21	Direct
8	<b>Healthcare Support to Deaf Mute Children through Cochlear Implants</b> To help the deaf and mute to move out from their world of silence to the world of sound	Health	Maharashtra	16.42	15.41	15.41	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
	Company engaged with leading ENT surgeons for carrying the surgery on deaf mute children. Through surgery, doctors implant the cochlear device which restores sound and speech in the deaf and mute children after the operation through counselling and speech therapy. The project reached out to 21 deaf and mute children. The key activities included pre-operation counselling, pre-operative vaccines, MRI, surgery, rehabilitation etc.						
9	<b>MPOWER</b> This project aims at creating awareness about mental health among children and adolescents. The project reaches out to 1000 students and adolescents in Mumbai. The key activities include psychiatric support, counselling, guidance and organization of camps in schools, educational institutes, colleges etc.	Health	Maharashtra (Mumbai)	10.00	10.00	10.00	Aditya Birla Education Trust
10	<b>Village Social Entrepreneurs in Healthcare</b> Social health entrepreneurs, fostered by us provide economical diagnostic health test at one centre. The project outreach is in 100 locations in 20 districts in 4 States. The key activities include training of social entrepreneurs, conducting diagnostic test etc.	Health	i) Andhra Pradesh ii) Haryana iii) Kerala iv) Uttar Pradesh	21.00	14.70	14.70	Public Health Technologies Trust
11	<b>Set up Vocational Education and Training (VET) Centers</b> The VET centers operating in 6 States imparts training to youngsters in the age group of 18 to 30 years, who have dropped out from college or completed their Board level education. They are trained in sustainable and marketable skills for securing employment. The	Skill development and livelihood	i) Chhattisgarh (Raipur) ii) Maharashtra (Nagpur) iii) Gujarat (Vadodara) iv) Rajasthan (Udaipur) v) Madhya Pradesh (Bhopal)	160.00	160.00	160.00	GD Birla Medical Research & Education Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
	project reaches out to 1800 youngsters in 6 locations spanning in 6 States. The key activities include setting up vocational centre, identification of youth, imparting training, placement etc.		vi) Uttar Pradesh (Kanpur)				
12	<b>Roshini: Digital &amp; Economic Empowerment of women</b> Under this project women are trained to use of internet on mobile phone for services like healthcare, banking, education etc. They are being taught how to access key services and establish linkages with their economic activity. This project covers 300 rural women at 3 locations in 3 States. The key activities include identification of women, preparation of training modules, imparting training on topics related to day to day life etc.	Skill Development & Livelihood	i) Bihar (Samastipur) ii) Madhya Pradesh (Dhar) iii) Rajasthan (Newai)	3.57	1.86	1.86	Direct
<b>Project carried forward from previous Financial Year 2015-16</b>							
13.	<b>Construction of Household Toilets in Jammu &amp; Kashmir region</b> The construction of 2010 household toilets and sensitizing the community on the use of toilets in Jammu & Kashmir has now been completed.	Sanitation	Jammu & Kashmir	14.40	14.40	14.40	Rural Development Department, Govt. of Jammu & Kashmir
14.	<b>Rebuilding School Infrastructure for Flood affected Chennai Schools</b> Restoring 19 flood affected schools in Chennai, through rebuilding and supporting the school infrastructure, providing books and computers have been completed in July 2016.	Education	Tamil Nadu (Chennai)	0.17	0.17	0.17	Direct
15.	<b>Solar Urja Lamp for School Children to enhance learning</b> Providing support to assemble and distribute 3.25 lakhs in 25 rural blocks across 4 States.	Education	i) Madhya Pradesh (Mandla, Shahadol, Betul)	3.80	3.80	3.80	IIT, Bombay

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects/ Activity Identified	Sector in which the project is covered	Projects/ Programs: 1) Local Area/ others 2) Specify the State/District where the Project was Undertaken	Amount Outlay (budget) Project/ Program wise  (₹ Mn)	Amount spent on the Project/ Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads (₹ Mn)	Cumulative expenditure upto the reporting period  (₹ Mn)	Amount spent: Direct / through implementation agency
	The key activities include facilitating education through providing solar lamps to school children, capacity building of rural youth on solar technology, create awareness on the importance of learning and capacity building through this project. This is our ongoing project.		ii) Rajasthan (Banswara, Pratapgarh, Dungarpur) iii) Maharashtra (Nasik) iv) Odisha (Nabranagpur Koraput)				
	<b>Overheads</b>				0.97	0.97	
	Swachh Bharat Cess				0.51	0.51	
	<b>TOTAL</b>			<b>395.42</b>	<b>369.66</b>	<b>369.66</b>	

#### 6. Reason for not spending two percent of the average net profit of the last three financial years on CSR:

During FY 2016-17, the Company spent ₹ 369.66 Mn [₹ 349.82 towards 2016-17 projects; ₹ 18.36 Mn towards carried over of FY 2015-16 projects and ₹ 0.97 Mn towards others expense including Swachh Bharat Cess of ₹ 0.51 Mn] towards various CSR activities as mentioned above. The expense and number of CSR projects have increased. The expense was around twice the amount spent earlier. In the Financial Year 2015-16, we were engaged in 6 projects, which has doubled to 12 projects in the Financial Year 2016-17.

The Company's key objective is to make a difference to the lives of the underprivileged and help bring them to a self-sustaining level. There is a deep commitment to CSR engagement. We are increasing the capacity of our CSR team to take up more projects. As a socially responsible caring Company, we desire to play a larger role in India's sustainable development. That our projects make a difference has been recognized.

The Company has received accolades from Institute of Directors (awarded Golden Peacock awards), Economic Times & IIM Udaipur (ranked 3<sup>rd</sup> among 217 Companies for CSR), Ministry of New and Renewable Energy, IIT Bombay, CII, FICCI etc.

#### 7. A Responsibility Statement of the Corporate Social Responsibility Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company:

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

Date: May 12, 2017

**Rajashree Birla**  
Chairperson - CSR Committee

**Himanshu Kapania**  
Managing Director

## Annexure 'C' to the Directors' Report

### Remuneration Philosophy/Policy

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders. This Philosophy/Policy is outlined below:

#### Our business and organizational model

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

#### I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders. Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis.
2. Emphasize “Pay for Performance” by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

#### II. Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company.
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management.

#### III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the

differences in levels and medium of pay and build in as appropriate for decision making.

#### IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

#### V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool. We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long term incentive vehicles, to motivate and retain our executives.

#### VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

### **VII. Executive Benefits and Perquisites**

Our executives are eligible to participate in our broadbased retirement, health and welfare and other employee benefit plans. In addition to these broadbased plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

### **Other Remuneration Elements**

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances

of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

### **Risk and Compliance**

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

### **Claw back Clause**

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act, 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

### **Implementation**

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

## Annexure 'D' to the Directors' Report

### Form AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:**

1. Details of contracts or arrangements or transactions not at arm's length basis: None
2. Details of material contracts or arrangement or transactions at arm's length basis:

Particulars	Information
(a) Name(s) of the related party and nature of relationship	Indus Towers Limited (Indus) <i>[Joint Venture (By agreement) of wholly owned subsidiary]</i>
(b) Nature of contracts/ arrangements/ transactions	Master Service Agreement (MSA) for Passive Infrastructure services and related Operations & Maintenance services
(c) Duration of the contracts/arrangements/ transactions	The maximum term of each tenancy service contract executed for each passive infrastructure site under the MSA is 10 years, with either party having a right to terminate, subject to certain conditions.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Passive Infrastructure services are provided by Indus mainly on co-sharing basis for each Passive Infrastructure site, after obtaining necessary approvals, which enables the Company to deploy active equipment on sites for providing telecom services. The aggregate value of the transaction for FY 2016-17, towards availment of services from Indus is ₹ 40,615 Mn.
(e) Date(s) of approval by the Board, if any; and Audit Committee	Audit Committee : May 12, 2017 Board Meeting : May 13, 2017
(f) Amount paid as advances, if any	Nil

## Annexure 'E' to the Directors' Report

### Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014.

#### A. CONSERVATION OF ENERGY

With the second largest population in the world and a rapidly growing economy, India has the second largest wireless telecom market. Indian telecom industry has been able to penetrate well across the country, where even the grid has not been able to reach in more than half a century. As per license conditions, a telecom operator needs to maintain a network availability higher than 99.5%. Assured power 24x7 supply ranging from the load of 15 KW each is, therefore, a pre-requisite for any telecom tower site. One of the biggest challenges being faced now is power deficiency in most of the areas along with lack of power infra, while the focus of the telecom sector is on rural penetration. In this background, your Company, Idea Cellular Limited (Idea) as the fastest growing Indian Telecom operator, has been accelerating Pan India infrastructure spread and tapping all emerging opportunities in mobile voice and broadband business. While expanding the network infrastructure exponentially across the geography of India, Idea maintained the need for increasing energy efficiency and reducing energy consumption.

Accordingly, cost-effective energy-efficiency initiatives were deployed across all spectrum of network expansion in the last Financial Year. This includes, more emphasis on infrastructure-sharing, deployment of high efficient network hardware, replacement of high consuming hardware with more efficient telecom hardware, increasing the energy efficiency of existing installations etc.

#### (a) Steps taken or impact on conservation of energy:

During the year under review, several steps were taken for conservation of energy, some of which are listed below:

##### Networks

On the Network front, Idea continued to adopt environmentally sustainable practices in their transactions with the same foundational objectives laid down as part of Green Idea launched in 2013:

- Reduced Carbon Emissions at the existing & New Telecom Sites of Idea
- Adopt better battery hybrid solutions to reduce consumption
- Continue with the procurement of most energy efficient Telecom Hardware
- Encourage Infrastructure Provider partners to adopt low carbon operations

The initiatives undertaken are as below:

- Presently, 19% of Idea Owned telecom towers are operational with hybrid solutions resulting emission reduction by 36,373 tonnes.
- Over 67% of Idea's BTS portfolio - Outdoor BTS (25% reduction in Energy consumption compared to Indoor BTS).
- 5,458 indoor sites were converted to outdoor sites in FY17 resulting in reducing CO2 emissions of about 31,000 tons in addition to 10,497 sites converted till FY16 reducing cumulative carbon emissions by 61,000 tons.
- The tenancy ratio of Idea is about 2.8, which is highest in the country that further reduces the size of its carbon footprint.
- 100% of the telecom hardware procurement comprise of low power consuming telecom hardware.
- Energy optimization based on the usage of deep discharge battery solutions such as lithium ion batteries and flow batteries are being evaluated and inducted for site operations.
- RET based generation through PPAs, against Idea's consumption is approx 5 MW.

##### Data Centre

Your Company's Data Centre located at Hinjewadi, Pune is well under the "Efficient" category on Standard Parameter of PUE (Power Usage Effectiveness). Your Company measures the Energy efficiency of the Data Centre on an ongoing basis and the Average PUE is 1.82 (which falls under the "Efficient" Category). The following measures are being undertaken to reduce energy use and/or save energy and related emissions in your data centre:

- Water based Air cooled chillers have been used in the Data Centre to reduce energy consumption.
- Hot & Cold Aisle concept for better air circulation in Data Centre - Usage of Pro-curtain for separation of cold aisle and hot aisle for better cooling. Cold aisle containment implemented to increase HVAC efficiency, saving on energy consumption and to reduce related emissions.
- Active Floor based cooling system - directing the cool air to the area where it is required rather than flooding the entire Area.
- False Flooring & False Ceiling void for better cooling.
- Different Temperature zones to reduce air loss.

- Thermal Insulation along the flooring/ceiling to reduce heat dissipation.
  - Usage of Blanking panel in empty space of server Racks to reduce short cycling of cold air and hence for improved HVAC efficiency.
  - Usage of APFC to improve Power Factor in electrical distribution system and to reduce the energy consumption & Harmonics.
  - Usage of PAC (Precision Air Conditioner) - Non DX units (without compressor and HVAC gases).
  - Variable Frequency Drives (VFDs) have been installed in the data center's HVAC systems to automatically reduce the speed and power consumption of motors when there is lower system load.
  - Based on power audits and an extensive study of energy usage, various initiatives have been undertaken over the years to optimize the usage of electricity, such as:
    - Identification and rectification of hot spots
    - Optimization of lighting and AC usage
  - DAPC (Digital Active Power Conditioning) has been installed for Harmonic Distortion to avoid Power Losses, Protection of non-linear load and to improve Power Quality.
  - During Winter Season Chiller Optimization obtained by operating 3 Circuits of 2 Chillers in the night. By practicing this the data centre has achieved 140 KWH savings per hour while maintaining the desired DC Temp.
  - In PAC (Precision Air Conditioner), Blower FAN operates as per the Set Point Temp. Blower Fan's Maximum Rated Load is 3.2 KW on 100% Fan speed. It is running Blower Fan at 70% Speed which consume 1.6 KW without affecting the Cooling Requirement of the Data Centre.
  - VRV (Variable Refrigerant Volume) System are installed in office areas for office cooling. The VRV Systems are set to 24°C set point & scheduled for all office areas between 8:30 a.m. to 6:00 p.m. Apart from Workstation Area, the VRV System operates on need basis in Meeting Rooms and Cabins. Also on weekends VRV System operates on need basis only in areas where the actual staff is present.
  - Implemented LED lighting system in DC and some of the office floors and also office area lighting is scheduled from 8:30 a.m. to 7:00 p.m. and will be switched on need basis in areas where the actual staff is present after the office hours. By practicing this we are achieving power saving without compromising lux level in required office areas.
- consumption mix to include more renewable energy generators. The company's new Projects are conceptualized giving high priority to the energy efficient design. The company operates with lux levels below 300 and keeps a good mix of natural and artificial illumination for conserving energy.
- Your Company's office facilities have lighter surface colours and patterns which absorb less and contribute to better lighting. The company uses a combination of energy efficient CFL and LED lighting for illumination at our facilities. However new projects have all LED fittings.
  - In Air-conditioning space, your Company uses star rated BEE (Bureau of Energy Efficiency) certified air conditioners in our facilities. The company also uses VRV systems apart from the energy efficient chillier plants in your facilities.
  - Idea's Energy Management includes regular monitoring of energy consumption of different types of loads on a daily basis and helps the company to take corrective measures on an immediate basis. The company's average square feet consumptions have reduced over a period and match the benchmarks for office space.
  - Some of the other measures in the Company's office premises include:
    - Usage of Electronic ballasts instead of Copper ballasts for improved efficiency and reduction in energy consumption and emissions.
    - Usage of logic controlling for emergency lights. Automatically is set on during power failure.
    - VRV based Air conditioning is being used in office area instead of a centralized system.
    - Switching off all non-critical loads (office AC, lights, unused meeting rooms/cabins etc.) after working hours.
    - Switching off all FACADE lights near to outer glass of premises.
  - Your Company is replacing existing CFL based lighting fixtures to LED based fixtures on OPEX model for older facilities to achieve 100 percent conversion to lesser consumption loads.
  - All new facilities are being designed to conform to LEED certification standards. This will ensure lesser energy consumption per sq. ft. basis and also reduce the company's carbon footprint.

**(b) Steps taken by the Company for utilizing alternate sources of energy:**

The following initiatives have been undertaken by the Company, to utilize alternate sources of energy:

**Facilities**

- Your Company is working to reduce its Carbon footprint by adoption of newer technologies and changing the

- **Exclusive Solar solutions at over 1,200 sites:** Cumulative solar deployment is presently about 5.4 MW. Idea uses a unique vendor engagement model known as Energy Management Service (EMS) Provisioning where RET-based generation (Solar Energy) and site operation management is combined under one Master Services Agreement.
- **On-Site Solar implementation:** This project was initiated in FY15. A 25 KW Solar Plant was constructed on the roof of Idea Delhi MSC. Its operating smoothly delivering the objectives.
- **Off-Site Renewable Energy (RE) Deployment:** This concept was also initiated in FY15 based on Carbon abatement principle. In FY17-
  - 4 MW Solar PPAs signed in Andhra Pradesh (AP) Circle and Madhya Pradesh (MP) Circle with combined 4.9 Mn Solar Units generated neutralizing CO<sub>2</sub> emission of 3,975 tons.
  - 1 MW Wind PPS signed in Tamil Nadu Circle (TNC) with 1.7 million Wind units generated and neutralized Co<sub>2</sub> emissions of 1,398 tons.

There are plans underway in three other Circles to deploy a similar model where power from will be generated from a solar at a remote place and fed to grid. The credit generated from the solar plant will be used to offset the cost of energy elsewhere.

Some of the tangible outcome of above activities / initiatives include:

- **Reduction in Carbon Emission:**  
Co<sub>2</sub> emission reduction of about 36,373 tons have been achieved through Power Purchase Agreements and indoor to outdoor conversions.
- **Contributing to Greener Economy:**  
The DG running has been reduced by 4 hours per BTS, on an average, saving approximately 2 Million litres of diesel in FY17. Reduction in diesel consumption is contributing not only to greener economy but also to the national economy by reducing the use of subsidized diesel.

**(c) The capital investment on energy conservation equipment:**

The capital investment on energy conservation equipment was not material during the Financial Year ended March 31, 2017.

**B. TECHNOLOGY ABSORPTION**

**a) Efforts made towards technology absorption**

The Company owns and operates its telecom network Adaptation and Innovation using its own resources. The focus of the company has been to enhance its 3G and 4G data broadband connectivity across the country.

**b) Benefits derived like product improvement, cost reduction, product development or import substitution**

The cost of implementation of operations network is most optimal due to in-house handling of planning and designing. The speed to market was much better in terms of rural rollout and rollout of 3G and 4G sites due to strong in-house competency.

The Company owns and operates its telecom network Adaptation and Innovation using its own resources. Structured internal trainings are imparted to the team of engineers for their skill development and grooming.

**c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

No technology has been imported. However, telecom equipments are imported on an ongoing basis.

**d) Expenditure incurred on Research and Development (R&D)**

None

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Total foreign exchange used and earned for the year:

- (a) Total Foreign Exchange Earnings : ₹ 6,738 Mn
- (b) Total Foreign Exchange Outgo : ₹ 35,338 Mn

## Annexure 'F' to the Directors' Report

### Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 are as under:

Sr. No.	Name of Director / KMP and Designation	Remuneration for FY 2016-17 (₹ in Lacs)	% increase in Remuneration in FY 2016-17 <sup>5</sup>	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Kumar Mangalam Birla <i>Chairman &amp; Non-Executive Director</i>	3.30	-	0.42
2	Mrs. Rajashree Birla <i>Non-Executive Director</i>	3.60	-	0.46
3	Mr. Sanjeev Aga <i>Non-Executive Director</i>	5.90	-	0.76
4	Dr. Shridhir Sariputta Hansa Wijayasuriya <i>Non-Executive Director</i>	3.00	-	0.38
5	Mr. Arun Thiagarajan <i>Independent Director</i>	4.35	-	0.56
6	Ms. Tarjani Vakil <i>Independent Director</i>	8.55	-	1.10
7	Mr. P. Murari <i>Independent Director</i>	2.20	-	0.28
8	Mr. R.C. Bhargava <sup>1</sup> <i>Independent Director</i>	1.50	-	0.19
9	Mrs. Madhabi Puri Buch <i>Independent Director</i>	4.50	-	0.58
10	Mr. Mohan Gyani <i>Independent Director</i>	1.50	-	0.19
11	Mrs. Alka M. Bharucha <sup>2</sup> <i>Independent Director</i>	1.50	N.A.	0.19
12	Mr. Himanshu Kapania* <i>Managing Director</i>	934.18 <sup>#</sup>	13.3 <sup>^</sup>	119.77
13	Mr. Akshaya Moondra <sup>*3</sup> <i>Whole Time Director &amp; Chief Financial Officer</i>	233.34 <sup>@</sup>	12.0 <sup>^</sup>	29.92
14	Mr. Pankaj Kapdeo* <i>Company Secretary</i>	79.81 <sup>@</sup>	9.3 <sup>^</sup>	10.23

#### Notes:

(a) Remuneration of Non-Executive Director for financial year ended March 31, 2017 includes only sitting fees, as no commission was approved by the board for financial year ended March 31, 2017. However, Commission was paid to Non-Executive Directors for financial year ended March 31, 2016. Accordingly the percentage increase in remuneration of Non-Executive Directors is not shown in the above table.

(b) The remuneration of Employees and Key Managerial Personnel (KMPs) does not include perquisite value of stock options exercised during the Financial Year 2016-17.

\$ Based on Annualized Remuneration.

\* The remuneration includes variable pay for the financial year 2015-16, which was paid in the financial year 2016-17.

^ The value of performance linked incentive (PLI) considered represents incentive that will accrue at 100% performance level. For effective comparison, the PLI component of their remuneration for FY 2015-16 has also been considered at 100% performance level.

# The remuneration of Mr. Himanshu Kapania excludes perquisite value of stock options of ₹ 66.85 lacs exercised during the current financial year.

@ The remuneration of Mr. Pankaj Kapdeo excludes perquisite value of stock options of ₹ 3.02 lacs exercised during the current financial year.

@@ The remuneration of Mr. Akshaya Moondra excludes perquisite value of stock options of ₹ 144.22 lacs exercised during the current financial year.

<sup>1</sup> Mr. R.C. Bhargava ceased to be Director with effect from October 1, 2016.

<sup>2</sup> Mrs. Alka M. Bharucha was appointed as an Independent Director with effect from December 26, 2016.

<sup>3</sup> Mr. Akshaya Moondra was appointed as the Whole Time Director designated as Whole Time Director & Chief Financial Officer of the Company with effect from July 8, 2016.

**(ii) The percentage increase in the median remuneration of the employees of the Company for the Financial Year 2016-17:**

The median remuneration of the employees in the Financial Year 2016-17 was increased by 8%, as compared to the financial year 2015-16.

The Median Remuneration of Employees of the Company during the Financial Year 2016-17 was ₹ 7.80 Lacs.

**(iii) The number of permanent employees on the rolls of the Company:**

There were 11,784 permanent employees on the rolls of Company as on March 31, 2017.

**(iv) The explanation on the relationship between average increase in remuneration and company performance:**

In spite of the hyper-competitive scenario and availability of large scale free services from a new entrant, the mobile industry had witnessed unprecedented disruption in the second half of the financial year. As a result, the overall revenue of the Company for the Financial Year 2016-17 declined by 1%, as compared to the financial year 2015-16 and the EBIDTA registered a de-growth of 14%. However, the company responded to the changing market dynamics and improved its revenue market share from 18.6% (calendar year 2015) to 19.0% (calendar year 2016) and maintained its subscriber market share (on VLR) at 19.4%.

The average increase in the median remuneration of employees for the Financial Year 2016-17 is 8%. The average increase in median remuneration is in line with industry benchmark and performance of the Company.

**(v) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company:**

The total remuneration of Key Managerial Personnel increased by 12.8%. The overall revenue of the Company for the financial year 2016-17 declined by 1%, as compared to the financial year 2015-16 and the EBIDTA registered a de-growth of 14%. However, the company responded to the changing market dynamics and improved its revenue market share from 18.6% (calendar year 2015) to 19.0% (calendar year 2016) and maintained its subscriber market share (on VLR) at 19.4%.

**(vi) (a) Variations in the market capitalization of the Company:**

The market capitalization of the Company as on 31st March, 2017 was approx. ₹ 30,951 Crore as compared to approx. ₹ 39,677 Crore as on March 31, 2016, representing a decline of 22%.

**(b) Price Earnings Ratio:**

The Earnings Per Share for the current Financial Year 2016-17 is negative. However, the price earnings ratio of the Company as at March 31, 2016 was 15.2.

**(c) Percent increase over / decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer:**

The closing price of the Company's Equity Shares on NSE and BSE as of March 31, 2017 was ₹ 85.85 and ₹ 85.70 respectively, representing an increase of over 14% over IPO price (NSE).

**(vii) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2016-17 with the percentage increase in the managerial remuneration:**

The average increase in the remuneration of employees excluding KMPs during FY 2016-17 was 7.6% and the average increase in the remuneration of Key Managerial Personnel was 12.8%.

**(viii) The key parameters for the variable component of remuneration availed by the directors:**

Based on the recommendations of the Nomination and Remuneration Committee and as per the Remuneration Philosophy / Policy of the Company.

**(ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

None of the employees has remuneration more than the highest paid directors.

**(x) Affirmation that the remuneration is as per the remuneration policy of the Company:**

The remuneration of Directors was as per the Remuneration Policy of the Company.

## Annexure 'G' to the Directors' Report

### Secretarial Audit Report For the Financial Year ended on March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Members,  
Idea Cellular Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Idea Cellular Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of

Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Period)**.

- (vi) We have relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

The list of major head / groups of Acts, Laws and Regulations as applicable to the Company is as under:

1. Telecom Regulatory Authority of India Act, 1997 and the rules and regulations made thereunder.
2. Department of Telecommunication guidelines and License Agreements.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**We further Report That,**

*The Company has not appointed Small shareholders' director as given under section 151 of the Companies Act, 2013 read with Rule 7 of the Companies (Appointment and Qualification of Directors) Rules 2014, since the same is not mandatory.*

*CSR Expenditure during the year was below the limits as specified under provisions of Companies Act, 2013.*

*The Company has paid remuneration to its Managing Director, Mr. Himanshu Kapania in excess of limits specified in Section 197 of the Companies Act, 2013, read with Schedule V therein.*

**We further report that:**

Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance *except in one instance* wherein the shorter notice was consented by the Directors and a system exists for seeking and obtaining further information and clarifications on

the agenda items before the meeting and for meaningful participation at the meeting.

All decisions in the Board is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken event/ action having a major bearing in the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Umesh Ved  
Umesh Ved & Associates  
Company Secretaries  
C.P. No.: 2924**

Place: Ahmedabad  
Date : May 12, 2017

**Note :** This report to be read with our letter of even date which is annexed as **Annexure-A** and forms part of this report.

**Annexure A to the Secretarial Audit Report**

To,  
**The Members,  
Idea Cellular Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad  
Date : May 12, 2017

**Umesh Ved  
Umesh Ved & Associates  
Company Secretaries  
C.P. No.: 2924**

## Annexure 'H' to the Directors' Report

### Form No. MGT-9

#### Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

CIN	L32100GJ1996PLC030976
Registration Date	March 14, 1995
Name of the Company	Idea Cellular Limited
Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
Address of the Registered office and contact details	Suman Tower, Plot No. 18, Sector-11, Gandhinagar, Gujarat- 382 011 Tel : +91-79-66714000 Fax : +91-79-23232251 E-mail: shs@idea.adityabirla.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	M/s. Bigshare Services Private Limited E -2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai – 400 072 Tel: +91-22-2847 0652 / 4043 0200 E-mail: investor@bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business contributing 10% or more of the total turnover of the Company are given below:

Sr. No.	Name and Description of main products / services	NIC Code of the product/service*	% to total turnover of the Company
1	Wireless Telecommunication services	612	99.44%

\* As per National Industrial Classification - Ministry of Statistics and Programme Implementation

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address	CIN / Registration No.	Holding/ Subsidiary/ Associate Company/ Joint Venture	% of Shares held	Applicable Section
1	Idea Cellular Services Limited	Suman Tower, Plot No. 18, Sector 11, Gandhinagar-382 011	U74140GJ2007PLC051881	Subsidiary	100%	2(87)
2	Idea Cellular Infrastructure Services Limited	Suman Tower, Plot No. 18, Sector 11, Gandhinagar-382 011	U45208GJ2007PLC051880	Subsidiary	100%	2(87)
3	Idea Mobile Commerce Services Limited	7th Floor, Konnect Building, Bhavbhuti Marg, Near Minto Bridge, Connaught Place, New Delhi- 110 001	U32204DL2007PLC169599	Subsidiary	100%	2(87)
4	Idea Telesystems Limited	A-26/5, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi- 110 044	U74899DL1983PLC016517	Subsidiary	100%	2(87)
5	Aditya Birla Telecom Limited	Aditya Birla Centre, A Wing, S.K. Ahire Marg, Worli, Mumbai- 400 030	U64202MH2005PLC158190	Subsidiary	100%	2(87)
6	Aditya Birla Idea Payments Bank Limited	A4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai- 400 030	U65923MH2016PLC273308	Associate Company	9.84%	2(6)
7	Indus Towers Limited	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi- 110 070	U92100DL2007PLC170574	Joint Venture	11.15%	2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>1 Indian</b>									
(a) Individual/HUF	233,333	-	233,333	0.01	233,333	-	233,333	0.01	0.00
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	1,520,445,714	-	1,520,445,714	42.23	1,528,614,214	-	1,528,614,214	42.40	0.17
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>1,520,679,047</b>	<b>-</b>	<b>1,520,679,047</b>	<b>42.24</b>	<b>1,528,847,547</b>	<b>-</b>	<b>1,528,847,547</b>	<b>42.41</b>	<b>0.17</b>
<b>2 Foreign</b>									
(a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies corp	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>1,520,679,047</b>	<b>-</b>	<b>1,520,679,047</b>	<b>42.24</b>	<b>1,528,847,547</b>	<b>-</b>	<b>1,528,847,547</b>	<b>42.41</b>	<b>0.17</b>
<b>B. Public Shareholding</b>									
<b>1 Institutions</b>									
(a) Mutual Funds	56,995,828	-	56,995,828	1.58	66,654,990	-	66,654,990	1.85	0.27
(b) Banks/FI	4,518,072	-	4,518,072	0.13	6,316,855	-	6,316,855	0.18	0.05
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	3,350,000	-	3,350,000	0.09	3,350,000	-	3,350,000	0.09	0.00
(f) Insurance Companies	120,745,671	-	120,745,671	3.35	166,436,193	-	166,436,193	4.62	1.27
(g) FIIs	871,165,995	-	871,165,995	24.20	972,347,141	-	972,347,141	26.97	2.77
(h) Alternate Investment Funds-	-	-	-	-	3,527,022	-	3,527,022	0.10	0.10
(i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>1,056,775,566</b>	<b>-</b>	<b>1,056,775,566</b>	<b>29.35</b>	<b>1,218,632,201</b>	<b>-</b>	<b>1,218,632,201</b>	<b>33.81</b>	<b>4.46</b>
<b>2 Non-Institutions</b>									
(a) Bodies Corporate									
i) Indian	4,836,543	-	4,836,543	0.13	21,866,058	-	21,866,058	0.61	0.48
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	45,754,800	3,959	45,758,759	1.27	65,982,066	3694	65,985,760	1.83	0.56
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9,077,472	-	9,077,472	0.25	17,486,998	-	17,486,998	0.49	0.24

## i) Category-wise Shareholding (Continued)

Category of shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c) Others									
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Foreign Companies	957,000,543	-	957,000,543	26.58	712,000,543	-	712,000,543	19.75	-6.83
Non-resident Indians	2,176,897	5,000	2,181,897	0.06	2,729,571	5,000	2,734,571	0.08	0.02
Trust	978,856	-	978,856	0.03	8,150,967	-	8,150,967	0.23	0.20
Clearing Members	3,220,695	-	3,220,695	0.09	29,623,586	-	29,623,586	0.79	0.70
<b>Sub-total (B)(2)</b>	<b>1,023,045,806</b>	<b>8,959</b>	<b>1,023,054,765</b>	<b>28.41</b>	<b>857,839,789</b>	<b>8,694</b>	<b>857,848,483</b>	<b>23.78</b>	<b>-4.63</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2,079,821,372</b>	<b>8,959</b>	<b>2,079,830,331</b>	<b>57.76</b>	<b>2,076,471,990</b>	<b>8,694</b>	<b>2,076,480,684</b>	<b>57.59</b>	<b>-0.17</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>3,600,500,419</b>	<b>8,959</b>	<b>3,600,509,378</b>	<b>100.00</b>	<b>3,605,319,537</b>	<b>8,694</b>	<b>3,605,328,231</b>	<b>100.00</b>	

## ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year <sup>(*)</sup>
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Aditya Birla Nuvo Limited	837,526,221	23.26%	-	837,526,221	23.23%	-	-0.03%
2	Birla TMT Holdings Pvt. Ltd.	283,565,373	7.88%	-	283,565,373	7.87%	-	-0.01%
3	Hindalco Industries Limited	228,340,226	6.34%	-	228,340,226	6.33%	-	-0.01%
4	Grasim Industries Limited	171,013,894	4.75%	-	171,013,894	4.74%	-	-0.01%
5	Pilani Investment and Industries Corporation Limited	-	0.00%	-	8,168,500	0.23%	-	0.23%
6	Mr. Kumar Mangalam Birla	233,333	0.01%	-	233,333	0.01%	-	0.00%
<b>Total</b>		<b>1,520,679,047</b>	<b>42.24%</b>	<b>-</b>	<b>1,528,847,547</b>	<b>42.41%</b>	<b>-</b>	<b>0.17%</b>

Note: # During the year under review, M/s. Pilani Investment and Industries Corporation Limited, a part of the Promoter Group, acquired 8,168,500 equity shares of ₹ 10 each through open market purchases. There is no change in the actual number of shares held by the other promoters. Change in percentage of total promoter shareholding from 42.24% to 42.41% is due to acquisition of shares by Pilani Investment and Industries Corporation Limited and also due to ESOS allotment of 4,818,853 Equity Shares.

## iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	1,520,679,047	42.24%	1,520,679,047	42.24%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	During the year under review, M/s. Pilani Investment and Industries Corporation Limited, a part of the Promoter Group, acquired 8,168,500 equity shares of ₹ 10 each through open market purchases. There is no change in the actual number of shares held by the other promoters. Change in percentage of total promoter shareholding from 42.24% to 42.41% is due to acquisition of shares by Pilani Investment and Industries Corporation Limited and also due to ESOS allotment of 2,489,133 Equity Shares.			
At the end of the year	1,528,847,547	42.41%	1,528,847,547	42.41%

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Change in shareholding (No. of shares)		Shareholding at the end of year	
		No. of shares	% of total shares of the company	Bought during the year	Sold during the year	No. of shares	% of total shares of the company
1	Axiata Investments 1 (India) Limited	464,734,670	12.91	-	-	464,734,670	12.89
2	Axiata Investments 2 (India) Limited	247,265,873	6.87	-	-	247,265,873	6.85
3	P5 Asia Investments (Mauritius) Ltd. <sup>@</sup>	245,000,000	6.80	-	245,000,000	-	0.00
4	First State Investments ICVC -Stewart Investor (Formerly National Westminster Bank Plc As Depository Of First State Asia Pacific Leaders Fund A Sub Fund Of First State Investments ICVC)	112,515,369	3.13	120,828,617	116,671,993	116,671,993	3.23
5	Europacific Growth Fund <sup>@</sup>	78,737,011	2.19	102,284,373	177,204,278	3,817,106	0.11
6	ICICI Prudential Life Insurance Company Ltd.	69,345,936	1.93	274,840,913	231,542,439	112,644,410	3.12
7	Vanguard International Growth Fund	53,399,872	1.48	52,437,143	62,614,377	43,222,638	1.20
8	Parvest Equity India <sup>@</sup>	51,500,000	1.43	40,547,688	86,452,688	55,95,000	0.15
9	First State Investments ICVC -Stewart Investor (Formerly National Westminster Bank Plc As Depository Of First State Global Emerging Markets Leaders Fund A Sub Fund Of First State Investments I)	41,094,757	1.14	48,426,054	43,902,026	45,618,785	1.27
10	Goldman Sachs India Limited <sup>\$</sup>	-	0.00	45,425,515	-	45,425,515	1.26
11	Morgan Stanley Mauritius Company Limited <sup>\$</sup>	694,753	0.02	42,176,354	11,013,368	31,857,739	0.88
12	Franklin Templeton Investment Funds <sup>\$</sup>	-	0.00	40,980,796	12,980,796	28,000,000	0.77
13	Citigroup Global Markets Mauritius Private Limited <sup>\$</sup>	1,827,668	0.05	33,874,523	11,689,440	24,012,751	0.67
14	International Finance Corporation <sup>@</sup>	23,240,873	0.65	23,240,873	34,860,873	11,620,873	0.32

## Notes:

- 1 The above information is based on the weekly beneficiary position received from Depositories. As it is not feasible to provide daily changes in shareholding, consolidated changes during the financial year 2016-17 has been provided.
- 2 Date wise increase / decrease in shareholding of the top ten shareholders is available on the Company's website [www. ideacellular.com](http://www.ideacellular.com).
- @ Not there in the list of top ten shareholders as on March 31, 2017. Same has been reflected above as the respective shareholder was one of the top ten shareholder as on April 1, 2016.
- \$ Not there in the list of top ten shareholders as on April 1, 2016. Same has been reflected above as the respective shareholder was one of the top ten shareholder as on March 31, 2017.

## v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/Decrease during the year	Reasons	Cumulative Shareholding during the year / Shareholding at the end of year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>A Directors</b>								
1	Mr. Kumar Mangalam Birla	233,333	0.01	April 1, 2016 March 31, 2017			233,333	0.01
2	Mr. Arun Thiagarajan	7,700	0.00	April 1, 2016 March 31, 2017			7,700	0.00
3	Ms. Tarjani Vakil	147	0.00	April 1, 2016 March 31, 2017			147	0.00
4	Mr. Sanjeev Aga	235,000	0.01	April 1, 2016 September 12, 2016 March 31, 2017	15,000	Market Purchase	250,000 250,000	0.01 0.01
5	Mr. Himanshu Kapania	364,375	0.01	April 1, 2016 March 25, 2017 March 31, 2017	70,000	Shares allotted under ESOP	434,375 434,375	0.01 0.01
6	Mr. Akshaya Moondra	130,500	0.00	April 1, 2016 March 25, 2017 March 31, 2017	146,944	Shares allotted under ESOP	277,444 277,444	0.01 0.01
<b>B. Key Managerial Personnel</b>								
1	Mr. Pankaj Kapdeo	34,577	0.00	April 1, 2016 May 26, 2016 July 26, 2016 March 31, 2017	7,500 5,188	Market Sale Shares allotted under ESOP	27,077 32,265 32,265	0.00 0.00 0.00

**Notes:**

1. Apart from above mentioned Directors, no other directors hold any shares in the Company.
2. Shares held singly or as first holder only considered.

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

₹ Mn

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	51,345	354,068	-	405,413
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	452	23,092	-	23,544
<b>Total (i+ii+iii)</b>	<b>51,797</b>	<b>377,160</b>	<b>-</b>	<b>428,957</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	57,214	173,116	-	230,330
• Reduction	20,491	59,710	-	80,201
<b>Net Change</b>	<b>36,723</b>	<b>113,406</b>	<b>-</b>	<b>150,129</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	88,322	462,213	-	550,535
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	198	28,353	-	28,551
<b>Total (i+ii+iii)</b>	<b>88,520</b>	<b>490,566</b>	<b>-</b>	<b>579,086</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ Mn

Sr. No.	Particulars of Remuneration	Mr. Himanshu Kapania (Managing Director)	Mr. Akshaya Moondra <sup>#</sup> (Whole Time Director & CFO)
1	Gross Salary		
	a. Salary as per provisions contained in u/s 17(1) of the Income Tax Act, 1961	87.95	18.65
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961 <sup>@</sup>	3.24	0.33
	c. Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-
2	Stock Options <sup>@</sup>	6.69	14.42
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- other, specify	-	-
5	Others (Retiral Benefits)	2.22	0.41
<b>Total (A)</b>		<b>100.10</b>	<b>33.81</b>
<b>Ceiling as per the Act<sup>@@</sup></b>		<b>69.92</b>	<b>52.44</b>

## Note:

# Mr. Akshaya Moondra was appointed as a Whole Time Director w.e.f. July 8, 2016. The above details are for the period July 8, 2016 to March 31, 2017.

@ Value of perquisites u/s 17(2) of the Income Tax Act, 1961 does not include perquisite value of ₹ 6.69 Mn, towards stock options exercised by Mr. Himanshu Kapania and ₹ 14.42 Mn towards stock options exercised by Mr. Akshaya Moondra during FY 2016-17. The same has been shown separately in point no. 2.

@@ Based on Effective Capital as per Schedule V of the Companies Act, 2013.

## B. Remuneration to Non-Executive Directors including Independent Directors:

₹ Mn

Name of Director	Fee for attending Board/ Committee meetings	Commission	Total Amount
<b>Independent Directors</b>			
Mr. Arun Thiagarajan	0.44	-	0.44
Mr. Mohan Gyani	0.15	-	0.15
Ms. Tarjani Vakil	0.86	-	0.86
Mr. R. C. Bhargava <sup>1</sup>	0.15	-	0.15
Mr. P. Murari	0.22	-	0.22
Mrs. Alka M. Bharucha	0.15	-	0.15
Mrs. Madhabi Puri Buch	0.45	-	0.45
<b>Total (B1)</b>	<b>2.42</b>	<b>-</b>	<b>2.42</b>
<b>Non-Executive Directors</b>			
Mr. Kumar Mangalam Birla (Chairman)	0.33	-	0.33
Mrs. Rajashree Birla	0.36	-	0.36
Mr. Sanjeev Aga	0.59	-	0.59
Dr. Shridhir Sariputta Hansa Wijayasuriya	0.30	-	0.30
<b>Total (B2)</b>	<b>1.58</b>	<b>-</b>	<b>1.58</b>
<b>Total (B) = (B1) + (B2)</b>	<b>4.00</b>	<b>-</b>	<b>4.00</b>
<b>Total ceiling as per the act</b>		<b>Sitting Fees paid is within the limits specified under the Companies Act, 2013</b>	

## Note:

1. Mr. R.C. Bhargava ceased to be Director of the Company with effect from October 1, 2016.

## C. Remuneration to Key Managerial Personnel other than Managing Director / Whole-time Directors / Manager:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		₹ Mn
		Mr. Akshaya Moondra Chief Financial Officer <sup>#</sup>	Mr. Pankaj Kapdeo Company Secretary	Total Amount
		1	Gross Salary	
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3.74	7.53	11.27
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961 <sup>@</sup>	0.09	0.04	0.13
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Options <sup>@</sup>	-	0.30	0.30
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- other, specify	-	-	-
5	Others (Retiral Benefits)	0.12	0.40	0.52
	<b>Total</b>	<b>3.95</b>	<b>8.27</b>	<b>12.22</b>

**Note:**

# Mr. Akshaya Moondra was appointed as a Whole Time Director w.e.f. July 8, 2016. The above details are for the period April 1, 2016 to July 7, 2016.

@ Value of perquisites u/s 17(2) of the Income Tax Act, 1961 does not include perquisite value of ₹ 0.30 Mn, towards stock options exercised by Mr. Pankaj Kapdeo during FY 2016-17. The same has been shown separately in point no. 2.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

## Annexure 'I' to the Directors' Report

### Dividend Distribution Policy

This policy applies to the distribution of dividend by Idea Cellular Limited ('the Company') in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 1.0 Introduction

- 1.1 As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy.
- 1.2 The objective of this policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

#### 2.0 Target Dividend Payout

- 2.1 As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy.
- 2.2 Dividend will be declared out of the current year's Profit after Tax of the Company.
- 2.3 Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.
- 2.4 'Other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains / losses, will not be considered for the purpose of declaration of dividend.
- 2.5 The Board will endeavor to achieve a dividend payout ratio (gross of dividend distribution tax) in the range of 5% to 25% of the Standalone Profit after Tax, net of dividend payout to preference shareholders, if any.

#### 3.0 Factors to be considered for Dividend Payout

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividend:

- Stability of earnings
- Cash flow position from operations
- Future capital expenditure, inorganic growth plans and reinvestment opportunities
- Industry outlook and stage of business cycle for underlying businesses
- Leverage profile and capital adequacy metrics
- Overall economic/regulatory environment
- Contingent liabilities
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

#### 4.0 General

Retained earnings will be used for the Company's growth plans, working capital requirements, debt repayments and other contingencies.

#### 5.0 Review

This policy would be subject to revision / amendment on a periodic basis, as may be necessary.

#### 6.0 Disclosure

This policy (as amended from time to time) will be available on the Company's website and in the annual report.

# Management Discussion And Analysis Report

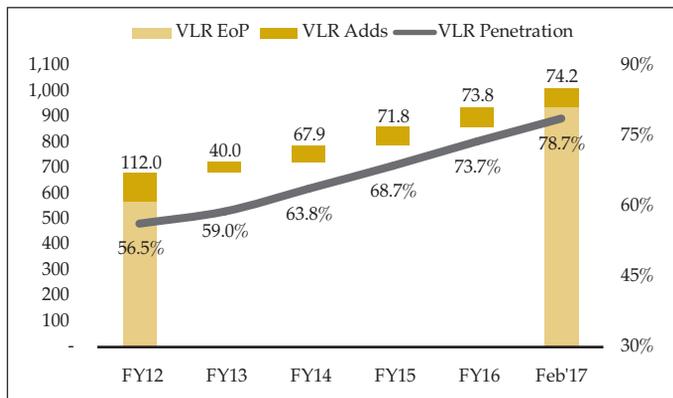
## Indian Wireless Sector

The financial year 2016-17 (FY17) was a period marked with the several challenges emanating from introduction of large scale free services by a new entrant, creating unforeseen disruption in the sector and resulted in, for the first time, in the history of the sector, a year on year revenue decline. These free services on one hand transformed the sector with data traffic volumes growing significantly, forcing operators to commit significant investments, both in spectrum and networks, in order to remain competitive. However, on other hand, declining revenues and profitability had severely impacted the ability of most of the operators to commit large investments towards long term value creators. This paradoxical scenario of large investment requirement coupled with negative return forced operators to combine their operations or exit from the market, as evident from announcement of various deals among operators.

On subscriber front, India, the second largest wireless market across globe, continued its leadership position, in terms of new subscriber additions, for the third year in a row. The Indian wireless Industry added ~131 million subscriber during the 11 months period from April 2016 to February 2017, surpassing the net subscriber addition in world's largest wireless market of China. The total reported subscriber base reached to 1.16 billion as of February 2017.

The VLR subscriber addition during the period from April, 2016 to February, 2017 stands at 74.16 million, taking the VLR subscriber base to 1.01 billion as of February 2017 and VLR to Reported subscriber ratio to 86.8%.

### Industry Subscriber Additions (on VLR)

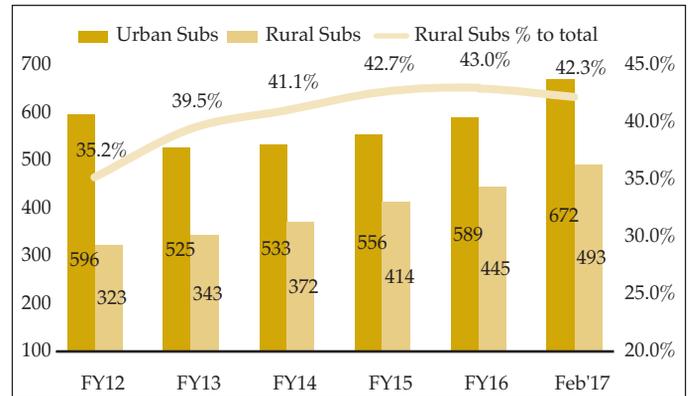


The VLR subscriber penetration is still at around 78.7%, against penetration of around 90.7% based on reported subscribers, far below global average, indicating new subscriber growth will continue for few more years.

The large proportion of the new subscriber continue to be added from rural India, natural strength of Idea Cellular. Over the period of last five years (from March 2012 to Feb 2017), the rural subscriber base has expanded exponentially, from 323 million in FY12 to 493 million as of February 2017, an addition of 169 million customers, in comparison to an addition of 76 million urban subscribers taking the Urban subscriber base to 672 million as on February 2017 in comparison to 596 million subscribers in FY 2012.

Inspite of rapid expansion in rural subscriber base, the rural penetration is still at a relative low level of 55.9% indicating the strong new subscriber growth potential from the rural market, which is the stronghold of Idea Cellular. On an overall basis for Idea 55.4% of the company EoP subscriber base of 193 million is from rural and deep hinter land markets, highest % across all industry operators as per TRAI release.

### Industry Subscriber - Rural Urban split (on EoP)



The low rural subscriber penetration augurs well for the expected robust subscriber growth in future.

The Indian wireless broadband industry (>512 kbps) subscriber base has increased to 243.13 Mn as of February, 2017, an addition of 110.36 Mn subscribers in one year; reflecting a solid growth of 83.1%. The wireless broadband subscriber penetration (of reported Industry overall subscribers) improved from 12.8% as of March, 2016 to 20.9% as of February, 2017, which is among the lowest wireless broadband penetration in the world. With massive rollout of high speed broadband services on 3G and 4G, falling entry prices for smartphone, affordable mobile data rates and range of Digital Applications, Content and Services, India is on the cusp of a major wireless broadband adoption cycle across all demographic segments of population.

The wireless internet penetration still remains low at 32.8% even post addition of 58 Mn internet subscribers between December 2015 to December 2016 (TRAI performance indicator report).

Given a very low fixed line penetration of 1.9% in India, internet adoption through wireless remains the only option for the subscriber to experience the world of internet.

The foundation of a Pan India 'Digital India' is being laid with Ubiquitous 3G & 4G coverage and World's lowest Mobile Data tariffs after lowest Mobile Voice Tariffs which catapulted India to the 2nd largest Mobile Market in the world. It is inevitable that Internet Access will be democratized in India. Wireless Broadband usage is slowly but surely moving from 'Elite' and 'Knowledge Worker' represented by Urban Youth to mass market attracting all socio economic segments like small businesses, housewives, senior citizens and shopkeepers etc and all geographical segments across Metro, Small towns and Rural areas.

## Discussion on Idea's Operational Performance and Consolidated Financial statements

### Mobile Business

Your Company provides GSM-based mobile telecommunications services in all 22 Service Areas of India. Further, post the spectrum auction in October 2016, Your Company has completed pan India Broadband Spectrum footprint. Your Company now owns 3G spectrum in 15 Service areas and 4G spectrum in 20 Service areas out of 22 Service Areas.

The 3G services of your company are available in 21 service areas (except Odisha), including intra-circle roaming arrangements with other mobile telecommunications service providers. Further, your Company has moved fast and launched 4G services in 19 service areas over last 17 months, with scheduled launch of 4G services in Mumbai circle by the end of May, 2017 your Company will complete pan India Broadband footprint on its own spectrum.

### Update on 15 established Service Areas

Your Company has identified 15 service areas as 'Established Service Areas' and 7 service areas as 'New Service Areas' based on year of operations and profitability levels. Your Company continues to consistently improve its revenue and subscriber share position in these established 15 service areas & consolidate its strong position thereby improving its profitability. In 13 out of these 15 service areas Your Company is one among the top three operators. Over the last 3 years between 'October to December 2013' to 'October to December 2016', your Company has improved its revenue market share from 19.2% (Q3FY14) to 21.7% (Q3FY17) an enviable increase of 2.5% RMS.

Service Areas	Idea's Established Market – 15 Service Areas				
	RMS Q3FY14	RMS Q3FY17	Change in RMS	Spectrum Profile	RMS Rank
M.P.	35.0%	42.7%	7.7%	2G/3G/4G	1
Kerala	36.2%	40.8%	4.6%	2G/3G/4G	1
Maharashtra	29.7%	33.1%	3.4%	2G/3G/4G	1
UP (West)	30.1%	31.0%	0.9%	2G/3G/4G	1
Haryana	24.7%	27.7%	3.0%	2G/3G/4G	2
Punjab	21.3%	24.4%	3.1%	2G/3G/4G	2
A.P.	20.4%	23.5%	3.1%	2G/3G/4G	2
Gujarat	19.1%	22.4%	3.3%	2G/3G/4G	2
H.P.	10.0%	12.2%	2.2%	2G/3G/4G	2
Bihar	11.0%	14.0%	3.0%	2G/3G/4G	3

Service Areas	Idea's Established Market – 15 Service Areas				
	RMS Q3FY14	RMS Q3FY17	Change in RMS	Spectrum Profile	RMS Rank
UP (East)	12.5%	14.0%	1.5%	2G/3G/4G	3
Rajasthan	12.5%	13.3%	0.8%	2G/3G/4G	3
Delhi	12.0%	12.3%	0.3%	2G/3G	3
Karnataka	10.4%	11.6%	1.2%	2G/4G	4
Mumbai	9.4%	10.2%	0.8%	2G/4G	4
<b>Total</b>	<b>19.2%</b>	<b>21.7%</b>	<b>2.5%</b>		<b>3</b>

These 15 service areas account for nearly 93% of overall company revenue.

### Update on 7 new Service Areas

The remaining seven operating licenses (representing around 20% of Wireless Industry revenue) of the Company which were cancelled by the Supreme Court in February, 2012, were re-acquired by the company in November, 2012 auction. These 7 service areas, where the commercial operations were started in FY 2009-10, are gestating in terms of profitability. In the last three years, when measured between Q3FY14 to Q3FY17, your Company is happy to improve its Revenue Market Share by 2.9%. The growing standing of your Company in these 7 service areas will enable it to remain on the path of profitability and contribute towards improving overall Company value.

Service Areas	7 new Service Areas				
	RMS Q3FY14	RMS Q3FY17	Change in RMS	Spectrum Profile	RMS Rank
West Bengal	5.8%	9.7%	3.9%	2G/4G	3
Tamil Nadu	3.3%	6.6%	3.3%	2G/4G	4
Kolkata	4.8%	7.8%	3.0%	2G/3G	5
Assam	3.1%	5.1%	2.0%	2G/4G	5
North East	3.7%	4.3%	0.6%	2G/4G	5
J & K	4.0%	6.2%	2.2%	2G/3G/4G	6
Odisha	4.1%	6.1%	2.0%	2G/4G	6
<b>Total</b>	<b>4.0%</b>	<b>6.9%</b>	<b>2.9%</b>		<b>5</b>

These service areas represent 6.9% of company revenue and your Company has a huge opportunity to improve New Service Areas contribution in its overall portfolio as latest wireless broadband services also gets rolled out in most of these markets.

### Competitive Spectrum Profile

Below table provides the spectrum held by the company across all service areas and the spectrum split over use across various technologies of GSM (2G), HSPA+(3G) and LTE (4G):

Service Areas	Idea Spectrum Holding										
	FDD				TDD			FDD	GSM Broadband Carrier		
	900	1800	2100	Total	2300	2500	Total	(2x)* +TDD	(2G) services	3G	4G
Maharashtra	9.0	11.0	5.0	25.0	10.0	10.0	20.0	70.0	✓	2	5
Kerala	6.0	10.0	5.0	21.0	10.0	10.0	20.0	62.0	✓	1	5
Madhya Pradesh	7.4	11.6	5.0	24.0	10.0	20.0	30.0	78.0	✓	2	7
Uttar Pradesh (West)	5.0	9.4	5.0	19.4		10.0	10.0	48.8	✓	1	4
Gujarat	5.0	10.0	5.0	20.0		10.0	10.0	50.0	✓	1	4
Andhra Pradesh	5.0	6.0	5.0	16.0		10.0	10.0	42.0	✓	1	3
Punjab	5.6	10.0	5.0	20.6				41.2	✓	1	2
Haryana	6.0	10.8	5.0	21.8		10.0	10.0	53.6	✓	1	4
<b>8 Leadership Circle (Sub Total)</b>	<b>49.0</b>	<b>78.8</b>	<b>40.0</b>	<b>167.8</b>	<b>30.0</b>	<b>80.0</b>	<b>110.0</b>	<b>445.6</b>		<b>10</b>	<b>32</b>
Uttar Pradesh (East)		6.2	10.0	16.2		10.0	10.0	42.4	✓	1	3
Rajasthan		11.2	5.0	16.2		10.0	10.0	42.4	✓	1	3
Bihar		10.80	5.0	15.8		10.0	10.0	41.6	✓	1	3
Himachal Pradesh		9.8	5.0	14.8		10.0	10.0	39.6	✓	1	3
Delhi	5.0	8.6		13.6				27.2	✓	1	0
Mumbai		6.4	5.0	11.4				22.8	✓		1
Karnataka	5.0	6.0		11.0				22.0	✓		1
<b>7 Emerging Circle (Sub Total)</b>	<b>10.0</b>	<b>59.0</b>	<b>30.0</b>	<b>99.0</b>		<b>40.0</b>	<b>40.0</b>	<b>238.0</b>		<b>5</b>	<b>12</b>
Tamil Nadu		11.4		11.4				22.8	✓		1
Kolkata		5.0	5.0	10.0				20.0	✓	1	
West Bengal		11.40		11.4		10.0	10.0	32.8	✓		3
Odisha		10.0		10.0		10.0	10.0	30.0	✓		3
Assam		10.0		10.0		10.0	10.0	30.0	✓		3
North East		11.0		11.0		10.0	10.0	32.0	✓		3
Jammu & Kashmir		10.0	5.0	15.0		10.0	10.0	40.0	✓	1	3
<b>7 New Circle (Sub Total)</b>		<b>68.8</b>	<b>10.0</b>	<b>78.8</b>		<b>50.0</b>	<b>50.0</b>	<b>207.6</b>		<b>2</b>	<b>14</b>
<b>Total 22 Circle</b>	<b>59.0</b>	<b>206.6</b>	<b>80.0</b>	<b>345.6</b>	<b>30.0</b>	<b>170.0</b>	<b>200.0</b>	<b>891.2</b>	<b>22</b>	<b>17</b>	<b>57</b>

\*FDD spectrum consisting of uplink and downlink

5 MHz of paired FDD spectrum = 1 carrier, 10 MHz of unpaired TDD spectrum = 1.5 carrier.

## Broadband Services

### 4G Services

In October 2016 spectrum auction your Company had acquired 2x64.6 MHz (FDD) spectrum in frequency bands of 1800 MHz and 2100 MHz to expand its 4G spectrum ownership from 11 to 20 service areas (excluding Delhi and Kolkata), covering 9 new service areas of Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Bihar & Jharkhand, Rajasthan, Mumbai, West Bengal, Assam and Jammu & Kashmir. Further, with acquisition of 200 MHz (TDD) spectrum in frequency band of 2300 MHz and 2500 MHz, Idea has spectrum to address the future requirement of capacity as it now holds 57 4G carriers (across 20 service areas) in comparison to 12 carrier before October 2016 auction. The 4G spectrum profile of the company covers ~94% of its own revenue and ~90% of industry revenue in these 20 service areas.

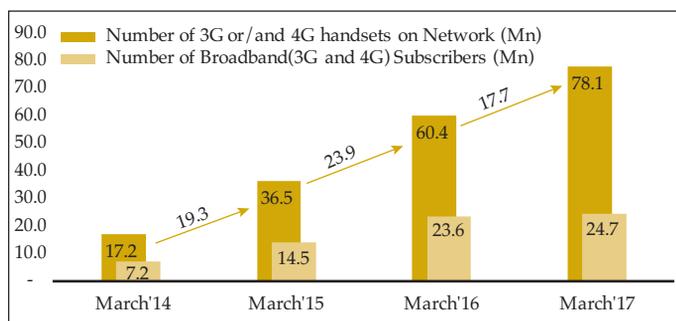
Company remained on track of expanding its broadband coverage on the spectrum acquired in October 2016 auction. The company has launched 4G services in 19 service areas and is scheduled to launch 4G services in Mumbai service area by end of May, 2017. With this company will complete its 4G footprint in all the 20 Service areas where it has got 4G Spectrum. As on 31<sup>st</sup> March, 2017 Company's 4G services expands in 3,400 towns and 19,800 villages in 19 service areas, covering 272 million Indians, 23.6% of population in these 19 circles.

### 3G Services

Your Company provides 3G services in 21 service areas of India (except Odisha), including through Intra-Circle Roaming (ICR) arrangements with other operators. In October, 2016 spectrum auction Idea Cellular prudently acquired 5 MHz spectrum in 2100 MHz frequency band in high population service areas of Bihar and Rajasthan to offer 3G services. The company owns 17 carriers (15 on 2100 MHz and 2 on 900 MHz), to offer 3G services in 15 service areas. These 15 service areas covers ~86% of its revenue, ~84% of its subscribers and ~69% of national mobile industry revenue. Idea launched its 3G services in Bihar & Rajasthan during the last quarter of the financial year.

The high speed broadband offerings (3G and/or 4G) of your Company is currently available in all 22 service areas.

### Idea's Wireless Broadband (3G+4G) Users and Device Base



The number of devices supporting broadband data on Idea network has increased from 60.4 million as of March 31, 2016 to 78.1 million as of March 31, 2017, a growth of 29.3%. Out of these 78.1 million devices, 24.3 million devices are 4G compatible. The subscribers who are actively using data on 3G/4G platform and enjoying high speed wireless broadband services reached to 24.7 million as of March, 2017, compared to 23.6 Mn subscribers as of March, 2016, a growth of 4.7%.

### Long Distance and Other Services

Your Company holds licenses for NLD, ILD and ISP services. Idea NLD currently carries 98.3% of its captive NLD minutes. Your Company ILD services now handle almost 100% of captive ILD outgoing minutes, besides bringing large volume of incoming minutes from top international carriers across the globe. Company launched its ISP services in FY 2012 to cater to the captive requirement of its mobile business, which also offer ISP services to external customers like small ISP and enterprise customers for their wholesale Internet backhaul needs. Idea ISP currently handles all captive subscriber traffic requirements.

Your Company is consistently investing in optical fibre cable (OFC) transmission network to tap the future potential of wireless broadband and currently has laid and energized over 144,600 km OFC, in comparison to over 93,400 km two years back (Q4FY15). In FY 2017, your Company did annual fibre rollout of 29,100 KM against 22,100 KM in FY 2016, gearing itself to tap emerging wireless broadband demand. Your Company has over 9,846 OFC PoPs (4G, 3G & 2G) in all service areas. The fibre backhaul network of the company optimally serves our 2G / 3G / NLD / ILD / ISP / Wireless Broadband needs. Your Company has also introduced worlds' latest high capacity 100G DWDM network technology to cater to rising data demand. Details with reference to long distance business is as follows:

	Unit	For the Year			
		FY17	FY16	FY15	FY14
Total NLD Minutes	Mn	67,005	65,041	60,497	53,638
Total ILD Minutes	Mn	10,219	11,242	8,246	5,544
ISP Capacity*	Gbps	325	184.2	124	54.7
Optical Fibre Cable (OFC)*	KM	1,44,600	1,15,500	93,400	82,000

\*approximate

### Digital Services

On January 30, 2017, the company announced its arrival into the digital world with the launch of 3 new exciting Mobile Apps – Idea Music Lounge, Idea Movie Club and Idea Game Spark – giving birth to a “Digital Idea”. These digital content applications will serve as a one-stop entertainment destination initially for Idea

subscribers, providing access on the fingertips to a large collection of popular and premium content, including a rich assortment of Hindi, Vernacular and International content. Idea Music Lounge, Idea Movie Club and Idea Game Spark offer a complete suite of digital entertainment services.

- **Idea Music Lounge** offers a rich library of nearly 3 million Indian and international music tracks initially, which will be expanding to nearly 20 million tracks soon and is available on Google Play Store and iOS store. Idea Music Lounge hosts diverse content not only across 13 Indian languages, including Bollywood, South Indian Cinema etc, but also across International artists, albums and tracks from several major Music labels. As of March 31, 2017 over 550,000 customers are using Idea Music app.
- **Idea Movie Club** caters to the ever-growing video content needs of consumers, offering thousands of blockbuster movies, Live TV, 7 days catch-up TV, along with a series of original content and Short Videos across all genres and several languages. The rich content of videos and movies from Bollywood, South Indian & Regional Cinema will appeal to people across all age groups, including kids, for whom there are a host of animation and learning videos. Live and Catch up TV including premium channels, is offered in collaboration with Ditto TV. The app is available on Google Play Store and iOS store. As of March 31, 2017 nearly 275,000 customers are using Idea Movies Club app.
- **Idea Game Spark** is the ultimate gaming destination with a collection of over 1,600 games across all genres. Targeted at the gaming aficionado and the casual gamer, the games can be played both in the online and offline mode. As of March 31, 2017 over 500,000 customers are using Idea Game Spark.

These apps are competitively priced. With the launch of these apps the company has taken one more step towards transformation from a pure play mobile operator to an integrated digital services and solutions provider.

### Network Infrastructure and Coverage

Your Company has rolled out 4G network in 19 service area at breakneck speed since the launch of latest 4G services at the end of Q3FY16. Apart from laying 4G network, your Company continues to expand its 2G and 3G network aggressively during the year. It has added 4,653 2G sites on its network, taking the 2G site count to 131,486 as on March 31, 2017. On 3G front company added 19,142 3G cell sites in the 15 service areas where it provides 3G services with its own spectrum. The company ended the financial year with 69,202 3G sites. Further, after launching 4G services in December 2015, your Company has rolled out total 40,852 4G sites till March 2017, as compared to 14,643 sites as of March 2016. During current financial year your Company added a total 50,004 sites on overall basis (2G+3G+4G), highest ever rollout in a year by the company.

Company has expanded its GSM coverage to nearly 400,000 towns and villages as of March, 2017 from around 391,000 towns and villages as of March, 2016. The 2G network of your Company covers nearly 82% of Indian Population (around 1.21 Bn Indians). In the 15 service areas where company own 3G spectrum the population coverage is expanded to 45.6%, reaching 409 Mn Indians across 92,000 towns and villages. In terms of 4G, your Company covers more than 23% of Indian over 23,000 towns and villages in 19 Service Areas and aggressively expanding its coverage further.

### Tower Portfolio

#### Own Towers

Your Company along with its subsidiary Idea Cellular Infrastructure Services Limited (ICISL), owns 9,977 towers as on March 31, 2017. There are 17,210 tenants on these towers, with an overall tenancy ratio of 1.72. During the last one year the company has added 233 towers and over 1000 new tenancies as it reorganized itself to improve its tower tenancy ratio. With this tower team reorganization there is now complete focus on tower operations as an independent entity which will result in combined optimization and growth of tower portfolio. During the year your Company has completed transfer of its own towers to ICISL (a wholly owned subsidiary) and almost all towers are under a single legal entity since of August 1, 2016.

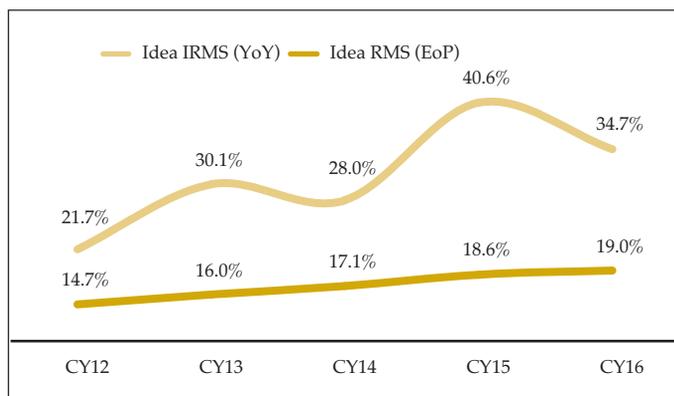
#### Indus Towers

Besides the tower portfolio your Company has also invested in Indus Towers Ltd. (Indus), which is a joint venture between Bharti Infratel Ltd., Vodafone India Ltd. and Idea Cellular Ltd. through its subsidiary Aditya Birla Telecom Ltd. (ABTL). It is one of the world's leading tower company with 122,730 towers and tenancy ratio of 2.35 as of March 31, 2017. ABTL held 16% equity stake in Indus till January 31, 2017. Pursuant to receipt of the approval of the Hon'ble High Court of Bombay for its application under section 100 of the Companies Act, 1956, for distribution of assets with consequent reduction in share capital held by P5 Asia Holding Investments (Mauritius) Limited (P5 Asia) [earlier beneficially holding ~30.3% of the total equity share capital of ABTL], P5 Asia holds direct equity stake of 4.85% of Indus. Consequently ABTL now holds only 11.15% in Indus Towers Limited.

### Revenue Market Share

Your Company remains focused on Revenue Market Share (RMS) improvement and gaining higher Incremental Revenue Market Share (IRMS). While the former reflect the positioning of the company in the league tables, later reflects the current market power of the company. Your Company has improved its Revenue Market Share by around 0.4% to 19.0% for calendar year 2016 from 18.6% in calendar year 2015. During the same period your Company gained incremental market share of 34.7%.

### Growing Revenue of Idea in Indian Mobility Sector



Your Company has consistently improved its revenue market share and constantly gaining higher Incremental Revenue Market Share than its current market share over last 5 years.

### Quality Subscriber Base

Your Company is the sixth largest mobile telecommunications company (counted on operations in a single country) in the world based on number of subscribers (GSMA Intelligence, as of December, 2016) servicing about 198 Mn active subscribers on VLR as of March 31, 2017. This large base of subscribers provides a great platform to your Company for upgrading the pure voice customers to Wireless Data Services, Digital content & Payment services in future. Your Company has always been vigilant in monitoring the quality of its subscriber base. The latest (February, 2017) data released by the TRAI for active subscribers (VLR subscribers) reaffirms quality of Company's subscriber base as among the best in terms of percentage of active subscribers. As of February 2017, Your Company has 101.4% of reported subscribers on VLR, which is highest in the industry. The End of Period (EoP) subscriber market share (on VLR) as on February, 2017 stands at 19.4%. During the 12 months from February, 2016 to February, 2017 Industry added 85.4 million subscriber on VLR primarily led by addition of 75.7 million subscribers by new entrant. Despite the prolonged period of free offering Idea added a healthy 13.7 million VLR subscribers during this 12 month period. With over 198 million VLR subscribers the company opens multiple vistas for growth in Broadband, Digital Content and Payment Services etc.

### Mobile Number Portability

The Mobile Number Portability (MNP) was implemented nationwide on 20th January, 2011 and nearly 223.1 million customers have availed of the MNP facility offered by Indian Mobile Industry. Also government has introduced National MNP (NMNP) from July 3, 2015. The trends emerging from MNP and NMNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and brand value. Over the last 72 months in the MNP space, your Company has

maintained leadership position on overall MNP Net Adds. As on March 31, 2017, your Company has a net MNP gain of 22.1 million customers from other telecom operators with 'one out of every four' existing mobile customers, who chooses to port out from their existing mobile operator preferring to shift and stay with world class Idea services.

Your Company's success on the MNP front clearly demonstrate the success of your Company's 'Customer Centricity' program and re-affirms your Company strength of its seamless network coverage, low call drop rate, better voice & mobile data quality, advanced and precise billing systems on pre-paid and post-paid, customer responsive call centers and innovative/ competitive product offerings.

### Idea Mobile Banking Services

#### Prepaid Payment Instrument (PPI)

PPI is commonly known as semi closed wallet. RBI granted Certificate of Authorisation for PPI to your Company in November 2013. Your Company commenced PPI services in July 2014 and currently operates through retailer service points in 17 service areas. Your Company is also acquiring new mobile wallet customers digitally through Idea Web and Idea App across Pan India. Idea Money wallet is available on Android Platform and iOS Platform. The company offers both cash and web loading (through net banking) into the wallets. With PPI wallet balance one can recharge prepaid accounts for Idea and other operator's, recharge DTH accounts, pay bills and make mobile wallet to mobile wallet transfers (only Idea Money to Idea Money). Idea Money has tie ups with online and offline merchants like Book My show, Dominos, Bajaj Allianz, LIC etc. Idea Money wallet also caters to Domestic Money Remittance (DMR) through retailer assisted model. Total throughput for DMR during FY17 stands at ₹ 11,860 million. These wallet accounts can be opened with minimum KYC for balance up to ₹ 20,000/-.

The above Services are available to non-data users through our retailer assisted touch points. During the year ended March 31, 2017 it added 9 million new wallet customers. Idea Money as of 31st March, 2017 has EOP base of more than 11 million PPI mobile wallet customers & efforts are on to exponentially increase the number of active PPI digital wallet users.

Details with reference to PPI business is as follows:

	Unit	For the Quarter				
		Q4FY17	Q3FY17	Q2FY17	Q1FY17	Q4FY16
EoP Wallets	Mn	11,012	7,006	5,012	3,407	2,053
Transaction Value	INR Mn	2,961	1,400	1,055	779	405
Transaction Count	'000	6,891	4,139	3,321	2,747	3,502
Average Transaction Value	INR	424	338	317	334	221

### Payments Bank

RBI had given in principle approval to set-up the Payments Bank to Aditya Birla Nuvo Limited (ABNL) as promoter, on 7th September, 2015. A company 'Aditya Birla Idea Payments Bank Limited' (ABIPBL) was formed to setup the payments bank services with ABNL and Idea as shareholders. The Senior Management Team of ABIPBL is in place.

On April 3, 2017, ABIPBL received license of Payments Bank from RBI. The Payments Bank services are slated to be launched in Q2FY18 after necessary regulatory approvals. The company will acquire and service new Payments Bank customers both 'Online' leveraging the power of over 40 million digital customers of Idea and ABG as well as 'Offline' leveraging the strength of Idea's 2 Million+ retail distribution channel partners across over 400,000 towns & villages. The Payments Bank intends to promote a wide range of banking products & services including current and savings bank account, domestic remittances, merchant payments etc. While partnering with ABG financial services, select universal banks and financial institutions for offering range of full banking products including Demand Deposits, other related investment and Insurance products to its payments bank customer.

### Non-Voice Revenue

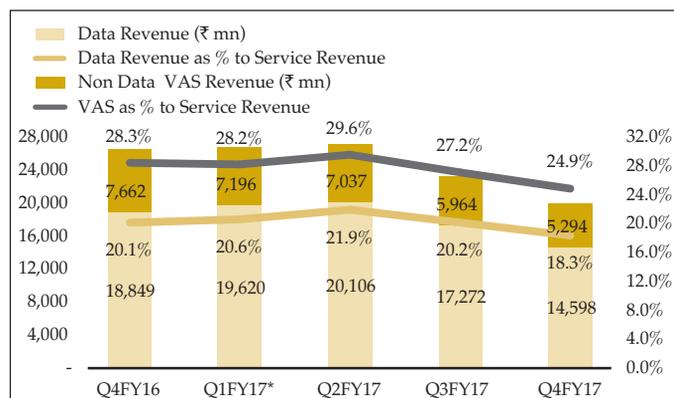
The Non-Voice revenue includes Data Revenue and Non Data VAS revenue from SMS and Voice & Text based VAS services and other VAS services.

The wired broadband penetration (of Indian population) has reached the level of 1.4% in India (TRAI, February 2017). The wireless network remains preferred choice to access internet for the consumers. Hence, the data along with other Value Added Services (VAS) offers a substantial opportunity for additional growth in the Indian mobile telecommunication industry.

The company is expanding its 3G network since launch of 3G services in FY 2010-11 to offer a superior broadband experience to its customer. Further, the company launched 4G services at the end of Q3FY16 and aggressively expanding its 4G network. The expansion of broadband network coupled with increasing data adoption among mobile subscribers and higher data usage by data customers, has resulted in sharp increase in data volumes in last 2-3 years. The exponential increase in data volume continued in this year also as overall data volume rose by 46.5% to 436.4 Billion MB. However free data services by new entrant which got introduced at the end of Q2FY17 has severely impacted the data realisations. Resultantly in Q3FY17 data revenue registered QoQ decline, for the first time in the history of your Company. The decline in data revenue continued in Q4FY17 as well and reached

to an unforeseen level of 14,597 million. The Non Data VAS Revenue also saw decline in Q3 and Q4 of this year and reached to 5,294 million in Q4FY17 as against 7,662 million in Q4FY16. The contribution of Non voice revenue has declined from 28.3% in Q4FY16 to 24.9% in Q4FY17, a decrease of 3.4% in last 12 months.

On yearly basis data revenue for FY 2016-17 stands at 70,320 million as against 69,137 million in FY 2015-16.



\*The figures for Q1FY17 are derived without giving any impact of Deferment of data revenue of ₹ 1,276 Mn.

Data revenue as a % of service revenue decreased from 20.1% to 18.3%.

Due to free services by new operator all Data KPIs saw sharp decline as compared to last year. Data realisation (ARMB) registered a steep decline and fell to 11.5 paisa per MB in Q4FY17 as compared to 22.9 paisa per MB in Q4FY16. Consequently, data ARPU for the data subscriber declined to ₹ 110 in Q4FY17 compared to ₹ 147 in Q4FY16. Lure by the free offerings, data subscriber base of the company reduced to 42.2 Mn as of March 2017, compared to 44.0 Mn as of March 2016. However, data usage per subscriber has increased from 641 MB in Q4FY16 to 957 MB in Q4FY17 due to promotional offers by the company.

The following table provides the comparison of key data KPI:

Description	Unit	Q4FY17	Q4FY16	Q4FY15
Total Data Subscribers (2G+3G+4G)	000	42,233	44,019	33,424
Total Data Volume (2G+3G+4G)	Mn MB	127,014	82,236	54,510
Blended Data ARMB	Paisa/MB	11.5	22.9	25.7
Data ARPU for Data Subscriber (2G+3G+4G)	INR	110	147	150
Data Usage by Data Subscriber (2G+3G+4G)	MB	957	641	586
Broadband Data Subscribers (3G+4G)	'000	24,683	23,589	14,512

Description	Unit	Q4FY17	Q4FY16	Q4FY15
Broadband Data Volume (3G+4G)	Mn MB	104,223	57,603	30,680
Data ARPU for Broadband Data Subscriber (3G+4G)	INR	138	191	209
Broadband Data Usages by Broadband Data Subscribers (3G+4G)	MB	1381	857	777

### Large Scale of Operations

Your Company is the sixth largest mobile operator across globe based on number of subscribers (GSMA Intelligence, as of December 2016). Company carried more than 2.57 Billion minutes on a daily basis during Q4FY17. Company carried 836 Billion minutes on its network during FY 2017, compared to 786 Billion minutes in FY 2016, a growth of 6.4%. Further, the Total data volume carried by your Company on its network in Financial Year 2016-17 increased to 436.4 Billion MB in comparison to 297.9 Billion MB in Financial Year 2015-16, registering a solid growth of 46.5%.

### Power Brand

To take 4G one step forward in FY 2016-17, the **“Biggest Small Change”** campaign was launched with a focus on updating customers from 2G/3G to 4G. The campaign leveraged the insight that for those who live online, a small change in technology could make a big impact on their online experience. 4G revolutionized the digital experience for consumers who could now make seamless video calls, stream videos on the go, play multiplayer games, watch movies in HD and stream all their favorite music on their mobile.

Despite nearly a billion mobile connections, mobile internet penetration is just about 20% in India. Therefore, to get more customers online, we had to tackle the issue of internet relevance. The insight for our **“Internet For All”** campaign was that consumers are most likely to adopt the internet if it makes a substantial difference to their lives and if it is recommended by a trusted source, such as friends or family.

Towards the end of the year, we democratized 4G in our **“Reverse Migration”** campaign to focus on the fact that 4G transcends all boundaries and is truly for everyone. Millions of Indians in rural and small town India leave their homes and move to metros and big cities in search of opportunities for a better future. In this pursuit of economic development, they leave the comfort of their homes and find shelter in already overcrowded cities impacting the lives of both the migrants & the residents,

breaking up families, increasing the gap between the development of cities versus villages. Idea 4G was positioned as the new-age infrastructure that would bring opportunities to every Indian across the country and every village would now prosper like a city, thus creating a movement of **“Reverse Migration”** from urban to rural India.

Your brand has also been extremely competitive in the market place advertising the latest promotions to be top of mind with the consumer.

Q4 FY 17 saw Idea expand its broadband footprint by launching 4G in 19 service areas. Given the fact that Idea has a special bond with its customers, with a Pan India Broadband presence and quality experience your Brand is well set to create consumer preference and advocacy in FY 18.

### STANDALONE FINANCIAL RESULTS

#### Revenues

Revenue from operations for the financial year ended March 31, 2017 decreased by 1.5% and stood at ₹ 352,786 Mn as compared to ₹ 358,037 Mn for the financial year ended March 31, 2016, primarily due to decrease in service revenues. The realised rates for Voice and Data have declined primarily due to hyper competition including free services offered by the new entrant in the second half of the year. This has led to the decrease in service revenues although the minutes of usage has increased by 6.4%. Revenue Market Share of the Company improved by 0.4% from 18.6% to 19.0% during calendar year 2016.

The voice revenues of ₹ 255,059 Mn were almost similar compared to the previous year level of ₹ 256,750 Mn. Non voice revenues declined by 3.1% to ₹ 95,811 Mn in current year as against ₹ 98,858 Mn in the previous year primarily due to a decline of 14.2% in Non-Data VAS revenue. However, Data revenue registered marginal growth and stood at ₹ 70,320 Mn in the current year as against ₹ 69,137 Mn in the previous year.

Other Income comprising of Interest Income and Gain on Current Investments increased by 11.1% from ₹ 1,773 Mn in the previous year to ₹ 1,970 Mn in the current year. The increase is mainly on account of short term deployment of surplus funds from fresh borrowings pending utilisation for prepayment of deferred payment liabilities.

#### Operating Expenses

Total operating expenditure for the financial year ended March 31, 2017 increased by 5.3% to ₹ 251,838 Mn from ₹ 239,091 Mn incurred in the previous year, primarily reflecting the volume growth in the company's operations.

**Personnel Expenditure:** Personnel Expenditure increased by 10.3% from ₹ 14,735 Mn in the previous year to ₹ 16,256 Mn in the current year, primarily as a result of annual increments.

**Network Expense and IT Outsourcing Cost:** Network Expense and IT Outsourcing Cost increased by 15.1% from ₹ 92,656 Mn in the previous year to ₹ 106,649 Mn in the current year, primarily as a result of the expansion of our network coverage and capacity. The increase in count of cell sites is as follows:

Particulars	As on March 31, 2017	As on March 31, 2016	Increase
2G cell sites	131,486	126,833	4,653
3G cell sites	69,202	50,060	19,142
4G cell sites	40,852	14,643	26,209
<b>Total cell sites</b>	<b>241,540</b>	<b>191,536</b>	<b>50,004</b>

During the year Idea consolidated its network infrastructure with highest ever cell site additions on 2G (GSM), 3G (HSPA), 4G (LTE) technologies collectively. The GSM coverage has expanded to nearly 1 billion Indians spread across 400,000 towns and villages. Idea broadband services has expanded to over 100,000 towns and villages covering over 500 million Indians.

**Licence Fees and Spectrum Usage Charges:** Licence Fees and Spectrum Usage charges decreased by 2.4% from ₹ 41,508 Mn in the previous year to ₹ 40,515 Mn in the current year, corresponding to decrease in revenue.

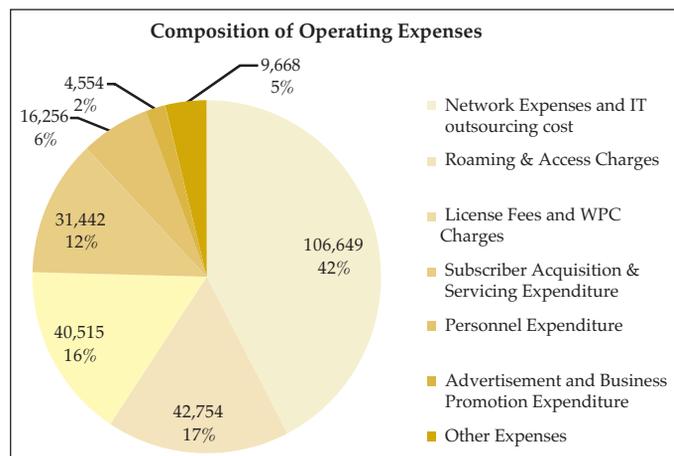
**Roaming and Access Charges:** Roaming and Access Charges decreased from ₹ 46,653 Mn in the previous year to ₹ 42,754 Mn in the current year. The decrease is primarily attributable to the cost towards intra circle roaming arrangements which have decreased by 29.9% as the Company has expanded its own network coverage.

**Subscriber Acquisition and Servicing Expenditure:** Subscriber Acquisition and Servicing Expenditure, increased by 4.7% from ₹ 30,019 Mn in the previous year to ₹ 31,442 Mn in the current year, primarily as a result of increase in gross subscriber additions.

**Advertisement and Business Promotion Expenditure:** Advertisement and Business Promotion Expenditure decreased by 5.8% from ₹ 4,833 Mn in the previous year to ₹ 4,554 Mn in the current year.

**Administration and Other Expenses:** Administration and Other Expenses increased by 11.3% from ₹ 8,686 Mn in the previous year to ₹ 9,668 Mn in the current year primarily due to an increase in rent, rates & taxes, CSR expenses, provision for doubtful debts partially offset by gain on foreign exchange fluctuation.

The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



**Profit before Finance charges, Depreciation, Amortisation and Taxes (EBITDA)**

The decrease in service revenues coupled with increase in operating expenditure has resulted in decrease of EBITDA by 14.7% from ₹ 120,719 Mn for the previous year to ₹ 102,919 Mn for the current year. EBITDA as a %age of Total Income decreased to 29.0% in the current year as compared to 33.6% in the previous year.

**Depreciation, Amortisation and Finance Charges**

Depreciation and Amortisation expenses increased by 23.7% from ₹ 62,232 Mn in the previous year to ₹ 77,000 Mn in the current year. The depreciation charge for the year has increased by 1.9% from ₹ 47,717 Mn in the previous year to ₹ 48,643 Mn in the current year, primarily due to gross block additions. The amortisation charge for the year has increased by 95.4% from ₹ 14,516 Mn in the previous year to ₹ 28,357 Mn in the current year. The increase is primarily on account of a full year amortization charge for spectrum acquired in auctions for 3G services, 4G services and in the nine service areas where its original CMTS licenses along with bundled spectrum expired and licenses were taken afresh during the current and previous financial year.

Finance Charges for the current year increased from ₹ 17,779 Mn in the previous year to ₹ 40,109 Mn in the current year, largely due to higher average net debt on account of acquisition of spectrum in various bands in previous year and October 2016 auctions.

**Profits and Taxes**

The loss before tax for the year stood at ₹ 14,190 Mn as compared to a profit of ₹ 40,709 Mn in the previous year. The loss after tax for the year stood at ₹ 8,311 Mn. Cash Profit for the year stood at ₹ 64,091 Mn, a decrease of 36.8% over the previous year.

**Capital Expenditure**

The Company incurred capital expenditure consisting mostly of network equipment (including capital advances) of ₹ 77,653 Mn in addition to the amount of ₹ 130,569 Mn paid accrued for spectrum, most of which pertains to the fresh acquisition in the October 2016 auctions.

**Balance Sheet**

The Gross Block and Net Block (including Capital Work in Progress and Intangible assets under development) stood at ₹ 972,141 Mn and ₹ 836,542 Mn respectively as at March 31, 2017. Investment in subsidiaries and associates stood at ₹ 22,266 Mn. Other financial assets increased by ₹ 21,337 Mn from ₹ 37,332 Mn to ₹ 58,669 Mn primarily due to increase in Investment in Units of Liquid Mutual Funds. Other assets increased by ₹ 17,697 Mn from ₹ 22,450 Mn to ₹ 40,147 Mn primarily due to increase in capital advance and cenvat credit towards spectrum.

The paid-up equity share capital of the Company increased by ₹ 48 Mn, pursuant to issuance of 4,818,853 equity shares to the employees on exercise of stock options granted under Employee Stock Option Scheme, 2006 and Employee Stock Option Scheme, 2013. Other equity of the Company decreased from ₹ 211,647 Mn to ₹ 201,184 Mn primarily due to current year's losses and dividend distribution (including tax) in the current financial year. As on March 31, 2017, the total equity stood at ₹ 237,238 Mn.

Total borrowings increased by ₹ 145,122 Mn and stood at ₹ 550,535 Mn as on March 31, 2017. The increase is, mainly due to additional borrowings and deferred payment liability (DPL) for spectrum acquired in October 2016 auctions. Deferred Tax liability as at March 31, 2017 stood at ₹ 16,791 Mn. Other financial liabilities increased by ₹ 38,996 Mn and stood at ₹ 118,430 Mn primarily due to increase in payables for capital expenditure. Other Liabilities and Provisions increased by ₹ 2,935 Mn from ₹ 31,696 Mn to ₹ 34,631 Mn as on March 31, 2017.

**Cash Flow Statement**

The cash generated from operating activities of ₹ 101,728 Mn and net proceeds from borrowings ₹ 84,297 Mn along with opening cash and cash equivalents of ₹ 6,060 Mn was primarily used for capital expenditure ₹ 126,166 Mn (including payment towards spectrum and licenses ₹ 73,389 Mn), payment of interest and finance charges ₹ 33,054 Mn and investment in Mutual funds ₹ 30,073 Mn. Consequently cash and cash equivalents decreased by ₹ 6,128 Mn. during the current year.

**CONSOLIDATED FINANCIAL RESULTS****Revenues**

Revenue from operations for the financial year ended March 31, 2017 decreased by 1.0% and stood at ₹ 355,757 Mn as compared

to ₹ 359,494 Mn for financial year ended March 31, 2016, primarily due to decrease in service revenues. The decrease in the mobility and ILD service revenue of the company as explained above in the standalone results section is partially offset by increase in revenue from Passive Infrastructure services by 150.1% from ₹ 1,089 Mn to ₹ 2,724 Mn. Sale of Trading Goods decreased by 30.8% from ₹ 330 Mn in the previous year to ₹ 228 Mn in the current year, primarily due to reduction in volume.

Other Income comprising of Interest Income and Profit on Sale of Current Investments increased by 44.0% from ₹ 2,131 Mn in the previous year to ₹ 3,069 Mn in the current year. The increase is on account of deployment of surplus funds from fresh borrowings pending utilisation / prepayment of deferred payment liability.

**Operating Expenses**

Total operating expenditure for the financial year ended March 31, 2017 increased by 5.5% to ₹ 252,995 Mn in the current year from ₹ 239,819 Mn incurred in the previous year, primarily as a result of growth in the company's operations.

**Cost of Trading Goods:** Cost of Trading Goods decreased by 3.4% to ₹ 279 Mn in the current year from ₹ 289 Mn incurred in the previous year primarily due to reduction in volume.

**Personnel Expenditure:** Personnel Expenditure for the financial year ended March 31, 2017 increased by 11.5% to ₹ 17,976 Mn from ₹ 16,119 Mn incurred during the previous year, primarily as a result of annual increments.

**Network Expense and IT Outsourcing Cost:** Network Expense and IT Outsourcing Cost increased by 15.0% from ₹ 92,778 Mn in the previous year to ₹ 106,653 Mn in current year, primarily as a result of the expansion of our network.

**Licence Fees and Spectrum Usage Charges & Roaming and Access Charges:** The decrease in these expenses pertains only to the company covered above under the Standalone Financial Results section.

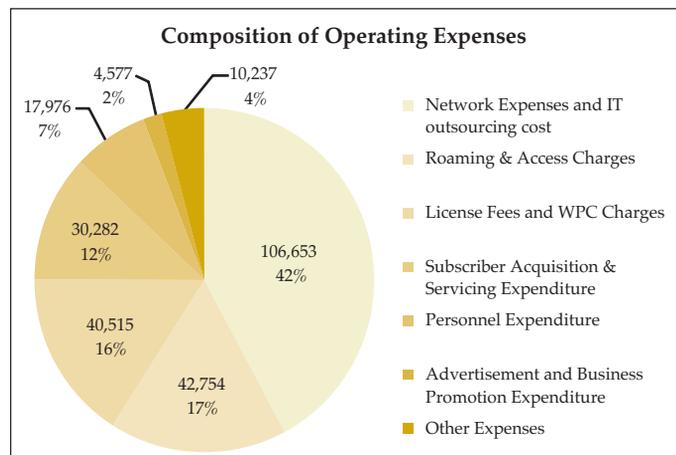
**Subscriber Acquisition and Servicing Expenditure:** Subscriber Acquisition and Servicing Expenditure, increased by 5.6% from ₹ 28,668 Mn in the previous year to ₹ 30,282 Mn in the current year, primarily as a result of increase in gross subscriber additions.

**Advertisement and Business Promotion Expenditure:** Advertisement and Business Promotion Expenditure decreased by 5.9% from ₹ 4,864 Mn in the previous year to ₹ 4,577 Mn in the current year.

**Administration and Other Expenses:** Administration and Other Expenses increased by 11.4% from ₹ 8,940 Mn in the previous year to ₹ 9,958 Mn in the current year, primarily due to the increase

in expenses as covered above under the Standalone Financial Results section.

The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



**Profit before Finance charges, Depreciation, Amortisation and Taxes (EBITDA)**

The decrease in revenues coupled with increase in operating expenditure has resulted in decrease of EBITDA by 13.1% from ₹ 121,807 Mn for the previous year to ₹ 105,832 Mn for the current year. EBITDA as a percentage of total Income decreased to 29.5% compared to 33.7% for the previous year.

**Depreciation, Amortisation and Finance Charges**

Depreciation and Amortisation expenses increased by 25.1% from ₹ 62,561 Mn in the previous year to ₹ 78,272 Mn in the current year. The depreciation charge for the year has increased by 3.9% from ₹ 48,045 Mn in the previous year to ₹ 49,914 Mn in the current year, primarily due to gross block additions. The amortisation charge for the year has increased by 95.4% from ₹ 14,516 Mn in the previous year to ₹ 28,358 Mn in the current year, primarily due to the increase in charge as covered above under the Standalone Financial Results section.

Finance Charges for the current year increased from ₹ 20,962 Mn to ₹ 40,411 Mn, largely due to higher average net debt on account of acquisition of spectrum in various bands in previous year and October 2016 auction.

**Profits and Taxes**

The loss before tax for the year stood at ₹ 8,632 Mn as compared to a profit of ₹ 42,501 Mn in the previous year. The loss after tax for the year stood at ₹ 3,997 Mn. Cash Profit for the year stood at ₹ 69,981 Mn, a decrease of 32.2% over the previous year.

**Capital Expenditure**

In addition to the spectrum acquired in auctions relating to the Company as covered above under standalone financial results

section, the capital expenditure (including capital advances) during the year was ₹ 78,407 Mn.

**Balance Sheet**

The Gross Block and Net Block (including Capital Work in Progress and Intangible assets under development) stood at ₹ 982,189 Mn and ₹ 842,922 Mn respectively as at March 31, 2017. Investment in joint venture and associate stood at ₹ 14,785 Mn. Other financial assets increased by ₹ 25,928 Mn from ₹ 42,347 Mn to ₹ 68,275 Mn, majorly due to increase in Investment in Units of Liquid Mutual funds. Other Assets increased by ₹ 15,799 from ₹ 25,266 Mn to ₹ 41,065 Mn majorly due to increase in capital advance and cenvat credit towards spectrum.

The paid-up equity share capital of the Company increased by ₹ 48 Mn, pursuant to issue of equity shares as mentioned above in the standalone financial results section. During the year, compulsory convertible preference shares (CCPS) of ABTL, which were classified as a financial liability, were converted to equity shares. This has led to an increase in other equity which was partially offset by reduction in stake held by ABTL in Indus on capital reduction, current year's losses and dividend distribution (including tax). Consequently, other equity increased from ₹ 199,500 Mn to ₹ 211,269 Mn. The total equity stood at ₹ 247,322 Mn as on March 31, 2017.

Total borrowings increased by ₹ 145,132 Mn and stood at ₹ 550,546 Mn as on March 31, 2017 due to increase in borrowings as mentioned above in the standalone financials results section. Deferred Tax liability as at March 31, 2017 stood at ₹ 13,587 Mn. Other financial liabilities increased by ₹ 11,083 Mn and stood at ₹ 119,898 Mn, primarily due to increase in payables for capital expenditure. Other Liabilities and Provisions increased by ₹ 3,711 Mn from ₹ 31,983 Mn to ₹ 35,693 Mn.

**Cash Flow Statement**

The cash generated from operations of ₹ 105,373 Mn and net proceeds from borrowings ₹ 84,297 Mn along with opening cash and cash equivalents of ₹ 6,174 Mn was primarily used for capital expenditure of ₹ 126,701 Mn (including payment towards spectrum and licenses ₹ 73,389 Mn), payment of interest and finance charges ₹ 32,800 Mn and investment in mutual funds ₹ 33,298 Mn. Consequently cash and cash equivalents decreased by ₹ 5,739 Mn during the year and stood at ₹ 435 Mn.

**Human Resources**

The Human Resource philosophy and strategy of your Company is to attract and retain the best talent, be an employer of choice and create a holistic workplace environment, where employees get opportunities to realize their potential. Your Company has been recognized as being amongst the "Top 25 Best Companies to

Work For” conducted by Business Today. Companies are judged on career growth prospects, rewards, work life balance, performance evaluation and stability. Our standing here is a reflection of not just our employee’s view but also of the larger Indian workforce which responded.

Considering the long term business goals, your Company has ensured that the Human Resources strategy is in line with and complementary to the business strategy. During the financial year, your Company has continued to maintain already high employee engagement scores overall and re-kindled its focus on diversity, by taking various steps to make Idea a more women friendly workplace. All these efforts have resulted in increasing women net additions by more than 5 times compared to last year.

Your Company has fostered a culture of continuous learning and development, creating future leaders, building capability in digital space and ensuring continued high employee engagement along with effective and efficient talent development and deployment. This strategy has strong alignment with your Company’s vision to successfully build and sustain Company’s standing as one of India’s most admired and valuable corporations despite unrelenting competitive pressures.

**Risk Management**

The Risk Management framework of your Company ensures regular review by management to proactively identify the emerging risks, to do risk evaluation and risk prioritization along with development of risk mitigation plans and action taken to minimize the impact of the risk. The framework requires that the Risk Management Committee be periodically informed about risk minimization procedures adopted by your Company. These processes are also periodically reviewed by management. The various risks, including the risks related to the economy, regulation, competition, technology etc., are documented, monitored and managed efficiently.

**Internal Control Systems**

Your Company’s internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The internal controls cover operations, financial reporting, compliance with applicable laws and regulations, safeguarding assets from unauthorised use and ensure compliance of corporate policies. Internal controls are reviewed periodically by the internal auditors, and are subject to management reviews with significant audit observations and follow up actions reported to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them in accordance with the changes in the business dynamics, if required.

**Regulatory**

Major regulatory developments for the period are:

**1. DoT license amendments:**

DoT amends the license agreement from time to time. Some key amendments that were made to the License Agreement this year, were as under :

- Vide amendment dated 19.04.2016, the DoT amended the license agreements to facilitate IP based interconnection.
- Vide amendment dated 03.08.2016, licensees were permitted to commence their services by giving intimation to the licensor. The licenses are now required to demonstrate compliance of monitoring facilities within 90 days of intimation to licensor.
- Vide amendment dated 26.09.2016, the DoT amended the provision regarding spectrum caps. Vide this amendment, the existing provision of CAP of 25% of the total spectrum assigned in 700/800/900/1800/2100/2300/2500 MHz band and 50% within a given band in each LSA shall apply for the total spectrum holding by each telecom service provider. The cap shall be calculated as detailed below:
  - The spectrum which may become available to DoT for commercial use after its re-framing from other users such as Defense at different point of time shall not be counted for determining the spectrum caps until it is put up to auction by the DoT.
  - All spectrum assigned to TSPs including any spectrum which was put to an auction but remained unsold, spectrum which was assigned but subsequently surrendered by the TSPs or taken back by the licensor and spectrum put to auction shall be counted for the purpose of spectrum cap.

In case a situation arises where due to any subsequent assignment of spectrum to Defense/non-commercial usage, spectrum cap is affected adversely, no TSP shall be asked to surrender any spectrum which it already holds. The same spectrum cap shall be made applicable for all Telecom Service Providers in that service area.

- Vide amendment & orders dated 02.11.2016, the requirement of obtaining Wireless Operating License (WOL) by the Access Service Providers under UASL, CMTS License and Unified License for Access Service authorization has been dispensed with. The requirement to obtain WOL as mentioned in the frequency assignment, frequency allotment, or frequency earmarking letters already issued to Access Service

Providers under UASL, CMTS License and Unified License for Access Service authorization stands deleted accordingly.

## 2. Harmonization of 1800 MHz spectrum:

The complete 55 MHz of commercially usable spectrum in 1800 MHz was not available in each service area. The WPC had initiated the harmonization for 1800 MHz spectrum on May 29, 2015 and this activity was finally completed by all operators for all service areas (except TNC) on June 30, 2016. This has had following impact:

- Your company on 30.09.2016 got complete allocation for spectrum won in February 2014 and March 2015 auction, where initially partial allocation was done. The Circles were Maharashtra (Pune, Nasik), Punjab (Amritsar, Ludhiana), Haryana (Sirsa), North East (East Khasi Hills, Meghalaya, Tawang), Uttar Pradesh–West (All districts except for Bijnor, Firozabad, Meerut, Muzaffarnagar, Saharanpur) and Himachal Pradesh (Chamba, Kangra, Kinnaur, Shimla, Siramaur, Solan).
- As a result of harmonization activity, total of 221.4 MHz of 1800 MHz spectrum was been made available for October, 2016 auction.
- Subsequent to completion of 2016 auctions, the spectrum was again harmonized prior to allocation. This resulted in your company getting allocation of contiguous spectrum in Himachal Pradesh, Assam, Bihar, Gujarat, Haryana, Jammu & Kashmir, Madhya Pradesh, Uttar Pradesh (West) and West Bengal in 1800 MHz band and for Uttar Pradesh (East) in 2100 MHz band.
- Also, vide separate order dated 30.09.2016, DoT specified the policy for allotment of fractional spectrum subject to payment of necessary charges, for spectrum allocated in 2012 auction. This resulted in allocation of 0.15 MHz for our Bihar and West Bengal service area.

## 3. DoT / WPC orders on Spectrum Usage Charge (SUC) for spectrum in 700/ 800/ 900/ 1800/ 2100/ 2300/ 2500 MHz:

The DoT vide their order dated 12.08.2016, specified the SUC for spectrum in 700/ 800/ 900/ 1800/ 2100/ 2300/ 2500 MHz. Key highlights as under :

- For spectrum acquired through October 2016 auction, SUC shall be charged at 3% of AGR.
- The weighted average of SUC rates across all spectrum assigned to an operator (whether assigned administratively or through auction or through trading) in all access spectrum bands including BWA spectrum obtained in 2010 auction shall be applied for charging SUC

subject to a minimum of 3% of AGR excluding revenues from wireline services.

- The weighted average is to be derived by sum of product of spectrum holdings and applicable SUC rate divided by total spectrum holding. The weighted average rate should be determined operator wise for each service area.
  - The amount of SUC payable by the operators during 2015-16 at weighted average derived after taking in to consideration the spectrum acquired through forthcoming auction (and excluding the spectrum in 2300/2500 MHz band acquired/allocated prior to 2015-16), be treated as the floor amount of the SUC to be paid by the operators.
  - Further, in case there is a reduction in AGR of the service provider, the floor amount of SUC shall be reduced proportionately.
  - The order comes into force wef 12.08.2016.
- ## 4. DoT orders on use of Aadhar E-KYC service of UIDAI for issuing mobile connections to subscribers:
- Vide orders dated 16.08.2016, the DoT allowed use of Aadhar E-KYC service of UIDAI for issuing mobile connections to subscribers. The E-KYC process is completely paperless and does not require any tele-verification. As per the orders, the audit process for E-KYC customers would be specified separately. Further vide orders dated 27.01.2017, the DoT specified the following:
- TSPs are required to submit complete subscriber database (including activations done through both E-KYC and current paper based process) to TERM cell.
  - TERM cell would generate quarterly audit sample (*for Jammu & Kashmir, North-East and Assam at 0.2%*) / monthly audit sample (*for rest of India at 0.1%*) from complete subscriber database (which would include activations done through both E-KYC and current paper based process)
  - On the audit samples :
    - For connections activated through the current paper based process, TSPs to submit physical CAFs and TERM cell would audit these CAFs as per existing DoT instructions.
    - For connections activated through E-KYC process, TSPs to submit soft copies (in pdf format) of these CAFs in DVDs to respective TERM cells.
    - TERM cell may issue penalty/ demand notices to TSPs based on the compliance percentage achieved for the audits of paper based CAFs, as mentioned above.

**5. TRAI 10<sup>th</sup> Amendment to the Telecom Consumer Preference Regulation:**

The TRAI issued the TCPR amendment on 19.08.2016 which permits the maximum validity of 365 days for data only STVs instead of prevailing maximum validity of 90 days. The TRAI amendment also stated that STVs providing “data only” benefits must satisfy all conditions of a STV as specified in TCPR, 2012 including that these shall not be offered in denominations of ₹ 10 or multiples thereof.

**6. DoT approval for name change of Bihar UAS License from Aditya Birla Telecom Limited (ABTL) to Idea Cellular Limited:**

The DoT has on 22.08.2016, provided its consent to name change of Bihar license held by erstwhile ABTL to Idea Cellular Limited. This request had been pending since 2010.

**7. DoT guidelines on liberalization of 900 MHz spectrum:**

DoT had issued guidelines dated 05.11.2015 and amendment dated 21.04.2016 on liberalization of administratively allotted spectrum in 800 MHz and 1800 MHz frequency bands. DoT vide its letter of 06.09.2016, incorporated the 900 MHz band in para 1, 2 and 3 of earlier guidelines. In view of the same the amended paras read as under:

- Existing CMTS/UAS/UL with Access service authorization licensee may liberalized their entire administratively allotted spectrum holding in 800 MHz, 900 MHz and 1800 MHz band in a service area for the balance validity period of right to use spectrum.
- Administratively allotted spectrum in 800 MHz, 900 MHz and 1800 MHz bands refers to the spectrum allotted prior to auction of right to use spectrum in November 2012.
- Liberalization of spectrum in 800 MHz, 900 MHz and 1800 MHz frequency bands will be considered only after a written request for liberalizing the entire spectrum, pertaining to a frequency band and LSA, accompanied by a non-refundable processing fee amounting to ₹ 50000/- per service area from TSP.

**8. Guidelines for signing of Tripartite Agreement (TPA):**

The DoT on 30.09.2016 issued Guidelines for signing of Tripartite Agreement (TPA). Some of the key points are as follows:

- The TSP shall apply to DoT for signing of the TPA with non-refundable processing fee of ₹ 50,000/- along with the prescribed Application Form in duplicate with duly signed on each page.

- The TSP shall provide details of the securitisation pledged to DoT (i.e. in the form of Bank Guarantees etc.) by the Applicant Company against its dues.
- As per extant guidelines, rights, licenses, authorizations, etc. are treated as tangible securities.

**9. TRAI Direction regarding Fixed broadband service and Mobile Broadband services:**

TRAI issued the above Direction on 31.10.2016. Key highlights are as under:

- The Directive requires all TSPs to provide over their website and all advertisements published through any media, information regarding following:-

**For fixed broadband:-**

- Data usage limit with specified speed;
- Speed of broadband connection upto specified data usage limit; and
- Speed of broadband connection beyond data usage limit.

**For Mobile broadband:-**

- Data usage limit with specified primary technology (3G/4G) for data services; and
- Speed offered for data services beyond data usage limit.

- For the above mentioned requirements, information has to be given to both existing/new subscribers on their registered emails/SMS on registered mobile numbers.
- Ensure that download speed of fixed broadband subscriber is not reduced below minimum download speed as defined by DoT from time to time in any fair usage tariff plan post expiry of assigned quota.
- Provide SMS/email alert to subscriber when his data usage reaches 50% - 90% - 100% of data usage under the plan.
- TSP to also maintain a portal/website for subscriber to check usage at any point of time.

**10. Earmarking of spectrum for all the spectrum won by Idea Cellular in September 2016 auction**

Your company on 12.11.2016 received the spectrum and requisite license endorsement for spectrum won in September 2016 auctions in 1800/2100/2300/2500 MHz bands in authorization of access services in the LSAs of Andhra Pradesh, Himachal Pradesh, Assam, Bihar, Gujarat, Haryana, Jammu and Kashmir, Kerala, Madhya Pradesh, Maharashtra,

Mumbai, North East, Odisha, Punjab, Rajasthan, Uttar Pradesh (East), Uttar Pradesh (West) and West Bengal service areas.

#### 11. Right of Way Rules in the form of a Gazette Notification

This Gazette notification was issued on 15.11.2016. Salient features of the same are as follows:

- These rules may be called the Indian Telegraph Right of Way Rules, 2016.
- The appropriate authority shall exercise the powers under these rules on an application for establishment and maintenance of underground or overground telegraph infrastructure by any licensee on whom the powers of the telegraph authority have been conferred.
- Every appropriate authority shall designate a nodal officer for the purposes of these rules.
- The appropriate authority shall develop an electronic application process within a period of one year from the date of coming into force of these rules for submission of applications, provided that the State Government may at its discretion establish a single electronic application process for all appropriate authorities under its control.
- A licensee shall, for the purposes of establishment of telegraph infrastructure under any immovable property vested in or under the control or management of any appropriate authority, make an application, supported by such documents, to that authority in such form and manner as may be specified by that appropriate authority.
- Every application shall be accompanied with such fee to meet administrative expenses for examination of the application and the proposed work as the appropriate authority may, by general order, deem fit.
- Provided that such fee to meet administrative expenses shall not exceed one thousand rupees per kilometer (*ten thousand rupees in case of over ground structure*).
- The appropriate authority shall within a period not exceeding sixty days from the date of application made under rule 5:-
  - grant permission on such conditions including, but not limited to, the time, mode of execution, measures to mitigate public inconvenience or enhance public safety and payment of restoration charge, as may be specified, subject to the provisions of the Act and these rules; or
  - reject the application for reasons to be recorded in writing.

- Provided that no application shall be rejected unless the applicant licensee has been given an opportunity of being heard on the reasons for such rejection.
- Provided further that the permission shall be deemed to have been granted if the appropriate authority fails to either grant permission under (a) or reject the application under (b); and the same shall be communicated in writing to the applicant not later than five working days after permission is deemed to have been granted.
- The appropriate authority shall not charge any fee other than those prescribed under sub-rule (3) of rule 5 (*administrative expenses for examination of the application and the proposed work*) and clause (a) of sub-rule (2) from the licensee (*Restoration charge*) for establishing underground telegraph infrastructure.
- The Central Government shall, within a period of sixty days from the date of coming into force of these rules, designate, by notification, officers with such jurisdiction as may be mentioned in the notification, for the purpose to referring disputes.
- The officer designated by the Central Government shall determine the disputes within a period not exceeding sixty days in such manner as may be specified by the Central Government from time to time.

#### 12. Telecommunication Tariff (sixty first amendment) Order for USSD based mobile banking and payment services:

TRAI issued this amendment on 22.11.2016. Key highlights are as under:

- Reduction of ceiling tariff for the use of USSD for USSD based mobile banking and payment services from the current ₹ 1.50 to ₹ 0.50 (*50 paise*).
- Increase in number of stages from the existing 5 to 8 per USSD session – within above ceiling.
- No USSD push sessions.
- Current regulatory regime of customer paying for the USSD session charges (B2C) shall continue.

In view of Government demonetization efforts and Digital push, the Company had waived off the ₹ 0.50 (*50 paise*) charge till December 31, 2016.

#### 13. DoT orders on re-verification of subscribers through Aadhar E-KYC process

In view of the orders of Hon'ble Supreme Court in WPC No. 607 of 2016, the DoT has issued the instructions for

re-verification of subscribers on 23.03.2017. Key highlights are as under:

- Re-verification for both prepaid as well postpaid existing subscribers.
- TSP to send “verification code” to subscriber. Before E-KYC, TSP to check verification code to ascertain that SIM is physically available with subscriber.
- After E-KYC, and before updating details/ overwriting details, TSP to seek confirmation about re-verification through SMS. If no response received within 3 hours, verification to be taken as positive and data to be overwritten.
- Multiple connections (not bulk) of a subscriber can be done through single E-KYC. All mobile nos. to be mentioned on the CAF. However verification code and confirmation sms as above to be followed for all mobile nos. For data dongle etc., verification code to be sent to alternate nos.
- Once process followed, old CFA can be destroyed if no specific instructions by DoT/ LEA/ Courts.
- E-KYC not required for pre-paid to postpaid conversion and vice versa.
- Employee verification after E-KYC may not be required.
- Database of re-verified database to be shared with TERM cell on weekly basis. Re-verified subscribers to also be flagged in monthly subscriber base. Total subscribers and no. of re-verified subscribers to also be reported to DoT HQ on weekly basis.
- No penalty to be imposed for changes in subscriber data base.
- E-KYC for bulk & outstation to be clarified separately.
- Re-verification to be completed by 06.02.2018.
- Subscribers taken through normal process (non-E-KYC process) in this period, to also be re-verified and subscriber to be informed about the same.

### Opportunities, Risks, Concerns and Threats

With the rising rate of literacy, high smartphone penetration and pursuit of being ‘online’ on social media platforms - the Indian across all ethnicity, all class of Income and all generation have started demanding for High speeds of wireless Internet. The demand for high speed internet seems to grow by leaps and bounds in next few years. To monetise this opportunity all large

Mobile operators have deployed Broadband Services across country and further expanding the coverage to provide Mobile Broadband in deep hinterland of country.

During Financial Year 2016-17, the introduction of unprecedented large scale free services severely impacted the realisation for both, voice and data. This has impacted the industry revenue growth negatively at a time when large investments have been made in expectation of significant revenue growth, as volumes are less than sufficient to compensate for the rate decline. The financials of the industry are stretched as all the telecom operators are highly leveraged due to high commitment in spectrum auctions and extensive network roll out in past 2-3 years.

The negative revenue growth coupled with the need for large capital investments has driven focus towards cooperation by way of spectrum trading, spectrum sharing or combining operations. The state of many operators is clearly drawing to an end and wireless Industry in India is moving towards global norms of consolidating to around 5 large operators. The telecom operators in long run are expected to see a return to growth in revenue and hence an uplift in profitability, while providing world class mobility services to more than 1.3 billion Indians spread across vast geography of India. Your company is fully equipped to reap benefits out of these changing trends as it has pan India Broadband Spectrum and is aggressively expanding its Broadband network across the length and breadth of country.

The telecom sector is characterized by technological changes and competition from new technologies is an inherent threat. However, till date, the Indian telecom sector has not faced any disruptive phase arising out of any technological changes. Your Company, with a portfolio of spectrum in 900/1800/2100/2300/2500 MHz has an attractive spectrum footprint to adapt to any future technological changes.

Your Company has several ongoing litigations and any adverse determination of these remains a risk. Your Company believes in sound Corporate Governance Practices and believes that these litigations would be settled in due course in the best interest of all stakeholders. Your Company works with various local, state and central government agencies for specific permissions to operate its mobile licenses and is required to meet various regulatory/ policy guidelines of the DoT and may be subjected to various regulatory demands, penalties/fines or increased cost of compliance. Your Company makes best effort to adhere to all such requirements.

The Company’s business is dependent on key Network and IT equipment suppliers for management and continuity of its Network, IT and business processes. Further, these networks may be vulnerable to technical failures or any natural calamity. Your

Company is in partnership with global leaders in Network equipment and IT services and enjoys very long standing healthy relations with all its suppliers. The Company has a robust network & IT security processes and disaster recovery plans.

#### **Outlook**

After outperforming the industry for 8 years, your Company for the first time since its inception saw a decline in its revenue. However, the decline in your company's revenue is lesser than expected decline in Industry revenue for FY17. The industry is expected to come back on growth trajectory once the free services by the new entrant comes to an end.

Your company has received pan India Broadband spectrum and has rolled out Broadband Services (3G or/and 4G) in all the

22 service areas of India. Further, your Company is working at breakneck speed to expand its Broadband presence further in deep hinterland of the country with a vision to cover maximum population of the country.

As the hyper competition phase of Industry is getting over, profitability of industry is poised to improve.

Your company is working towards getting the requisite approval to conclude its merger with Vodafone India. In the meantime, your company will remain nimble, agile, adaptive and focused on its execution capabilities. The company remains confident to capitalise on the emerging opportunities in mobile voice, digital content, mobile banking and wireless data business as telecom market invariably moves towards consolidation with 5 major providers.

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#### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may constitute a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic markets in which the Company operates, changes in the Government Regulations, tax laws and other statutes and other incidental factors.*

## Corporate Governance Report

### Company's Philosophy on Corporate Governance

Corporate Governance in simple words means the way a corporation is governed. Corporate governance refers to mechanisms, processes and relations by which corporations are controlled and directed. Corporate Governance is a systematic process driven by the ethical conduct of the business and affairs of an organisation aimed at promoting sustainable business and enhancing shareholders value in long term. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across all business practices. Corporate governance essentially involves balancing the interests of a company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. We believe that Corporate Governance is a continuous journey for sustainable value creation for all the stakeholders driven by our values of Integrity, Commitment, Passion, Seamlessness and Speed.

The Aditya Birla Group has been one of the front runners in India to adopt and implement best governance practices. Our governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

Our governance philosophy rests on five basic tenets:

- Board accountability to the Company and shareholders;
- Strategic guidance and effective monitoring by the Board;
- Protection of minority interests and rights;
- Equitable treatment of all shareholders; and
- Superior transparency and timely disclosure.

In line with this philosophy, **Idea Cellular Limited**, an Aditya Birla Group Company, continuously strives for excellence through adoption of best governance and disclosure practices. Corporate Governance has always been intrinsic to the management of the business and affairs of our Company. Corporate Governance in Idea is a reflection of principles entrenched in our values and policies, leading to value driven growth. At Idea ensuring fairness, transparency and accountability across all business processes is of utmost importance. We believe that good governance practices stem from the culture and mindset of the organisation. While making business decisions our objective is to meet stakeholders' interest and societal expectations. We at Idea are committed in fostering and sustaining a culture that integrates all components of good governance and demonstrates highest standard of ethical and responsible business conduct. Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'], the details of which for the Financial Year ended March 31, 2017 is as set out hereunder:

### 1. BOARD OF DIRECTORS

An active, informed and independent Board is a pre-requisite for strong and effective corporate governance. The Board plays a crucial role in overseeing how the management safeguards the interests of all the stakeholders. The Board ensures that the Company has clear goals aligned to the shareholders' value and growth. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Board is duly supported by the Managing Director and Senior Management Personnel in ensuring effective functioning of the Company.

#### Composition of the Board

The Company has a balanced and diverse Board, which includes independent professionals and confirms to the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company's Board represents a confluence of experience and expertise from diverse areas of technology, banking, telecommunication, general management and entrepreneurship. As on March 31, 2017, the Board comprises of twelve members comprising of a Non- Executive Chairman, a Managing Director, a Whole Time Director, Six Independent Directors and three Non-Executive Directors. There are 4 women directors on the Board of the Company. The composition of the Board reflects the judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company. The positions of Chairman and Managing Director are held by different individuals where the Chairman of the Board is a Non-Executive Director.

The Board periodically evaluates the need for change in its size and composition to ensure that it remains aligned with statutory and business requirements.

None of the Director is a Director on the Board of more than ten Public Limited Companies or acts as an Independent Director in more than seven Listed Companies. Further, none of the Director is a Member of more than ten Committees or Chairman of more than five Committees, across all the Companies in which he/she is a Director. Except Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are related to each other as son and mother, no other Directors are related to each other. The Company has issued the formal letter of appointment to all the Independent Directors as prescribed under the provisions of the Companies Act, 2013 and the terms and conditions of their appointment has been uploaded on the website of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as specified under Section 149 (6) of the Companies Act, 2013 and they are qualified to act as Independent Directors.

The Composition of the Board of Directors and the number of Directorships and Committee positions held by them as on March 31, 2017 are as under:

Name of Director	Category	No. of outside Directorship(s) held <sup>1</sup>		Outside Committee Positions Held <sup>2</sup>	
		Public	Member	Chairman/Chairperson	
Mr. Kumar Mangalam Birla	Non-Executive	8	-	-	
Mrs. Rajashree Birla	Non-Executive	7	-	-	
Dr. Shridhir Sariputta Hansa Wijayasuriya	Non-Executive	-	-	-	
Mr. Sanjeev Aga	Non-Executive	7	2	2	
Mr. R. C. Bhargava <sup>3</sup>	Independent	6	2	3	
Mr. Arun Thiagarajan	Independent	5	2	4	
Mr. Mohan Gyani	Independent	-	-	-	
Ms. Tarjani Vakil	Independent	8	4	4	
Mr. P. Murari	Independent	7	4	2	
Mrs. Madhabi Puri Buch	Independent	3	1	-	
Mrs. Alka M. Bharucha <sup>4</sup>	Independent	5	1	1	
Mr. Himanshu Kapania	Managing Director	7	1	-	
Mr. Akshaya Moondra <sup>5</sup>	Whole Time Director & Chief Financial Officer	7	5	-	

1. Directorships held by the Directors as mentioned above, excludes directorships held in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.
2. In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of two Committees viz. Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies have been considered.
3. Mr. R. C. Bhargava ceased to be a Director with effect from October 1, 2016.
4. Mrs. Alka M. Bharucha was appointed as an Independent Director with effect from December 26, 2016.
5. Mr. Akshaya Moondra was appointed as the Whole Time Director designated as Whole Time Director & Chief Financial Officer of the Company with effect from July 8, 2016.

### Board Meetings and Procedure

The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened to address the specific needs of the Company. In case of urgent business exigencies some resolutions are also passed by circulation, as permitted by law, which is confirmed in the subsequent Board Meeting. Time gap between two consecutive meetings does not exceed 120 days. Video Conferencing / teleconferencing facilities are also made available to enable participation of Directors, in case they are unable to attend the meeting physically. There is a structured manner in which the agenda items are prepared and presented. The Company Secretary in consultation with the Chairman and the Managing Director prepares the detailed agenda for the meetings. All the agenda items are backed by comprehensive agenda notes and relevant supporting papers containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and take informed decisions. The agenda and agenda notes are circulated to all

the Directors well in advance, usually a week before the Meeting. In case of sensitive agenda matters, where it is not practical to circulate the relevant information as part of the agenda papers, the same is tabled at the meeting. In special and exceptional circumstances, additional or supplementary agenda items are taken-up for discussion with the permission of the Chairman. The members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman. The Senior Management Personnel are invited to the Board / Committee Meetings to apprise and update the members on the items being discussed at the meeting. All the relevant information as enumerated in Part A of Schedule II of the Listing Regulations is placed before the Board and the Board in particular reviews and approves corporate strategies, business plan, annual budget, capital expenditure etc. The Board periodically reviews the compliance status of all the applicable laws and is regularly updated on various legal and regulatory developments involving the Company. Action Taken Report in respect of the decisions arising out of the

previous meetings is placed at the succeeding meeting of the Board/Committee. The Members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company. All the decisions are taken after detailed deliberations by the Board Members at the meetings.

The draft minutes of each Board/Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. The Company Secretary, after incorporating comments, received if any, from the Directors, records the minutes of each Board/Committee meeting within 30 days from conclusion of the meeting. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments promptly. During the Financial Year 2016-17, the Board met seven times i.e. on April 28, 2016, July 8, 2016, August 8, 2016, October 24, 2016, February 4, 2017, February 11, 2017 and March 20, 2017. The intervening gap between two board meetings did not exceed 120 days.

The details of attendance of Directors at the Board Meetings and at the Last Annual General Meeting are as under:

Name of Director	No. of Board Meetings held during the tenure		Attended Last AGM <sup>1</sup> (Yes/No)
	Held	Attended	
Mr. Kumar Mangalam Birla	7	5	Yes
Mrs. Rajashree Birla	7	6	No
Dr. Shridhir Sariputta Hansa Wijayasuriya	7	5	No
Mr. Arun Thiagarajan	7	5	Yes
Mr. Mohan Gyani	7	3	No
Ms. Tarjani Wakil	7	7	No
Mr. R.C. Bhargava <sup>2</sup>	3	3	No
Mr. P. Murari	7	4	No
Mr. Sanjeev Aga	7	7	No
Mr. Himanshu Kapania	7	6	Yes
Mrs. Madhabi Puri Buch	7	6	No
Mrs. Alka M. Bharucha <sup>3</sup>	3	3	NA
Mr. Akshaya Moondra <sup>4</sup>	5	5	Yes

1. AGM held on 29th September, 2016 at Cambay Sapphire (formerly Cambay Spa and Resort), Plot No. X-22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar-382 044, Gujarat.

2. Mr. R.C. Bhargava ceased to be Director with effect from October 1, 2016.

3. Mrs. Alka M. Bharucha was appointed as an Independent Director with effect from December 26, 2016.

4. Mr. Akshaya Moondra was appointed as the Whole Time Director designated as Whole Time Director & Chief Financial Officer of the Company with effect from July 8, 2016.

### Induction and Familiarization program for Board Members

A formal letter of appointment together with the Induction kit is provided to the Independent Directors, at the time of their appointment, setting out their role, functions, duties and responsibilities. The directors are familiarized with your Company's business and operations and interactions are held between the directors and senior management of your Company. Directors are familiarized with the organizational set-up, functioning of various departments, internal control processes and relevant information pertaining to the Company. Apart from the above, periodic presentations are also made at the Board / Committee meetings to familiarize the Directors with the Company's strategy, business performance, business environment, regulatory framework, operations review, risk management and other related matters.

The details of familiarization programs are posted on the website of the Company viz. [www.ideacellular.com](http://www.ideacellular.com).

### Meeting of Independent Directors

The Independent Directors met informally without the presence of Non-Independent Directors and the management, and discussed, inter-alia, on matters pertaining to evaluation of the performance of the Board as a whole, evaluation of the performance of the Chairman and Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the management and the Board of Directors, which is necessary for the Board to effectively and reasonably perform their duties etc.

The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole. Inputs and suggestions received from the Directors were considered at the Board Meeting and are being implemented.

### Performance Evaluation of Board

A formal evaluation mechanism is in place for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation was done based on the criteria which includes, among others, providing strategic perspective, Chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees etc. The Directors expressed their satisfaction with the evaluation process.

### Code of Conduct

The Board of Directors have laid down the Code of Conduct for all the Board Members (incorporating, inter-alia, duties of Independent Directors) and Senior Management Personnel of the Company, which is also uploaded on the website of the Company [www.ideacellular.com](http://www.ideacellular.com). The Code is derived from three inter-linked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. Code of conduct provides guidance and support for ethical conduct of the business. All Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Managing

Director affirming the compliance with the Code of Conduct by the Board Members and Senior Management Personnel of the Company for the Financial Year ended March 31, 2017 is attached and forms part of this Report.

## 2. COMMITTEES OF THE BOARD

The Board Committees play a vital role in improving Board effectiveness in areas where more focused and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees comprising of Executive and Non-Executive / Independent Directors. Board Committee's ensures focussed discussion and expedient resolution of diverse matters. The Board Committees include Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Finance Committee, CSR Committee, Risk Management Committee and Securities Allotment Committee. All the Committees have formally established terms of references / Charter. The Minutes of the Committee Meetings are noted by the Board.

The role and composition of the aforesaid Committees, including the number of meetings held and the related attendance of the members are given below:

### A. Audit Committee

The Company has an Audit Committee at the Board level with power and role that are in accordance with the Listing Regulations and the Companies Act, 2013. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company.

The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

#### Powers of Audit Committee

The powers of Audit Committee include the following:

- i. To investigate any activity within its terms of reference;
- ii. To seek information from any employee;
- iii. To obtain outside legal or other professional advice;
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary;
- v. To call for a separate meeting with statutory and internal auditors with or without the Management team;
- vi. To call for a separate meeting with the MD/CEO and as appropriate, other members of the management team to get an independent feedback and also to give feedback received from the auditors;

- vii. Appoint any external firm to conduct special reviews of the Company (financial or legal) subject to the approval of the Board;
- viii. Perform other activities related to the Charter as requested by the Board of Directors; and
- ix. Carry out additional functions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.

#### Terms of reference

The broad terms of reference of Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
3. Approval of payment to statutory auditors for any other services rendered by statutory auditors.
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

7. Review and monitor the auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow-up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To review:
  - a. Management Discussion and Analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
  - d. Internal audit reports relating to internal control weaknesses; and

- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

In addition to reviewing financial results on quarterly basis, Audit Committee Meetings are also convened for reviewing Internal Audit reports pertaining to various functions and also for reviewing the implementation of Internal Financial Control framework. The Company has appropriate internal control systems for business processes, covering operations, financial reporting and compliance with applicable laws and regulations. Regular internal audits and management reviews ensure that the responsibilities are executed effectively. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate.

The Committee also oversees the performance of the internal and statutory auditors and also recommends their appointment and remuneration to the Board. Information as detailed in Part C of Schedule II of the Listing Regulations is mandatorily being reviewed by the Audit Committee. The minutes of the Audit Committee Meetings forms part of the Board Agenda. The Chairman of the Audit Committee Meeting briefs the Board on the discussions held during Audit Committee Meeting.

#### **Composition, Meetings and Attendance**

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. As on March 31, 2017, the Audit Committee comprises of four members, of which three members, including the Chairman, are Independent Directors and one Member is a Non-Executive Director. The majority of the Audit Committee members possess accounting and financial management expertise. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 29, 2016.

The Managing Director and the Whole Time Director & Chief Financial Officer of the Company are permanent invitees to the Audit Committee Meetings. Representatives of the Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Committee Meetings to present reports on the respective functions that are discussed at the meetings from time to time. The Cost Auditors attend the meeting when Cost Audit Report is discussed.

During the Financial Year 2016-17, six meetings of the Audit Committee were held on April 28, 2016, August 8, 2016, August 18, 2016, October 24, 2016, February 11, 2017 and March 19, 2017. The intervening gap between two Meetings did not exceed 120 days.

The composition of the Audit Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Arun Thiagarajan (Chairman)	Independent	6	5
Ms. Tarjani Vakil	Independent	6	5
Dr. Shridhir Sariputta Hansa Wijayasuriya	Non-Executive	6	2
Mrs. Madhabi Puri Buch	Independent	6	6

All the recommendations made by the Audit Committee were accepted by the Board. Audit Committee met separately with the Statutory Auditors to get their inputs on important matters relating to their areas of audit.

#### B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been entrusted with role of formulating criteria for determining the qualifications, positive attributes and independence of the Directors as well as identifying persons who may be appointed at senior management levels and also devising a policy on remuneration of Directors, Key Managerial Personnel and other senior employees. The Committee also monitors and administers the Employee Stock Option Scheme(s).

#### Terms of reference

The broad terms of reference of Nomination and Remuneration Committee includes the following:

- set the level and composition of remuneration which is reasonable and sufficient to attract, retain and motivate Directors and Senior Management of the quality required to run your Company successfully;
- set the relationship of remuneration to performance;
- check whether the remuneration provided to Directors and Senior Management includes a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of your Company and its goals;
- formulate appropriate policies, institute processes which enable the identification of individuals who are qualified to become Directors and who may be appointed in Senior Management and recommend the same to the Board;
- review and implement succession and development plans for Managing Director, Executive Directors and Senior Management;
- devise a policy on Board diversity;
- formulate the criteria for determining qualifications, positive attributes and independence of Directors; and
- to supervise and monitor the process of issuance/ grant/ vesting/ cancellation of ESOPs and such other instruments

as may be decided to be granted to the employees of the Company/ Subsidiary Company, from time to time, as per the provisions of the applicable laws, more particularly in terms of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

#### Composition, Meetings and Attendance

The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on March 31, 2017, Committee comprises of three Non-Executive Directors, majority of whom including the Chairperson are Independent Directors. The Company Secretary acts as a secretary to the Committee.

During the Financial Year 2016-17, five meetings of the Nomination and Remuneration Committee were held on April 28, 2016, July 8, 2016, August 8, 2016, October 24, 2016 and February 11, 2017.

The composition of the Nomination and Remuneration Committee and the attendance of the members at the meetings held during the Financial Year 2016-17 are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Ms. Tarjani Vakil (Chairperson)	Independent	5	5
Mr. Arun Thiagarajan	Independent	5	3
Mr. Kumar Mangalam Birla	Non-Executive	5	4

#### Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors and Senior Management Employees. The Company's remuneration policy is directed towards rewarding performance based on periodic review of the achievements. The remuneration policy has been disclosed in the Annual Report.

#### Remuneration of Directors

##### (i) Remuneration to the Executive Directors

The remuneration package of the Executive Directors is determined by the Nomination and Remuneration Committee in accordance with the Remuneration policy of your Company. The recommendations of the Committee are considered and approved by the Board, subject to the approval of the members of the Company. The remuneration package of the Managing Director and Whole Time Director comprises of a fixed salary component and a performance linked bonus. A fair portion of the remuneration of the Executive Directors are linked to the Company's performance, thereby creating a strong alignment of interest with shareholders.

**I. Details of the Managerial Remuneration paid to the Executive Directors during Financial Year 2016-17 is as under:**

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration during 2016-17			
			All elements of remuneration package i.e. salary, allowances and other benefits etc.	Fixed component & performance linked incentives, along with performance criteria	Service Contract, notice period, severance fee	Stock Option details, if any
Mr. Himanshu Kapania	None	Managing Director	60.78 Mn See Note (a) & (d)	39.32 Mn See Note (b)	See Note (c)	See Table II below
Mr. Akshaya Moondra	None	Whole Time Director & Chief Financial Officer	27.86 Mn See Note (a)	5.95 Mn See Note (b)	See Note (c)	See Table II below

- (a) The amount includes perquisite value of ₹ 6.69 Mn, towards stock options exercised by Mr. Himanshu Kapania and perquisite value of ₹ 14.42 Mn exercised by Mr. Akshaya Moondra during FY 2016-17.
- (b) Mr. Himanshu Kapania was paid a sum of ₹ 39.32 Mn towards performance incentive, linked to achievement of targets over and above ₹ 60.78 Mn paid as remuneration and Mr. Akshaya Moondra was paid a sum of ₹ 5.95 Mn towards performance incentive, linked to achievement of targets over and above ₹ 27.86 Mn paid as remuneration. The Performance Linked Incentive (PLI) is disclosed on actual pay-out basis.
- (c) The tenure of Managing Director and Whole Time Director is for 5 years from their respective dates of appointment and can be terminated by three months' notice on either side. No severance fees is payable to the Managing Director or Whole Time Director.
- (d) As the Company did not have profits for the year ended March 31, 2017, an amount of ₹ 30.54 Mn has been paid / accrued to the Managing Director, in excess of the limits specified under Section 197 of the Companies Act, 2013, read with Schedule V of the Act. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payments, including seeking approval of shareholders / central government, as necessary.

**II. Details of Stock Options (Options) and Restricted Stock Units (RSU) granted/exercised to/by the Executive Directors:**

Executive Director	ESOS -2006			ESOS-2013		
	No. of Options Granted	Exercise price (in ₹)	Options Exercised	No. of Options/RSU granted	Exercise Price (in ₹)	Options/RSU Exercised
Mr. Himanshu Kapania	267,500 Options (Tranche I)	39.30	2,67,500	1,893,740 Options 533,333 RSU's (Tranche I)	126.45 10/-	80,000 70,000
	66,875 Options (Tranche II)	45.55	66,875	1,57,812 Options 44,444 RSU's (Tranche IV)	110.45 10/-	NA (See note c)
Mr. Akshaya Moondra	1,07,000 Options (Tranche II)	45.55	1,07,000	297,885 Options 146,944 RSU's (Tranche I)	126.45 10/-	NIL 146,944
	53,500 Options (Tranche III)	57.55	53,500			

- (a) In terms of your Company's Employee Stock Option Scheme, 2006 (ESOS-2006), each Option is convertible into one equity share of the Company upon vesting. These Options vest in 4 equal annual instalments after one year of the grant and are exercisable within a period of 5 years from the date of vesting.
- (b) In terms of Employee Stock Option Scheme, 2013 (ESOS-2013), each Option and each Restricted Stock Units (RSU) when exercised is convertible into one equity share of the Company. These Options would vest in 4 equal annual instalments after one year of the grant and the RSUs will vest after 3 years from the date of grant. The Options and RSUs shall be exercisable within a period of 5 years from the date of vesting.
- (c) During the year under review, Mr. Himanshu Kapania was granted 1,57,812 stock options and 44,444 RSU's under Tranche IV of ESOS- 2013. In terms of ESOS-2013, these Options would vest in 4 equal annual instalments after one year of the grant and the RSUs will vest after 3 years from the date of grant. The Options and RSUs shall be exercisable within a period of 5 years from the date of vesting.

**(ii) Remuneration to Non-Executive/ Independent Directors**

Non-Executive Directors are paid remuneration by way of sitting fees for the meetings attended by them and Commission which is well within the limits prescribed under Companies Act, 2013 ('the Act'). The Commission/ Remuneration payable to Non-Executive Directors is decided by the Board of Directors on the basis of recommendation of the Nomination and Remuneration Committee, subject to the overall approval by the members of the Company. In view of Net loss incurred by the

Company for Financial Year ended March 31, 2017, no Commission has been approved by the Board for FY 2016-17.

The sitting fees payable to the Directors is ₹ 50,000/- for each meeting of the Board, ₹ 25,000/- for each meeting of the Audit Committee and ₹ 20,000/- for each other Committee Meetings.

The Non-Executive Directors are also entitled to reimbursement of expenses incurred in performance of the duties as Directors and Members of the Committees.

The details of the sitting fees paid to Non-Executive Directors for the Financial Year ended March 31, 2017 are as under:

Name of Non-Executive Director	Sitting Fees paid for FY 2016-17 (₹)
Mr. Kumar Mangalam Birla	3,30,000
Mrs. Rajashree Birla	3,60,000
Dr. Shridhir Sariputta Hansa Wijayasuriya	3,00,000
Mr. Arun Thiagarajan	4,35,000
Mr. Mohan Gyani	1,50,000
Ms. Tarjani Vakil	8,55,000
Mr. R.C. Bhargava <sup>1</sup>	1,50,000
Mr. P. Murari	2,20,000
Mrs. Madhabi Puri Buch	4,50,000
Mrs. Alka M. Bharucha <sup>2</sup>	1,50,000
Mr. Sanjeev Aga	5,90,000
<b>Total</b>	<b>39,90,000</b>

1. Mr. R.C. Bhargava ceased to be Director w.e.f. from October 1, 2016.

2. Mrs. Alka M. Bharucha was appointed as an Independent Director w.e.f. December 26, 2016.

### (iii) Details of Shareholding of Directors

The details of shareholding of Directors as on March 31, 2017 are as under:

Name of Director	No. of Equity Shares <sup>#</sup>
Mr. Kumar Mangalam Birla	2,33,333
Mr. Arun Thiagarajan	7,700
Ms. Tarjani Vakil	147
Mr. Sanjeev Aga	2,50,000
Mr. Himanshu Kapania	4,34,375
Mr. Akshaya Moondra	2,77,444

<sup>#</sup> Shares held singly or as a first shareholder are only considered.

During the year under review, the Company has paid ₹ 36.87 Mn as professional fees to M/s. Bharucha & Partners, a firm in which the Company's Director Mrs. Alka M. Bharucha is a partner. There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.

### C. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/Investors' complaints/ grievances viz. non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of shares and other related

complaints. In addition, the Committee also monitors other issues including status of Dematerialisation/ Rematerialisation of shares issued by the Company.

### Composition, Meetings and Attendance

The composition of Stakeholders' Relationship Committee is in conformity with the provisions of Companies Act, 2013 and Regulation 20 of the Listing Regulations. As on March 31, 2017, the Committee comprises of three members namely, Ms. Tarjani Vakil (Chairperson), Mr. Sanjeev Aga and Mr. Himanshu Kapania. The Company Secretary acts as a Secretary to the Committee. During the Financial Year 2016-17, the Stakeholders' Relationship Committee met once on February 11, 2017 and the said meeting was attended by all the members.

### Compliance Officer

Mr. Pankaj Kapdeo, Company Secretary, acts as the Compliance Officer of the Company. The Compliance Officer briefs the Committee on the grievances/queries of the investors and the steps taken by the Company for redressing their grievances. He is responsible for complying with the provisions of the Listing Regulations, requirements of securities laws and SEBI Insider Trading Regulations. The Compliance Officer can be contacted at:

### Idea Cellular Limited

Birla Centurion, 10th Floor,  
Century Mills Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai – 400 030  
Tel: +91-9594003434  
Fax: +91-22-26527080  
Email: shs@idea.adityabirla.com

### Investor Grievances Redressal Status

During the financial year 2016-17, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to non-receipt of Dividend, non-receipt of annual reports, request for subsidiary annual accounts etc. All the complaints were resolved to the satisfaction of the investors.

The status of Investors' Complaints as on March 31, 2017, is as follows:

No. of complaints as on April 1, 2016	0
No. of complaints received during the Financial Year 2016-17	134
No. of complaints resolved upto March 31, 2017	134
No. of complaints pending as on March 31, 2017	0

To redress investor grievances, the Company has a dedicated E-mail ID shs@idea.adityabirla.com to which investors may send complaints.

#### D. Finance Committee

The Company has constituted a Finance Committee to approve matters relating to availing of financial/banking facilities and other related treasury and banking activities. Finance Committee looks into matters pertaining to borrowings, working capital management, foreign currency contracts, besides other powers granted to it by the Board.

##### Composition, Meetings and Attendance

As on March 31, 2017, the Committee comprises of three members namely, Ms. Tarjani Vakil, Mr. Sanjeev Aga and Mr. Himanshu Kapania. The Company Secretary acts as the Secretary to the Committee. During the Financial Year 16-17, four meetings of the Finance Committee were held on May 12, 2016, August 18, 2016, September 1, 2016 and September 23, 2016.

The composition of the Finance Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjeev Aga	Non-Executive	4	3
Ms. Tarjani Vakil	Independent	4	4
Mr. Himanshu Kapania	Managing Director	4	4

#### E. Securities Allotment Committee

The Securities Allotment Committee is empowered to make allotment of all kinds of securities that may be issued by the Company, from time to time. The Committee comprises of three members including one Independent Director. As on March 31, 2017 the Committee comprises of Mr. Himanshu Kapania, Mr. Sanjeev Aga and Ms. Tarjani Vakil. The Company Secretary acts as a Secretary to the Committee. During the Financial Year 16-17, nine meetings of the Securities Allotment Committee were held on December 13, 2016, January 4, 2017, January 17, 2017, January 27, 2017, January 31, 2017, February 8, 2017, February 14, 2017, February 20, 2017 and March 20, 2017, primarily to allot the Non-Convertible Debentures raised by the Company.

The composition of the Finance Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjeev Aga	Non-Executive	9	8
Ms. Tarjani Vakil	Independent	9	9
Mr. Himanshu Kapania	Managing Director	9	6

#### F. Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee (CSR Committee). The CSR Committee evaluates and recommends to the Board the CSR activities to be undertaken during the year and amount to be spent on CSR activities. The CSR Committee monitors the CSR policy from time to time.

As on March 31, 2017, the Committee comprises of three members, including one Independent Director. Mrs. Rajashree Birla, Non-Executive Director is the Chairperson of the Committee, Mr. P. Murari and Mr. Himanshu Kapania are other members of the Committee. Dr. Pragnya Ram, Group Executive President, Corporate Communications & CSR is the permanent invitee to all the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee. During the Financial Year 2016-17, three meetings of the Committee were held on April 28, 2016, August 8, 2016 and October 24, 2016.

The composition of the CSR Committee and the attendance of the members at the meetings held during the year are as under:

Name of Director	Category	No. of Meetings held during the tenure	No. of Meetings attended
Mrs. Rajshree Birla (Chairperson)	Non-Executive	3	3
Mr. P. Murari	Independent	3	1
Mr. Himanshu Kapania	Managing Director	3	3

During the year under review, your Company has undertaken various CSR activities details whereof are provided in the Directors' Report. The focus areas for Company's CSR activities were health care, education, sustainable livelihood, infrastructure development and social change. The CSR Report for the Financial Year ended March 31, 2017 is attached as 'Annexure B' to the Board's Report. Corporate Social Responsibility Policy of the Company is available on the Company's website [www.ideacellular.com](http://www.ideacellular.com).

#### G. Risk Management Committee

In compliance with the requirements of Regulation 21 of the Listing Regulations, the Board has duly constituted the Risk Management Committee. The Committee's prime responsibility is to frame, implement and monitor the Enterprise Risk Management framework for the Company. The Committee reviews and monitors the risk management plan and ensures its effectiveness. As on March 31, 2017 the Committee comprises of Mr. Arun Thiagarajan, Ms. Tarjani Vakil and Mr. Himanshu Kapania as its members. Mr. Akshaya Moondra, Whole Time Director and Chief Financial Officer is the permanent invitee to all the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

During the year under review no meeting of the Committee was held.

### 3. SUBSIDIARY COMPANIES

The subsidiary companies are managed by their individual Board of Directors. The Company monitors the performance of subsidiary companies on periodic basis. The statement containing details of all significant transactions entered into by subsidiary companies is tabled before the Board periodically. Minutes of the Board Meetings of unlisted subsidiary companies are placed before the Board. The Company does not have any material non-listed Indian Subsidiary Company. The policy for determining material subsidiary is available on the Company's website [www.ideacellular.com](http://www.ideacellular.com).

### 4. DISCLOSURES

#### a. Related Party Transactions

During the year under review, the Company acquired 10,000 Equity Shares of face value of ₹ 10 each of Idea Cellular Infrastructure Services Limited (ICISL), a wholly-owned subsidiary of the Company at an issue price of ~ ₹ 4,96,297 per Equity Share each, for consideration other than cash, against transfer of tower infrastructure undertaking by the Company to ICISL with approval granted by the Audit Committee and the Board of Directors at their respective meetings. All contracts/arrangements/transactions entered by the Company during the financial year with the related parties as detailed in Note no. 59 of the Standalone Financial Statements were in ordinary course of business and at an arm's length basis. None of the related party transactions entered into by the Company were in conflict with the Company's interest. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. Member's approval for Material Related Party Transaction, as defined under the Listing Regulations shall be obtained at the ensuing Annual General Meeting.

All Related Party Transactions are placed before the Audit Committee for their approval. Omnibus approvals are taken for the transactions which are repetitive in nature. In compliance with Listing Regulations, the necessary statements/disclosures with respect to the Related Party Transactions, are tabled before the Audit Committee and the Board of Directors on quarterly basis. Company has implemented a Related Party Transaction manual and Standard Operating Procedures for the purpose of identification and monitoring of such transactions. The details of the transactions with Related Parties are provided in the accompanying financial statements as required under Ind AS 24. In line with requirement of the Companies Act, 2013 and Regulation 23 of the Listing Regulations, your Company has adopted a Policy on Related Party Transactions which is available at Company's website [www.ideacellular.com](http://www.ideacellular.com).

#### b. Disclosure of Accounting Treatment

In the preparation of standalone and consolidated financial statements, your Company has followed all the applicable Accounting Standards and the generally accepted accounting principles in India.

#### c. Details of non-compliance with regard to the Capital Markets

There has been no instances of non-compliance by your Company and no penalties or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### d. Proceeds from public issues, rights issues, preferential issues etc.

During the year under review, no proceeds were raised by the Company from public issues, rights issue, preferential issue etc.

#### e. Insider Trading

In order to regulate trading in securities of the Company by the Directors and designated employees, your Company has adopted a Code of Conduct for trading in listed or proposed to be listed securities of your Company. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Directors, Designated Employees and Connected Persons of your Company.

#### f. Whistle Blower Policy

Your Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees pursuant to which a Committee has been constituted for addressing complaints received from Directors and Employees concerning unethical behaviour, actual or suspected fraud and violation of Code of Conduct or ethics policy of your Company. The Policy provides adequate safeguards against victimisation of Director(s)/ Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. Your Company hereby affirms that no Director/Employee has been denied access to the Chairman of the Audit Committee.

#### g. Compliance with the Mandatory Corporate Governance Requirements as prescribed under the Listing Regulations

The Board of Directors periodically review the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Company has obtained a certificate affirming the compliances from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, the Company's Statutory Auditors and the same is appended as an Annexure to this Report.

#### h. Details of Compliances with the Non-mandatory Corporate Governance as prescribed under the Listing Regulations

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements as prescribed in Regulation 27 of the Listing Regulations:

- Position of the Chairman and the Managing Director are held by separate individuals.
- Your Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance is made available to enable him to discharge his responsibilities effectively.
- The statutory financial statements of your Company are unqualified.
- The quarterly results along with the press release, as approved by the Board are first submitted to the Stock Exchanges. The same are then uploaded on the website of the Company [www.ideacellular.com/investor-relations/results](http://www.ideacellular.com/investor-relations/results). On the next day of the announcement of the quarterly results, an earnings call is organised, where the management responds to the queries of the investors/analysts. These calls are webcast live and transcripts thereof are posted on the website.

#### 5. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms part of the Director's Report.

#### iii) General Body Meetings:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Particulars of Special Resolution(s)
2015-16	September 29, 2016	12.30 pm	Cambay Sapphire (Formerly Cambay Spa and Resort), Plot No.22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar-382 044, Gujarat.	1. Issue of Non-Convertible Securities on private placement basis
2014-2015	September 28, 2015	12.30 p.m.	Cambay Sapphire (Formerly Cambay Spa and Resort), Plot No.22-24, Near GIDC, Opposite Hillwoods School, Sector 25, Gandhinagar-382 044, Gujarat.	1. Issue of Non-Convertible Securities on Private Placement Basis. 2. Approval of Material Related Party Transactions with Indus Towers Limited.
2013-2014	September 26, 2014	12.30 p.m.	Cambay Spa and Resort, Plot No. X-22/23, GIDC Electronic Estate, Sector 25, Gandhinagar-382 044, Gujarat.	1. Adoption of new Articles of Association. 2. Borrowing powers of the Company. 3. Creation of security on the properties of the Company, both present and future. 4. Approval for the payment of commission to the Non-Executive Directors.

#### 6. SHAREHOLDERS' INFORMATION

##### i) Disclosure regarding appointment or re-appointment of Directors

Brief profile of the Directors seeking appointment or re-appointment is annexed to the Notice convening the 22<sup>nd</sup> Annual General Meeting forming part of this Annual Report.

##### ii) Communication to Shareholders

The Company's quarterly financial results, presentation made to Institutional Investors/Analysts, quarterly reports, official news releases and other general information about the Company are uploaded on the Company's website ([www.ideacellular.com](http://www.ideacellular.com)).

Quarterly financial results, presentation made to Analysts, Quarterly reports, official news releases and official media releases are also sent to the Stock Exchanges.

The quarterly financial results of the Company are generally published in The Economic Times/ Business Standard (all editions) and Western Times (a regional daily published in Gujarat).

At the end of each quarter, the Company organizes earnings call with the analysts and investors and the transcripts of the same are thereafter uploaded on the website of the Company.

**Extra-ordinary General Meeting**

During the Financial Year 2016-17, no Extra-ordinary General Meeting was held.

**Postal Ballot**

There was no Special Resolution passed through Postal Ballot during the financial year 2016- 2017. None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

**iv) Details of unclaimed shares in terms of Regulation 39 of the Listing Regulations**

In terms of regulation 39 (4) of the Listing Regulations, the details in respect of equity shares lying in the suspense accounts which were issued in Demat form pursuant to the Initial Public Offer (IPO) of the Company in the year 2007 are as given below:

Particulars	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2016	77	17944
Number of shareholders who approached to the Issuer / Registrar for transfer of shares from suspense account during the Financial Year 2016-17	2	688
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2016-17	2	688
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2017	75	17256

*The voting rights on the shares in the suspense account as on March 31, 2017 shall remain frozen till the rightful owners of such shares claim the shares. The Company sends periodic reminders to the concerned shareholders advising them to lodge their claims with respect to unclaimed shares.*

**7. CEO/CFO CERTIFICATION**

As required under Regulation 17(8) of the Listing Regulations, certificate duly signed by the CEO/ CFO of the Company is appended as an Annexure to this Report.

**8. REPORT ON CORPORATE GOVERNANCE**

This Corporate Governance Report forms part of the Annual Report. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**9. AUDITORS' CERTIFICATION**

As required under Regulation 34 of the Listing Regulations, the certificate from the Company Auditor's M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, affirming compliance with the conditions of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this Report.

**GENERAL SHAREHOLDERS' INFORMATION****1. Annual General Meeting**

Day and Date : Friday, June 30, 2017

Time : 4:00 P.M.

Venue : Cambay Sapphire  
(Formerly Cambay Spa and Resort),  
Plot No. 22-24, Near GIDC,  
Opposite Hillwoods School, Sector 25,  
Gandhinagar – 382 044, Gujarat

**2. Financial Calendar for 2017-18 (Tentative)**

Financial reporting for the quarter ending June 30, 2017 : End July, 2017

Financial reporting for the quarter ending September 30, 2017 : End October, 2017

Financial reporting for the quarter ending December 31, 2017 : End January, 2018

Financial reporting for the year ending March 31, 2018 : End April, 2018

Annual General Meeting for the financial year 2017-18 : August/  
September, 2018

3. **Book Closure Date** : June 24, 2017 to June 30, 2017  
(both days inclusive)

4. **Dividend** : Nil

5. **Dividend Payment Date** : Not Applicable  
(Since no Dividend is recommended for FY 2016-17)

6. **Registered Office** : Suman Tower,  
Plot No. 18, Sector - 11,  
Gandhinagar – 382 011,  
Gujarat  
Tel: +91-79-66714000  
Fax: +91-79-23232251

7. **Plant Locations** : The Company being a Service provider, has no plant locations.

#### 8. Unclaimed Dividend

Section 124 of the Companies Act, 2013, mandates the Company to transfer entire amount of dividend remaining unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Since, the Company declared its maiden dividend in September 2013 for FY 2012-13, no unclaimed dividend is due for transfer to IEPF. The Company sends periodic reminders to the concerned shareholders advising them to lodge their claims with respect to unclaimed dividend.

#### 9. Listing Details

The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of Stock Exchanges	
National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

*The Annual Listing Fees for the Financial Year 2017-18 has been paid to the above Stock Exchanges.*

#### 10. Debt Securities

##### Listing Details:

The Non-Convertible Debentures of the Company are listed on the Wholesale Debt Market (WDM) Segment of the National Stock Exchange of India Limited.

#### 11. Stock Codes

	Stock Code	Reuters	Bloomberg
Bombay Stock Exchange	532822	IDEA.BO	IDEA IN
National Stock Exchange	IDEA	IDEA.NS	NIDEA IN
ISIN No. of Equity Shares	INE669E01016		
CIN	L32100GJ1996PLC030976		

#### 12. Stock Price Data

The monthly high and low prices and volume of shares of the Company at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the Financial Year 2016-17 are as under:

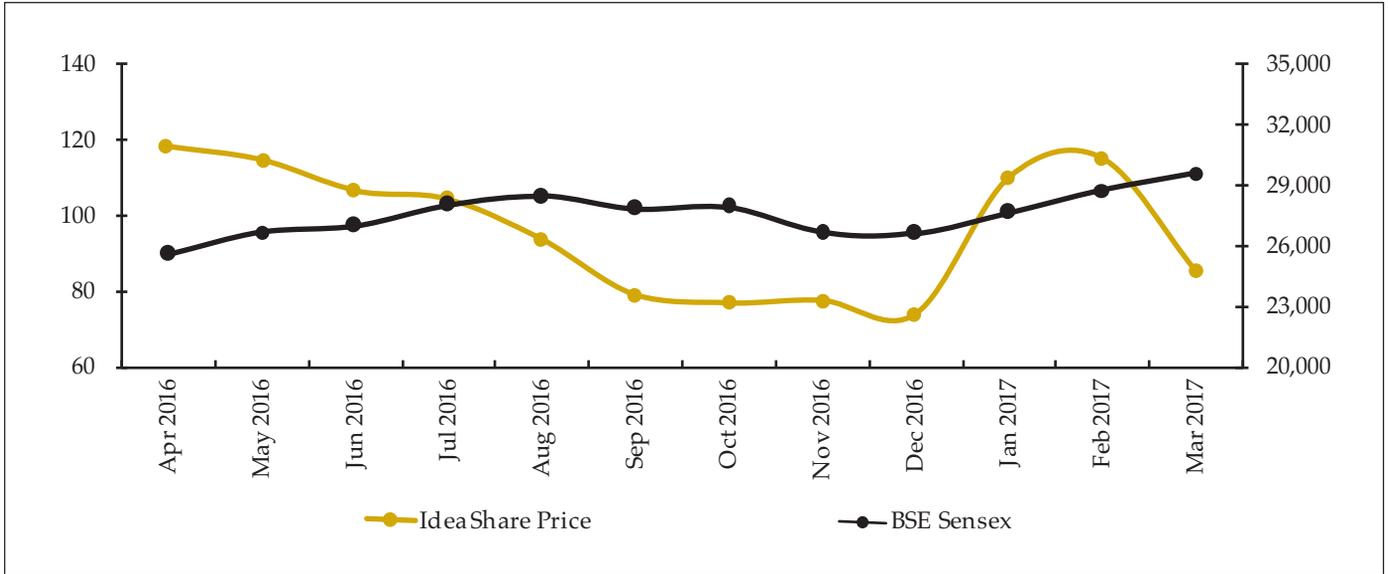
Month	Bombay Stock Exchange Limited				National Stock Exchange of India Limited			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)	High (in ₹)	Low (in ₹)	Close (in ₹)	Avg. Vol. (in Nos.)
April, 2016	128.05	106.45	118.30	6,75,386	128.35	106.40	118.55	53,11,849
May, 2016	121.10	104.50	114.70	4,01,946	121.25	105.30	114.95	49,60,676
June, 2016	121.70	96.65	106.55	22,96,608	121.80	96.55	106.60	1,78,05,786
July, 2016	112.70	100.55	104.50	5,86,388	112.65	100.50	104.70	53,99,316
August, 2016	106.85	92.55	93.50	7,68,465	107.00	92.50	93.45	91,55,888
September, 2016	93.70	78.05	79.25	13,91,407	93.70	78.00	79.10	13,723,186
October, 2016	82.50	71.25	76.90	8,69,234	82.60	71.10	76.80	97,04,711
November, 2016	79.60	66.00	77.55	8,21,124	79.90	65.80	77.45	71,23,775
December, 2016	78.00	68.20	73.95	4,96,728	77.85	68.15	74.15	68,32,211
January, 2017	118.90	66.60	110.20	26,51,792	119.00	66.30	110.10	3,07,62,816
February, 2017	122.40	102.00	115.45	1,11,97,311	122.40	101.65	115.85	3,02,27,508
March, 2017	123.75	85.30	85.70	46,05,807	123.50	85.30	85.85	3,66,20,570

Source: BSE and NSE Website

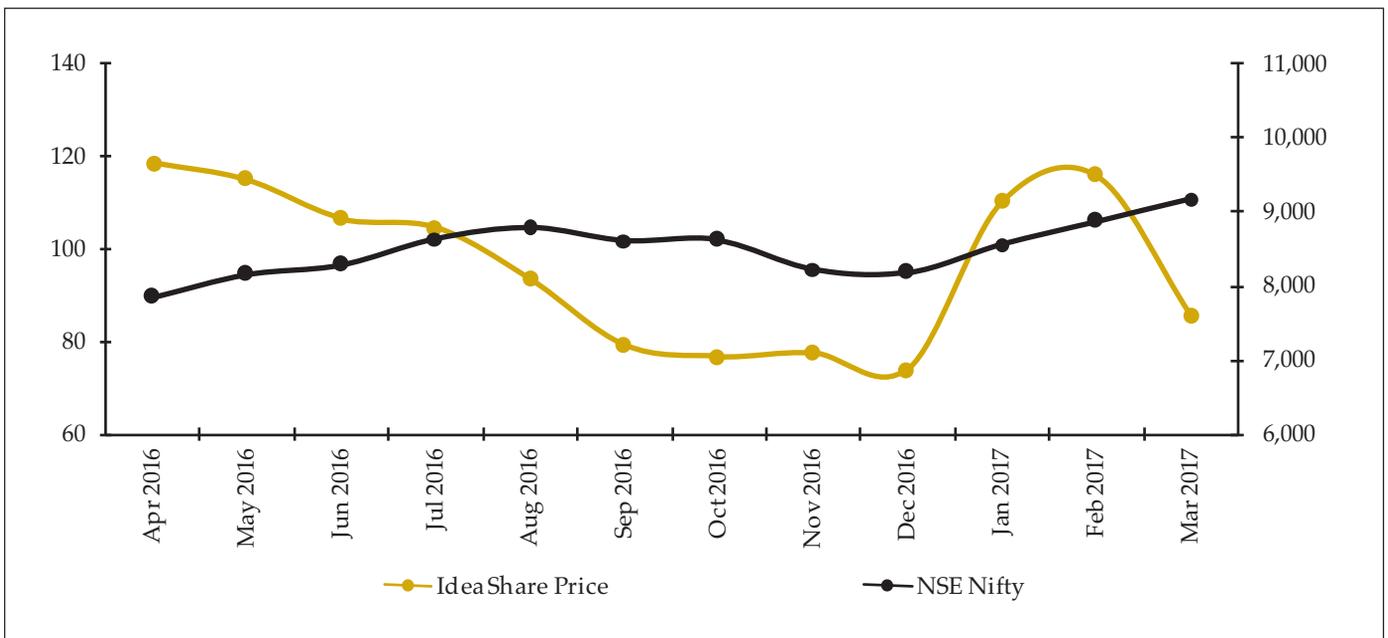
**13. Stock Performance**

The performance of the Company’s share price vis-à-vis the broad based BSE and NSE indices during the Financial Year 2016-17 is as under:

(a) Comparison of the Company’s share price with BSE Sensex



(b) Comparison of the Company’s share price with NSE Nifty



**14. Share Transfer System**

Transfer of shares in dematerialized form is done through the depositories without any involvement of the Company. Transfer of shares in physical form is normally processed within a period of 12 working days from the date of the lodgement, subject to documents being valid and complete in all respects. All transfers are first processed by the Registrar and Share Transfer Agent and are submitted to the Company for approval thereafter. During the year under review, no request for physical transfer was received. Company also obtains half yearly certificate from a Practicing Company Secretary confirming compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and same is filed with the Stock Exchanges.

**15. Distribution of Shareholding**

The distribution of shareholding of the Company as on March 31, 2017 is as follows:

Number of Equity Shares held	Number of Shareholders	% to total Shareholders	No. of Shares held	% to total Shareholding
Upto 5000	2,80,970	92.0996	3,53,16,843	0.9796
5000 – 10000	13,290	4.3563	1,05,65,455	0.2931
10001– 20000	5,478	1.7956	82,91,233	0.2300
20001 – 30000	1,648	0.5402	42,53,183	0.1180
30001 – 40000	717	0.2350	25,80,818	0.0716
40001 – 50000	641	0.2101	30,53,575	0.0847
50001 – 100000	932	0.3055	68,57,915	0.1902
100001 & above	1,396	0.4577	3,53,44,09,209	98.0328
<b>Total</b>	<b>3,05,072</b>	<b>100.00</b>	<b>3,60,53,28,231</b>	<b>100.00</b>

**16. Shareholding Pattern**

The shareholding pattern of the Company as on March 31, 2017 is as follows:

Category	No. of Shares	% Shareholding
Promoter and Promoter Group	1,52,88,47,547	42.41
Foreign Institutional Investors	97,23,47,141	26.97
Non-Resident Indians / Overseas Corporate Bodies	71,47,35,114	19.82
Mutual Funds, Financial Institutions, Banks, Insurance Companies, Venture Capital Funds and Alternate Investment Funds	246,285,060	6.83
Domestic Bodies Corporate	2,18,66,058	0.61
Resident Indians and Others	121,247,311	3.36
<b>Total</b>	<b>360,53,28,231</b>	<b>100.00</b>

**17. Dematerialisation of Shares and Liquidity**

The Shares of the Company are compulsorily tradable in dematerialized form through both the Depository Systems in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). A total number of 3,60,53,19,537 Equity Shares of the Company constituting over 99.99% of the issued, subscribed and paid-up share capital were held in dematerialised form as on March 31, 2017.

**18. Outstanding GDRs/ADRs etc.**

The Company has not issued any GDRs / ADRs / Warrants and hence no amount is outstanding as at the year end.

**19. Registrar and Share Transfer Agents**

M/s. Bigshare Services Private Limited  
E -2 & 3, Ansa Industrial Estate,  
Saki-Vihar Road,  
Sakinaka,  
Andheri (East),  
Mumbai – 400 072  
Tel: +91-22-2847 0652 / 4043 0200  
Fax: +91-22-2847 5207  
E-mail: investor@bigshareonline.com

**20. Debenture Trustees**

M/s IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Building,  
Ballard Estate,  
Mumbai – 400 001  
Tel: +91-22-4080 7000  
Fax: +91-22-6631 1776

**21. Investor Correspondence**

In order to facilitate quick redressal of the grievances / queries, the Investors and Shareholders may contact the Company Secretary at the under mentioned new corporate office address for any assistance:

Mr. Pankaj Kapdeo  
Company Secretary  
Idea Cellular Limited  
Birla Centurion, 10th Floor  
Century Mills Compound,  
Pandurang Budhkar Marg,  
Worli,  
Mumbai – 400 030  
Tel: +91-9594003434  
Fax: +91-22-26527080  
E-mail: shs@idea.adityabirla.com

## Declaration

As provided under the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel of **Idea Cellular Limited** have confirmed compliance with the Code of Conduct for the year ended March 31, 2017.

Place : Mumbai  
Date : May 13, 2017

**Himanshu Kapania**  
Managing Director

## CEO/CFO Certification

To,  
**The Board of Directors**  
**Idea Cellular Limited**  
**Mumbai**

We, Himanshu Kapania, Managing Director and Akshaya Moondra, Whole Time Director and Chief Financial Officer, of Idea Cellular Limited ('the Company'), to the best of our knowledge and belief, hereby certify that:

- a) We have reviewed the financial statements and cash flow statements of the Company for the year ended March 31, 2017 and:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year ended March 31, 2017, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
  - i) Significant changes in the internal control over financial reporting during the year;
  - ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai  
Date : May 13, 2017

**Himanshu Kapania**  
Managing Director

**Akshaya Moondra**  
Whole Time Director & Chief Financial Officer

## Independent Auditor's Certificate on Corporate Governance

### To the Members of Idea Cellular Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated November 22, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **IDEA Cellular Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

### 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 13, 2017

## Business Responsibility Report

### About this Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates the top 100 listed entities based on market capitalization on the BSE and NSE, to include Business Responsibility Report as part of the Annual Report describing the initiatives taken by the Companies from Environmental, Social and Governance perspectives.

This Business Responsibility Report, is as per Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides general information about the Company and its business responsibility as required by SEBI.

The following five sections cover disclosures as per the SEBI suggested BRR framework.

### Section A: General Information about the Company

Sr. No.	Description	Information
1	Corporate Identity Number	L32100GJ1996PLC030976
2	Name of the Company	Idea Cellular Limited
3	Registered address	Suman Tower, Plot No. 18, Sector 11, Gandhinagar - 382 011, Gujarat
4	Website	www.ideacellular.com
5	Email Id	shs@idea.adityabirla.com
6	Financial year reported	2016 -17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecommunications services Group: 9984 Class: 99841 Sub-class: 998413
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Idea Cellular Limited is one of the leading national telecommunications services providers in India. The Company is engaged in the business of mobility and long distance services.
9	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations (provide details of major 5)	None
	ii. Number of National Locations	Company has its business activities and operations spread across the country
10	Markets served by the Company – Local/State/National/International	The Company serves the Indian markets

### Section B: Financial Details of the Company

Sr. No.	Description	Information
1	Paid up capital (INR)	The paid-up equity capital of the Company as on March 31, 2017 is ₹ 36,053,282,310/- comprising of 3,605,328,231 Equity Shares of ₹ 10/- each.
2	Total turnover (INR)	₹ 354,757 Mn
3	Total profit / (Loss) after taxes (INR)	₹ (8,311) Mn
4	Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%)	For the year 2016-17, Idea's CSR spent was around INR 369.66 Mn (INR 349.82 Mn for FY 2016-17 year projects and INR 18.37 Mn for FY 2015-16 carried over projects and INR 0.91Mn for CSR Audit)  In addition, the Company mobilized resources from The Ministry of New & Renewable Energy (MNRE) and State Government for Midday Meals and Ministry of Health and Family Welfare for Polio Programme.

Sr. No.	Description	Information
5	List of activities in which expenditure in 4 above has been incurred	<p>The projects implemented during FY 2016-17 are:</p> <ol style="list-style-type: none"> <li>1. Solar Urja Lamp Project for school children with IIT Bombay.</li> <li>2. Mid-Day Meal Project for Govt School Children with Akshaya Patra Foundation.</li> <li>3. Polio Non-Recurrence Project with Rotary Foundation India.</li> <li>4. Provide Health Care Support to Deaf-Mute Children through Cochlear Implant direct implementation.</li> <li>5. Providing Drinking Water in Drought Affected Marathwada Region Direct implementation.</li> <li>6. Restoring Vision/Eyesight with Vision Foundation of India.</li> <li>7. Roshini: Digital &amp; Economic Empowerment of Women direct implementation.</li> <li>8. Village Social Entrepreneurs in Healthcare with Public Health Technologies Trust (PHIT).</li> <li>9. KHEL: Knowledge Hub for E-Learning with IIT Bombay and IIT Kanpur.</li> <li>10. MPOWER with Aditya Birla Education Trust.</li> <li>11. School-based Educational Intervention Program for Reduction of Future Risks of Cardio Vascular Diseases with Mission Arogya Health and Information Technology.</li> <li>12. Setting up Vocational Education &amp; Training Centre with G D Birla Foundation.</li> </ol> <p>During the year 2016-17 the company's CSR initiatives made impact on the lives of around 10 lakh people (1.5 lakh students through educational support programmes; 8 lakh children through health support programmes (excluding Polio non-reoccurrence under which 17 crore children are covered in each round) , 2100 through skill development and 11415 households (57075 individual) through drinking water distribution projects.</p>

### Section C: Other Details

Sr. No.	Description	Information
1	Does the Company have any Subsidiary Company / Companies?	Yes. The Company has 5 Subsidiaries, the details of which have been provided in the Director's Report.
2	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Company engages and positively encourages its subsidiary companies to participate in its Business Responsibility initiatives. Its "Aditya Birla Policy on Code of Conduct & Redressal Policy" guides all its subsidiaries and makes sure that they adhere to the highest levels of ethical and transparent business practices. Yes, three of the subsidiaries participate in BR activities.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company while onboarding its suppliers/ distributors ensure they are aligned and comply with business responsibility (BR) expectations of Idea. Further, they are encouraged to follow the concept of being a responsible business. Currently, more than 60% of existing and 100% of all new entities participate in the Company's BR initiatives. Idea strives to encourage more and more entities to participate in future.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	03387441
Name	Mr. Himanshu Kapania
Designation	Managing Director

#### b) Details of BR head

Sr. No.	Description	Information
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Pankaj Kapdeo
3	Designation	Company Secretary
4	Telephone number	9594003434
5	Email-id	shs@idea.adityabirla.com

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility, as listed below:

- P1** — Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** — Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** — Businesses should promote the well-being of all employees.
- P4** — Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** — Businesses should respect and promote human rights.
- P6** — Businesses should respect, protect and make efforts to restore the environment.
- P7** — Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** — Businesses should support inclusive growth and equitable development.
- P9** — Businesses should engage with and provide value to their customers and consumers in a responsible manner.

### 2. Principle-wise (as per NVGs) BR policy/policies (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Life Responsibility	Employee Well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for	Y <sup>1</sup>	Y <sup>2</sup>	Y <sup>3 4</sup>	Y <sup>3</sup>	Y <sup>5</sup>	Y <sup>2</sup>	-	Y <sup>6</sup>	Y <sup>3</sup>
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies conform to aspects of the nine principles of the National Voluntary Guidelines for Business Responsibilities (NVGs)								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	<b>Executive Committee comprising of the Managing Director and other CXOs</b> - Deliberate and drive sustainability governance of the company; ensure efficient adoption of new sustainability processes and accelerate its progress.								

		<b>Chief Technical Officer (CTO) is the designate Chief Sustainability Officer (CSO) who represents Idea Cellular at the Aditya Birla Group Apex Sustainability Committee, which reports to the Chairman through the Business Review Council (BRC) Quarterly Reviews.</b>							
6	Indicate the link for the policy to be viewed online?	#	-	-	-	-	-	-	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all relevant stakeholders of Idea. Idea’s communication with internal and external stakeholders on such matters is a continuous process.							
8	Does the company have in-house structure to implement the policy/policies?	<p>There are defined management structures in place to oversee effective implementation of all policies.</p> <ul style="list-style-type: none"> <li>Executive Committee (EC) chaired by MD comprising of all CXOs leading from the front</li> <li>Chief Technical Officer (CTO) is the designate Chief Sustainability Officer (CSO) with Senior VP (Networks) is the Sustainability Champion. They represent the company in the Group level Apex Sustainability Committee.</li> <li>Sustainability Officer/ Subject Matter Expert (SME) drives all companywide initiatives with HoD level SPOCs nominated from all Functions. This structure sets the sustainability framework in motion and implements the agreed policy and strategy across the company.</li> <li>Thematic Cross Functional Teams (CFT) in place to measure and manage sustainability focus areas across the company.</li> </ul>							
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders’ grievances related to the policy/policies?	Y	-	Y	-	Y	-	-	-
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	<p>Idea has a robust internal review mechanism for its key policies. The Company is working hard to develop and improve its management systems and performance by making sure that they conform to Aditya Birla Group’s Sustainability Framework of Policies, Technical Standards and Guidance Notes by giving employees the chance to train, learn, understand and apply improvement techniques to reach higher standards of performance.</p> <p>Sustainability Dashboard created and reviewed quarterly with Group level Central Sustainability Cell Office &amp; Reporting to Business Review Council continuing from Q3 FY14.</p> <p>The Company recently developed its first dedicated Sustainability Report (FY 2015-16) aligned to GRI G4 international guidelines and has put it in public domain. For details please refer to <a href="http://www.ideacellular.com/aboutus/sustainability">http://www.ideacellular.com/aboutus/sustainability</a></p>							

<sup>1</sup> Code of Conduct: #[http://www.ideacellular.com/wps/wcm/connect/home/idea/investor\\_relation/code+of+conduct](http://www.ideacellular.com/wps/wcm/connect/home/idea/investor_relation/code+of+conduct).

<sup>2</sup> Safety Health and Environment Policy\*

<sup>3</sup> Policy on Mission, Vision, Values

<sup>4</sup> Policy on prevention of Sexual Harassment

<sup>5</sup> Human Rights Policy\*

<sup>6</sup> Corporate Social Responsibility Policy\*

\* Safety, Health and Environment Policy, Human Rights Policy and Corporate Social Responsibility Policy were formally adopted in April 2013.

## 2a. If answer to S.No. Against any Principle is 'No', please explain why?

Sr. No.	Principle	Response
1	Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	The Company plays a key role in advocating issues of the telecom sector. The senior management of the Company actively participates in various industry forums and is involved with various stakeholders for discussions regarding formulating new policies, reviewing and modifying relevant policies (described later in the report). The Company currently does not have a stated policy on policy advocacy, however, it continues to monitor and follow the business and regulatory environment.

## Section E: Principle-wise Performance

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

The Vision, Mission and Values adopted by the Aditya Birla Group (ABG) governs and guides all business activities and stakeholder interactions at Idea Cellular.

As a company with an all India presence and operating in diverse markets and cultures, the five core values that bind all employees of Idea are – Integrity, Commitment, Passion, Seamlessness and Speed. The employees of the Company and its subsidiaries are guided by the senior management along these values.

Idea is committed to taking fair and honest decisions following the highest standards of professionalism and business ethics. Integrity is the basis for all its dealings and interactions with its customers, employees, suppliers, partners, shareholders, communities and the government. Idea has a sound consequence management process in place to maintain checks and balances on these very values and policies.

Along with the core values, all Board Members and senior management personnel affirm their compliance to the Code of Conduct (Code) it has adopted with the provisions of SEBI (Listing Obligation and Disclosure Requirement), 2015. The Code is derived from three inter-linked fundamental principles of good corporate governance, good corporate citizenship and exemplary personal conduct.

The Company also has in place a Code which requires all employees to transact with each other in a fair and dignified manner and respect diversity. Integrity in personal conduct, conduct at work, conflict of interest and interface with the external world are all covered under the code.

From its vendors, Idea demands ethical business conduct. As part of its Health Safety and Environment Policy, vendors must not engage in unethical practices such as bribery, corruption or other malpractices to gain competitive advantage.

Idea Cellular is sensitive about transparent and timely communication in order to yield positive results and take faster decisions thereby enhancing the credibility of the management.

**SEBI – BRR Questionnaire Responses for Principle 1:**

1. *Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No.*

**Ans:** No

2. *Does it extend to group/joint ventures/suppliers/contractors/NGOs/ Others*

**Ans:** Based on the Aditya Birla Group Code, which addresses the aspects of ethics, bribery and corruption, Idea Cellular has adopted its own Code. The five core values Integrity, Commitment, Passion, Seamlessness and Speed – have been adopted across the Aditya Birla Group including the employees of Idea and its subsidiaries. In addition, the Company's vendor/supplier contracts include clauses on ethical behavior, bribery and corruption.

3. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.*

**Ans:** There are no outstanding complaints for FY 2016-17.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

Idea Cellular is committed to optimal efficiency in supply chain while focusing on the 3R's- "Reduce, Reuse and Recycle" to ensure that it is constantly working towards the greater cause of environmental stability. The increase in E- waste generation is a matter of grave concern and Idea has developed a guideline adhering to the guidelines of Department of Telecommunication (DoT), Government of India (GoI). The Company understands the impact of business operations and recognize its responsibility towards bringing green initiatives into practice. In its constant endeavor towards sustainability, major initiatives have been reported with a focus on safeguarding the environment and making its supply chain robust.

Compliance on EMF radiation related regulation is another business priority at Idea. The Company has made significant financial investment in the purchase of EMF monitoring equipment and is compliant with existing instructions/ orders of the Department of Telecommunications (DoT). The Company is proactively engaged in public education initiatives led by the Cellular Operators Association of India (COAI) on the subject of EMF. Idea continues to strengthen its internal systems and processes to be EMF compliant. Resources for meeting compliance have been appointed in all the Circles. Idea has a dedicated team of senior officials who engage with external and internal stakeholders for awareness and education on EMF. As specified by DoT, the Company has been working with COAI on the EMF portal.

**SEBI – BRR Questionnaire Responses for Principle 2:**

1. *List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.*

**Ans:** Following are examples of the Company’s product / service features that incorporate the aspect of environmental conservation:

- **Activation of SIMs by biometric device (E- KYC) -** More than 70% activations are based on use of Aadhar card and E- KYC platform (Know Your Customer, biometric device). This has reduced use of paper to the tune of 25 billion no. in FY 16-17, which is equivalent to saving 3000 trees.
- **Reuse of foam banners -** Idea product plans are printed on Foam Banners and which are placed in market for promotions. In Punjab circle, over 15000 such foam banners were reprinted and reused for promotion, reducing waste generation and commercial viability also.
- **Replacement of CFL bulbs with LED -** Due to lower energy consumption and elimination of risk of toxic substances and UV radiation, CFL bulbs were replaced in 3 circles by LED lights. This not only resulted in higher illumination but we also reduced energy consumption to the tune of 40.5 KW.
- **E-billing over printed bills -** The abatement of cutting trees by substituting printed bills with e-bills has saved trees to the tune of up to 1670 trees, while taking a step towards reducing deforestation.
- **Starter kits/ SIM jackets size change -** We have minimized the size of the starter kits/SIM jackets, thereby significantly reducing use of paper. The citizen’s charter is also printed on the inside of the envelope rather than inserting a separate sheet of paper.

Apart from the mentioned new initiatives, we have encouraged use of recycled paper, bio-degradable packing of Recharge Vouchers, alternate energy (renewable) implementation in MSC’s, eco-friendly pre-paid SUK (Start-up kit) jacket and more.

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional). (i) Reduction during sourcing / production / distribution achieved since previous year throughout the value chain; (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year:*

**Ans:**

- The activation of SIMs by biometric device (E-KYC) reduced the use of paper to the tune of 25 billion no. in FY 2016-17 which is equivalent to saving 3,000 trees.
- Replacing CFL bulbs with LED has reduced the energy consumption by 40.5 KW, this is equivalent to abatement of 0.4 mn liters of water and 3 MT Co2 emission.

- The abatement of cutting trees by substituting printed bills with e-bills has saved trees to the tune of up to 1670 trees, while taking a step towards reducing deforestation

3. *Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.*

**Ans:** The Company has already adopted several environmentally conscious transportation practices, including route optimization, vehicle optimization and co- loading of shipment. Further, the Company has been seeking vendor commitments to good sustainability practices before registering them on board. In this regard, the Company has revised the Code of Conduct (CoC) for Idea Suppliers to address sustainable sourcing covering waste management, health and safety, child labor and environment. A copy of the same is also available on the Idea Supplier Portal.

4. *Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?*

**Ans:** Idea is always been committed to provide skill development and employment to local businesses in rural areas through commissioning of call centers in non-metro towns and recruitment of rural youth for local sales operations. A major portion of the procured goods and services are de-centralized to local offices in all states.

5. *Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.*

**Ans:** Recycling and environmentally safe disposal of waste is a non-negotiable and intrinsic aspect of Idea’s environmental commitment. In this regard, as per the Company’s policy on scrap and waste, it is ensured that waste generated is channelized to authorized collection centers or registered dismantler(s) or recycler(s) or is returned to the pick up or take back services provided by the producers (original manufacturers). Also with constant upgrades in technology the newer products replace old ones which instead of being scrapped are relocated and reused in rural areas. The Company therefore extends the useful life of all equipment and minimize scrap.

**Principle 3: Businesses should promote the wellbeing of all employees**

The importance of welfare and the interest of its human resources form the very basis of the Company. This is evident in the Chairman’s belief: “Without ‘people power’ even the best of operational and strategic thinking will come to naught”- Chairman, Idea.

In order to ensure employee well-being and development, the Company has adopted the following specific policies:

1. Whistleblower Policy
2. Human Rights Policy
3. Policy to Prevent Sexual Harassment at the Workplace
4. Training Policy
5. Continuing Education Policy
6. Grievance Redressal mechanism
7. Employee Recognition Policy
8. Pre-Employment & Executive Health Check Up Policy etc.

The Company has also participated in events like the Stepathlon-Walk for Fitness which has resulted in continued awareness and action on fitness and health regime. In the first year of the event, all HODs and above population participated. The second year saw participation from female employees and non HOD employees aged above 50 years.

Idea with its strong focus on human resources development enjoys high levels of employee satisfaction and retention. It has consistently maintained a high level of employee motivation and sustained growth in an extremely challenging business environment. Employee engagement and internal communication scores at Idea have improved steadily over the years. The rate of participation of employees in various surveys as well as the satisfaction levels have also improved significantly.

Idea recognizes that a safe workplace and safety conscious personnel is the core of sustainable development. The Company is committed to continually improve its safety practices, performance and to protect employees including contractor employees, business partners, service providers, visitors and society at large from any harm. Three pronged approach have been formulated for improving Occupational Health & Safety (OH&S) performance. They are:

1. Organization Safety Culture;
2. Systems & Processes;
3. Equipment's and Facilities.

OH&S Strategy have been supported by an implementation road map to include initiatives in each of the above three elements. Initiatives have been scheduled in a way so that equal emphasis is given to all the above three elements.

Several internal and external engagement programs have been organized covering own and contractor employees pan India to ensure awareness and involvement of employees on health and safety.

Regular internal and external training programs are held at various Circle and zonal locations on specific safety subjects for employees managing Warehouses, Tower sites, Offices, etc. Competency based trainings were organized to enhance personnel capabilities for working at heights particularly on cellular towers.

Safety communications through frequent E-mailers being sent to all the employees to create awareness on Health & Safety. Campaigns organized on Road Safety Week, "Zero Harm" & "Life Saving Rules" and celebrated at all locations to raise employee awareness on these subjects. Ground rules made on road safety and enforced for the use of crash helmets by all two

wheeler riders. ABG OH&S Vision of "Zero Harm" communicated during Safety Week campaign 2016. Mandatory 10 Life Saving Rules were communicated to all employees for strict adherence and compliance. Safety competition organized during Q3 FY17 for Warehouse Community to capture best practices on OH&S for horizontal implementation across Circles.

A process of reviewing the OH&S Competencies of prospect vendors/suppliers established. Generic OH&S clauses framed for inclusion in the service contracts as a part of Contractor Safety Management. Safety clauses included in New Built Guidelines for acquisition of new tower sites.

3rd party Safety audits are conducted to cover all Warehouses across all Circles. OH&S inspections are being conducted at Warehouses, Offices & Facilities including MSC locations. Design for Safety aspects have been considered for modification in new tower designs to include state of the art fall protection systems to prevent falls and other features included for safe material handling on the towers.

Emergency Organization including Emergency Response Teams (ERT) have been constituted at all Circle Offices to address potential emergency situations. Fire and Evacuation drills are conducted across all Circle locations on a half yearly basis involving all employees.

Idea has implemented ABG Code Red Programme as part of the Aditya Birla Group (ABG). A week long national campaign on ABG Code Red was organized at Idea during Q3 FY17 to spread awareness on emergency services to Idea employees. The programme has a tie-up with:

- International SOS: It provides integrated medical, clinical and security services to organizations with international operations. Services include planning and preventative programs, in-country expertise, and emergency response.
- Apollo Hospitals - Emergency Medical Services
- The Company has Code Red volunteers across the Group

The Company's policies and practices are based on Respect for employee rights and genuine needs, which include non-discrimination, work-life balance, safety and dignity. All applicable legal requirements are followed in this regard. Idea continuously works on monetary and non-monetary ways to recognize employees' achievements.

To make its employees more effective in their current and future roles, Idea has adopted the Aditya Birla Group's Continuing Education Policy encouraging mid-career education and professional development.

Idea has instituted various initiatives in order to develop and build an environment that facilitates employee development, encourages open and transparent communication. Some such initiatives are outlined below:

- Aspire - Framework of internal development centers for high potential and high performing employees
- Evolve - 'Competency based grid' training framework to develop people through different interventions on competencies
- i-Mitra - Employee query / request management tool
- Pragya initiative - Building a culture of inclusion based on gender diversity

Further, Idea actively engages with its employees through various forums like 'Samvaad', 'MD's chat', 'Team Meets/Town Halls' and 'Idea Connect'.

In an effort to enhance employee satisfaction, the Company has developed a formal process ('VOICE') which provides the employees across the organization a platform to voice any unresolved workplace concerns and seek resolution in a fair and transparent manner. Under this initiative, Employee Satisfaction Champions and Employee Satisfaction Teams have been entrusted with the task of addressing employee concerns as per a defined process.

**SEBI – BRR Questionnaire Responses for Principle 3:**

**1. Please indicate the total number of employees:**

**Ans:** The Company has 11,735 regular employees as on March 31, 2017

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis:**

**Ans:** The Company has 7,372 employees on temporary/contractual/casual basis as on March 31, 2017

**3. Please indicate the number of permanent women employees:**

**Ans:** Idea has 1,188 permanent women employees as on March 31, 2017

**4. Please indicate the number of permanent employees with disabilities**

**Ans:** One permanent employee with disability in Maharashtra & Goa Circle.

**5. Do you have an employee association that is recognized by management?**

**Ans:** The Company has no employee association.

**6. What percentage of your permanent employees is members of this recognized employee association?**

**Ans:** The Company has no employee association.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

**Ans:** There have been no cases reported, relating to child labour, forced labour, involuntary labour. However five case of sexual harassment has been reported and appropriate action have been taken in the last financial year.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? - Permanent Employees, Permanent Women Employees, Casual/Temporary/Contractual Employees, Employees with Disabilities**

**Ans:**

- Total training man days for the company in FY 2016-17 = 65,211
- Average training man-days per employee = 6.0 for FY 2016-17

- Total training man-days given to sales team in FY 2016-17 = 3, 22, 863
- Safety drills and evacuation are conducted across all offices on an annual basis.

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

Idea formally engages with its stakeholders to identify and work towards meeting their expectations. The company recognizes the critical role played by internal (employees) and external (adjudicators, courts, licensors, industry associations, regulators, network operators and subscribers) stakeholders in its sustainability agenda and strives to align its social, environment and economic performance with stakeholder needs and expectations.

Idea's inclusive growth plan encourages its partners to employ differently abled people at its call centers. Currently Idea employs 211 differently abled people at its call centers. Idea is also an equal opportunities employer.

Idea is focused on expanding its services in rural areas and promotes schemes such as minimum top up of INR 10 in order to provide affordable access to communication to the economically disadvantaged population.

Idea has set up its rural distribution network to cater to customers far away from the urban centers with its vast variety of services. As of March 31, 2017 the company's total service center presence is in 8,913 population centers of which 6,474 are in rural areas. Products with starting prices as low as INR 4 or 5 ensure that everyone can experience these products while ensuring value for their money.

In order to cater to remote communities, Idea organizes camps in rural areas where customers are unable to easily access its service centers. The Company has also set up call centers in Tier 2 and Tier 3 cities employing 15,389 call centre agents in these towns so as to reach out to the rural customers. Idea also provides Interactive Voice Response (IVR) in 17 regional languages so that customers are able to understand and avail of various services. Other than the usual applications, Idea has launched several mobile applications aimed at improving information access and quality of life for non-urban communities across the country, which are often economically disadvantaged. These initiatives pertain to education and learning, agricultural information, health and safety, government schemes and employment generation. Details of such initiatives are provided under Principle 8 of this BRR.

**SEBI – BRR Questionnaire Responses for Principle 4:**

**1. Has the company mapped its internal and external stakeholders?**

**Ans:** Yes, Idea Cellular has mapped its key internal and external stakeholders, which include employees, adjudicators, courts, licensors, industry associations, regulators, network operators and subscribers.

**2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

**Ans:** In fact, Idea is a pan-India integrated GSM operator offering 2G, 3G and 4G services and has achieved deep rural penetration. Idea has succeeded in reaching out to 74% of the village population in India corresponding to 60% of villages in India. Under the project "Idea Care", the company is running over 8,913 Company Stores, My Idea Service centres, Idea Points and Idea Service Points. These variant service centers models are spread over approx. 6,474 rural population centers, catering to the sales and service requirements of the Idea rural and peri-urban subscribers.

3. *Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.*

**Ans:** Idea Cellular recognizes its responsibility for the rural, geographically remote and the economically challenged population of the country and has generated local employment and deployed various rural-focused mobile solutions. The Company's efforts towards job creation for women and rural youth are described above, while its unique mobile-based applications for health, education and financial inclusion are described under Principle 8.

#### **Principle 5: Businesses should respect and promote human rights:**

Idea sincerely supports a culture of respect and promotes human rights. The Company is of the firm belief that every employee should be able to live with social and economic dignity and with freedom, irrespective of his nationality, gender or religion. The Company complies with all applicable local, state and national laws regarding human rights and worker's rights where ever it does business.

Reinforcing its dedication to human rights issues, Idea has adopted a Human Rights Policy that outlines the Company's commitment to developing a culture of respect and support for human rights - including diversity in workplace, provision of secure environment for all personnel, proactive communications and contribution to socio-economic development of communities where the Company operates.

As covered under the Human Rights Policy, the key suppliers of the Company are encouraged to uphold and create awareness about human rights in their operations and communities. The Company's key vendor contracts mandate including clauses against use of forced and child labour, worker safety and hygiene and the absence of abuse and intimidation etc.

#### **SEBI – BRR Questionnaire Responses for Principle 5:**

1. *Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?*

**Ans:** The Company's Human Rights Policy is applicable to all employees of Idea and its subsidiaries and suppliers.

2. *How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?*

**Ans:** No complaints related to human rights were received in the past financial year.

#### **Principle 6: Business should respect, protect and make efforts to restore the environment**

As the global telecom industry grows increasingly cognizant of the fact that it needs to lighten its carbon footprint, Idea is one of the leaders in the search for green energy options in India. Efficient power management, infrastructure sharing, use of eco-friendly renewable energy sources, leveraging the latest technology to reach out to a large audience in the most energy efficient manner such as video and teleconferencing, smart logistics, etc. are some of the best practices in Idea's network infrastructure and day-to-day business operations. The primary focus of the energy conservation drive has been on reducing energy cost and minimizing environmental impact of the company's operations. The Company is constantly asking its vendors to focus on highest energy efficient category equipment. Based on this principle, 100% of all new telecom hardware procurement in FY 2016-17 comprise of low power consuming telecom hardware. At the same time, modernizing large chunk of old equipment into new and most energy efficient telecom hardware continues to be a key focus.

In FY 2016-17, Idea continued to adopt environmentally sustainable practices in their transactions with the same foundational objectives laid down as part of Green Idea Project launched in 2013:

1. Reduce Carbon Emissions at the existing & new Telecom Sites of Idea
2. Adopt better battery hybrid solutions to reduce consumption
3. Continue with the procurement of most energy efficient Telecom Hardware
4. Encourage Infrastructure Provider partners to adopt low carbon operations

The track record of FY 2016-17 stands as below:

- Presently, 19% of Idea Owned telecom towers are operational with hybrid solutions resulting emission reduction by 36,373 tonnes.
- Over 67% of Idea's BTS portfolio - Outdoor BTS (25% reduction in Energy consumption compared to Indoor BTS)
- 5,458 indoor sites were converted to outdoor sites in FY 2016-17 resulting in reducing CO2 emissions of about 31,000 tonnes in addition to 10,497 sites converted till FY 2015-16 reducing cumulative carbon emissions by 61,000 tons.
- The tenancy ratio of Idea is about 2.8, which is highest in the country that further reduces the size of its carbon footprint.
- 100% of the telecom hardware procurement comprise of low power consuming telecom hardware.
- Energy optimization based on the usage of deep discharge battery solutions such as lithium ion batteries and flow batteries are being evaluated and inducted for site operations.
- RET based generation through PPAs, against Idea's consumption is approx 5 MW.

Following initiatives undertaken by the Company in the past continued to run smoothly delivering the intended objectives to utilize alternate sources of energy:

- **Exclusive Solar solutions at over 1,200 sites:** Cumulative solar deployment is presently about 5.4 MW. Idea uses a unique vendor engagement model known as Energy Management Service (EMS) Provisioning where RET-based generation (Solar Energy) and site operation management is combined under one Master Services Agreement.
- **On-Site Solar implementation:** This project was initiated in FY15. A 25 KW Solar Plant was constructed on the roof of Idea Delhi MSC. It is operating smoothly delivering the objectives.
- **Off-Site Renewable Energy (RE) Deployment:** This concept was also initiated in FY15 based on Carbon abatement principle in FY 2016-17,
- 4 MW Solar PPAs signed in Andhra Pradesh (AP) Circle and Madhya Pradesh (MP) Circle with combined 4.9 Mn Solar Units generated neutralizing CO<sub>2</sub> emission of 3,975 Tonnes.
- 1 MW Wind PPS signed in Tamil Nadu Circle (TNC) with 1.7 million Wind units generated and neutralized Co<sub>2</sub> emissions of 1,398 tonnes.

There are plans underway in three other Circles to deploy a similar model where power will be generated from a solar at a remote place and fed to grid. The credit generated from the solar plant will be used to offset the cost of energy elsewhere.

Some of the tangible outcome of above activities/initiatives in FY 2016-17 include:

- **Reduction in Carbon emission:** CO<sub>2</sub> emission reduction of about 36,373 Tons have been achieved through Power Purchase Agreements and indoor to outdoor conversions.
- **Contributing to Greener Economy:** The DG running has been reduced by 4 hrs per BTS, on an average, saving approximately 2 Million Litres of diesel in FY 2016-17. Reduction in diesel consumption is contributing not only to greener economy but also to the national economy by reducing the use of subsidized diesel.

#### SEBI – BRR Questionnaire Responses for Principle 6:

1. *Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?*

**Ans:** The Safety, Health and Environment Policy extends to the Company and its subsidiaries, as well as to its third party vendors/suppliers.

2. *Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.*

**Ans:** Yes.

Idea is continuing its sustainability journey with special focus on energy efficiency and emission reduction. This ultimately furthers the company's commitment to

addressing global environmental issues such as climate change and global warming. The emission levels of the Network is base lined as of FY 2012 and being tracked half yearly. Under this initiative, more than 1,200 plus telecom sites are operational with solar hybrid energy solutions, 25 sites are operational with hydrogen fuel cell hybrid solutions and more than 800 sites are operational with fast charging battery hybrid solutions. More Examples of key initiatives are described under Principle 2, 6 and 8 in this section of the business responsibility report.

3. *Does the company identify and assess potential environmental risks? Y/N*

**Ans:** Idea has always been sensitive to the environmental impact of Telecom Network operations and has proactively adopted environmental sustainable practices whenever such opportunities were/ are available. This very endeavour led to the Green Idea Program towards Carbon emission reduction by way of:

- Using renewable energy technologies (RET) for powering towers during grid failure.
- Using highly energy efficient hardware.
- Reducing Diesel Generator (DG) running by use of Deep discharge batteries thereby reducing diesel consumption.
- Optimizing Air Conditioner operations.

In all such cases Idea adopted only commercially viable models which offered business benefits to all stakeholders involved. Reduction in CO<sub>2</sub> emission and reduction in Operating costs were the driving forces in all its initiatives.

Further, Sustainability issues are being added to the Business Risk Register. A dedicated Enterprise Risk Management (ERM) structure is in place and the same is quarterly reviewed by Idea Cellular Executive Committee (EC). Further, a comprehensive crisis plan is in place and schedule established. Under this, the company has an IT disaster recovery plan in place.

4. *Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?*

**Ans:** Idea does not have any project related to Clean Development Mechanism.

5. *Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc*

**Ans:** Apart from installation of energy efficient hardware, Idea has adopted cleaner and non-conventional energy sources such as fuel cell hybrid and solar hybrid technology across several of its BTS sites. Details of these initiatives are provided above in Section 6.

6. *Are the emissions / waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?*

**Ans:** Idea gives greatest importance to the issue of GHG emissions and waste generated from its operations and

follows all pertinent Govt. guidelines to be environment friendly. EMF radiation and its commitment in this regard is evident from the Company's stringent monitoring systems and financial investment in Emissions testing equipment. All of the Company's network sites are in compliance with the relevant radiation limits prescribed by the regulatory agency.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There is one legal notice received from CPCB/SPCB, which are pending as at the end of Financial Year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

As one of the largest mobile operators in the country, Idea advocates policies that will spurt socio economic growth including the role of the telecom sector promoting development, inclusive growth and access to information. Idea is an active player in the following national and international industry associations (either directly or through its subsidiaries):

1. Confederation of Indian Industry (CII)
2. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
3. Federation of Indian Chambers of Commerce and Industry (FICCI)
4. Cellular Operators Association of India (COAI)
5. GSM Association (GSMA)
6. Telecom Sector Skill Council
7. IIMA Idea Telecom Centre of Excellence (IIT-CoE) at the Indian Institute of Management Ahmedabad (IIM-A)

Through its participation in the above bodies, Idea actively participates in discussions relating to policy development on several issues pertaining to the telecom industry, including EMF directives of DoT and other regulations. In addition, Idea is a member of the CII National Committee on Telecom and Broadband, which actively advocates on telecom industry issues such as inclusive growth, rural telecom, driving higher quality of service and security for customers and industry challenges and opportunities. Idea is co-Chair of the FICCI Communication and Digital Economy Committee.

The company through the Managing Director is on the governing body of Telecom Sector Skill Council.

The company is represented through the COAI in TSDSI, which is a not for profit legal entity in a PPP mode with participation from stakeholders including Governments, service providers, vendors, manufacturers, academic institutes and research laboratories.

Idea is also the principal sponsor of the IIMA Idea Telecom Centre of Excellence (IIT-CoE) at the Indian Institute of Management Ahmedabad (IIM-A). The Centre came into existence in 2007 as a result of a tripartite Memorandum of Understanding (MoU) between the Company, the DoT and IIM-A. The Idea Telecom Centre of Excellence, along with other TCoEs, is playing an

instrumental role in capacity building and all round growth of the Indian telecom industry (including manufacturing through Application Research). It also serves as a think tank to the Government and industry decision makers.

The Company's Managing Director was the Chairman of COAI till July, 2016. He had also been elected to the Board of GSMA for a period of two years starting January, 2015.

**SEBI – BRR Questionnaire Responses for Principle 7:**

1. *Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.*

**Ans:** Yes.

Idea is a member of several key Indian and global industry associations. Some of these are (as mentioned in the paragraph above):

- Confederation of Indian Industry (CII)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Cellular Operators Association of India (COAI)
- GSM Association (GSMA)
- Telecom Sector Skill Council

2. *Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).*

**Ans:** Idea is a core member of the COAI. The industry body is the lead interlocutor between the policymaker (DoT), the Regulator (TRAI) and the ecosystem at large. The association has been involved in facilitating a smooth and productive dialogue on behalf of the operators in the country, on various public policy matters such as driving rural penetration of telecom, creation of digital ecosystem, higher quality of service and security for customers, environmental and EMF issues in telecom, innovation and technology etc. Idea is also part of the IIMA Idea Telecom Centre of Excellence (IIT-CoE) which is actively involved in creating better telecom standards and technological excellence in this field.

**Principle 8: Businesses should support inclusive growth and equitable development**

Idea's, roadmap for Social Inclusion and Equitable Development aims at ensuring maximum people are included and empowered by connecting them to sustainable economic growth. This objective is guided by its four Social Pillars:

1. Bringing Digital Divide and Bringing all underprivileged into digital presence.
2. Ensuring Gender Equity and Equal Opportunity to all level at Idea.

3. Harnessing the transformational potential of mobile telephone and information technology to develop a better application to the universe of financial inclusion, education and Health for the weaker section of the society.
4. Community development and nation building through sustainable development.

Idea's objective and contribution towards achieving inclusive growth and equitable development are accomplished by:

- Reaching to unreached people through robust network and far reaching distribution - Idea is a fully integrated telecom services provider offering its 195.4 million mobile subscribers a choice of national, international and internet services. The Company's services are available in remote towns and villages across India. Moreover, the Company's rural penetration is 55.7%.
- Gender Equity Policy at Idea: The Company maintains gender equality at all levels. Company constantly endeavours to inspire participation of women through constant support, coach, motivation and by creating opportunities to realize their potential. The gender equality policy at Idea are organic in nature and evolve through the work and involvement of employees engaged within them. Company has number of female centric policies. Company prides itself for its women centric initiatives such as providing creche facility at work place, differential referral payment, mobility support etc. Company also provides a best in class Maternity Support program to ensure women enjoy the precious moments with no professionals pressure.
- Consistently innovating new business models like mobile money, Payment bank, which are focused intervention for overcoming the sustainability barriers.
- Creating human interface "Son of Soil" to enhance the access and opportunities gap through mobile network for underprivileged rural community.

#### SEBI – BRR Questionnaire Responses for Principle 8:

1. *Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.*

**Ans:** Yes.

The Roadmap and miles stones for inclusive growth and equitable development are implemented through the Company's own initiatives and some are through its partners. Key specified programmes/initiatives in pursuit of above policy are as follows:

#### EDUCATION:

One of Company's primary CSR initiatives. The Company works with children of all ages and helps to improve school infrastructure and provide educational aid to students. The projects focus on better access to education and to ensure that underprivileged children in rural India get the necessary support to continue their schooling:

- **Solar Lamp to School Children:** The Company under its Solar Lamps initiative in partnership with IIT Bombay is providing a clean source of light to students for studying during the night. It also fosters skill development through learning, assembling, distribution and repair of the lamps. During FY 2016-17, 100,000 students are being benefitted. The project extends to three States viz., Bihar, Rajasthan and UP. This project was undertaken in the previous year also. This year another component was added to the project, empowerment of rural women. Self Help Groups (SHG) have been trained to assemble, repair, maintain and sell the lamps. This has led to the economic empowerment of women.
- **Mid-Day Meals to School Children:** Idea Cellular in partnership with Akshaya Patra Foundation provides mid-day meals to children in schools. During FY 2016-17, 39075 school children were provided mid day meals in the five States viz., Gujarat, Odisha, Karnataka, Rajasthan and UP.
- **KHEL - A Knowledge hub for E-learning:** To promote E-learning in schools, Idea Cellular in partnership with IIT Bombay and IIT Kanpur has developed game pedagogy for school children. The initiative is being implemented across 50 schools at three locations viz., Mumbai, Kanpur and Madhya Pradesh. Over 7500 school children will gain more knowledge through it.

#### HEALTHCARE:

The Company is also focusing on another important human development indicator - health and sanitation. Its preventive healthcare programme addresses need of children and adults.

- **Polio non-reoccurrence:** To ensure the non-reoccurrence of polio, Idea Cellular in collaboration with Rotary Foundation (India) organizes health camps, awareness rallies, administers pulse polio vaccination to children upto 5 years of age under the Polio Non-reoccurrence CSR project. It's a pan India initiative and 17 crore children are covered in each round. The initiative is tied up with the National Pulse Polio Programme.
- **Healthcare Support to Deaf and Mute Children through Cochlear Implant:** In India 3 in 1000 babies born, suffer from Severe to Profound Hearing Loss, i.e. born deaf. The incidence of hearing loss in Maharashtra is 6000 babies every year. The magnitude of the problem is grave. Company is supporting 21 deaf-mute children to speak and hear through the Cochlear implant. It is life changing experience for deaf and mute children. It has enabled children to move out of their world of silence to a world of sound.
- **Restoring vision / eyesight of treatable blind persons:** The Company in partnership with Vision Foundation of India organizes eye camps and conducts eye surgery. Under the project 6666 persons were covered. The objective of the project is to reduce treatable blindness from the lower socioeconomic strata of the society.

- **M-POWER:** Under this initiative, awareness about mental health among children and adolescents is being generated through counselling and guidance and organization of camps through voluntary organization. The project location is Mumbai and the outreach of the project is 1000 children and adolescents.
- **School Based Educational Intervention Program for Reduction of Future Risks of Cardio-Vascular Diseases:** The Company in partnership with Mission Arogya Health and Information Technology raises awareness about cardio vascular diseases (CVD) among school going children, improve knowledge, perception, awareness and practices related to CVD and their risk factors. The project is implemented in 2762 schools in 4 districts of West Bengal.
- **Village Social Health Entrepreneurs:** Under this initiative, Company in partnership with Public Health Technologies Trust create social health entrepreneurs who provide economical diagnostic health test at one centre. The project outreach is in 100 locations in 20 districts in 4 States.
- **Water Supply:** Marathwada region known for its routine and severe droughts witnessed a severe drought in 2016. Given the context of the problem it was essential to take measures which address the immediate needs of the people. The Company in line with ABG philosophy, provided drinking water in four districts namely, Latur, Aurangabad, Jalna and Beed which were most affected and reeling under an acute shortage of water. Overall 49,45,080 liters' of drinking water was distributed to 11,415 families.

#### SKILL DEVELOPMENT AND LIVELIHOODS

- Under the project Roshini: Digital and Economic Empowerment of Women, 300 women are being trained to use internet on mobile phone for comprehensive services like healthcare, banking education etc. in Rajasthan, Madhya Pradesh and Bihar.
- The Company in partnership with G D Birla Foundation is addressing skill deficits amongst the youth by training youngsters in the 18 to 30 years age group. Six Aditya Birla Vocational Education and Training Centres are being set up at six locations viz., Raipur, Nagpur, Vadodara, Udaipur, Bhopal and Kanpur. Over 1800 youths will be provided training in different trades.

*Note: In addition to above-mentioned projects number of social activities like blood donation camp, plantation, Swacchta Abhiyan, donation of books, computers and other times to schools and NGOs etc. were organized at the circle level.*

#### 2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

**Ans:** The Company has a separate CSR function at Corporate level and also has Single Point of Contact (SPOC) in all 22 Circles. Some of the project are implemented by in house

team and some project by NGO/Institution and Government department. The Company's key Partners/ Collaborators are:-

- IIT Bombay and IIT Kanpur
- Ministry of New and Renewable Energy
- Pratham Educational Trust
- Akshaya Patra Foundation
- Rotary Foundation India
- Department of Rural Development, Govt. of Jammu & Kashmir
- Public Health Technologies Trust
- Mission Arogya Health and Information Technology Research Foundation
- Vision Foundation of India
- ENT World LLP
- G.D. Birla Medical Research & Education Foundation
- Aditya Birla Educational Trust

The Company from time to time associates with different NGOs to cater to various needs of the less privileged and specific causes. Circle Teams of Idea does several activities like blood donation camps, tree plantation, visits to local NGOs etc. Idea Cellular employees participate in CSR events / programs / meetings organized in his / her respective areas. The Company also conducts employee surveys to understand the perception of employees on social issues. The Company provides opportunities to employees to contribute towards the worthy cause and be a part of the CSR drives. Employees participate in the nation-wide 'Joy of Giving Week' initiative. Idea Cellular engages with this cause and drives the Joy of Giving Week under the banner 'DaanUtsav Week'

The Company encourages high performing employees to work for two days in a year for CSR activity and it also encourages employees to carry out different initiatives for social cause in the areas where they operate.

The Company also engages with well-established and recognized programs and national platforms such as the CII, FICCI, ASSOCHAM etc. given their commitment to inclusive growth. Number of initiatives are undertaken at the unit level to participate in supporting various causes for underprivileged in our society.

#### 3. Have you done any impact assessment of your initiative?

**Ans:** In order to measure the impact of its CSR projects, all project partners conduct baseline and impact study of their project outcomes. Theme-wise details are as below:

##### Education

- Around 10% improvement in children school attendance, pass percentage, reading and writing of the children in the school.
- Around one Lakh children provided with solar lamps have been able to study during night. Around 40,000 school children were provided Mid-day meal which has significantly reduced the dropout rate.

**Healthcare**

- 17 crore children between 0-5 years under Polio Non-reoccurrence campaign Program were administered polio drop.
- 21 children between 1-10 years have been able to move from world of silence to world of sound through Cochlear implant.
- Around 3 lakh people of all age group under village social entrepreneurs in healthcare has been benefitted.
- 6,666 people vision were restored of partial blind.
- Around 5.5 lakh school children from 2762 schools were made aware about cardio vascular diseases

**Skill Development & Livelihood**

- Assembly, distribution and repair training of solar lamp has provided skill development and livelihood enhancement for 700 youth including women. Rural households have received additional income of ₹2.66 crore through assembly, distribution and repair of solar lamps.
- Around 2100 youths are being imparted vocational education training under skill center initiative.
- Around 300 rural women are being provided digital literacy training.

**Water Supply and Sanitation**

- 9 lakh litres of drinking water was provided to 11,415 families in Marathwada region during the drought period.
- 2010 toilets are being constructed in 10 Gram Panchayats of Jammu and Kashmir.

**Environmental Benefits**

Solar lamp project has helped in reduction of kerosene consumption by 23.4 lakh litres’ in a year. The net saving due to reduction in use of kerosene is ₹ 3.5 crore [23,40,000 x 15 (rate of kerosene per litre at PDS)]. It has also helped in saving of 58.50 lakh Kg of carbon, which could have been emitted.

In addition concurrent impact assessment including performance was conducted by KPMG.

4. *What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?*

**Ans:** For FY 2016-17, Company's CSR spend was around INR 369.1 Mn (349.8 Mn for 2016-17 year projects and 18.4 Mn for 2015-16 carried over projects and 0.91 Mn for CSR audit). In addition, the Company mobilized resources from The Ministry of New & Renewable Energy (MNRE), Government of India and select State Governments for Midday Meals and The Ministry of Health and Family Welfare for Polio Programme of Government of India.

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.*

**Ans:** All CSR projects focus on community participation,

empowerment and community development. The Company undertakes projects in rural areas and cater the need of underprivileged section of the society.

Under the projects one of the focused criteria is to empower the locals so that the initiative could sustain and taken forward. For example under solar lamp project local youths and women are provided training on assembling and distribution of solar lamps. Locals are able to earn their livelihood through the repair and maintenance work of solar lamps. Importantly women from SHGs who were trained under the project have opened solar shops. It has foster women empowerment process and raised their standard of life.

Similarly under Roshini digital training project, women are being trained and who in turn impart training to other women of their locality. This has created cascading impacts of the project.

Apart from community development work Idea has developed mobile applications for the rural population and provides employment opportunities to rural youth through initiatives such as ‘Son of Soil’. Providing affordable telecommunication access to rural population is Idea’s contribution to sustainable and equitable development in India.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

Idea believes that Customers form the foundation of its business success. The company’s focus on Customers is based on its Value Book, which highlights the need for timely response to its internal and external customers; strive to finish before a deadline and to choose the best rhythm to optimize organizational efficiencies.

To fulfill the Company’s mission “We will delight our customers while meeting their individual communication needs anytime anywhere”, it constantly endeavors to meeting customer needs, adding value and exceeding their expectations. The Company strongly believes in being ethical about its operations with customers. Hence, it engages with its customers in a transparent manner by displaying all the tariff plans on the web in an unambiguous manner. This information is easily accessible to customers either by telecom circle or by package. Idea addresses its customers’ need to be constantly updated about their usage through instantaneous pop-up messages informing them about their data consumption and balance left. The Company also installs its network devices in a way that maintains data integrity, confidentiality and availability while preventing unauthorized use of confidential data.

Idea always focuses on meeting and exceeding customer needs. Some innovative initiatives in this regard include a quick and easy way of ‘Electronic top-up’ for recharging accounts, camps in rural areas for providing education on mobile, and provision of customer care services in vernacular languages. Idea has also introduced several value-added services (VAS) focusing on education, health and family care for rural population. At urban locations, kiosks are set up at select Service Centers to create awareness about data (2G, 3G & 4G) services that the Company offers.

In order to service customers better and to bring in stronger governance in Store operations, concept of company owned company operated neighborhood stores was introduced. In 2015, a revamped model for these Company Retail Stores was put in place. Currently, the Company has over 88 company operated large format stores across the country.

Customer satisfaction is of prime importance to the Company. A customer satisfaction (C-SAT) study is conducted thrice a year in order to track the quality of customer experience with company's product and services and to benchmark the company's performance with respect to its competitors. Idea attained first rank in customer satisfaction in FY 2014. In March, 2015 survey results, Idea retained its first rank, jointly. Over the past one year, focused activities were taken up to retain and strengthen Idea's customer relationships which have resulted in Idea retaining its first rank in CSAT & NPS, jointly, as on March, 2016, a position that has been retained for a major part of year 2017.

Idea acknowledges the needs of data customers through conducting focused diagnostic study amongst these customers to understand and address their specific network, product, communication and service expectations. Idea's Loyalty segment customers too are covered through a similar program.

Idea also conducts other consumer satisfaction surveys such as 'Customer Life Cycle Experience Audits', 'Mystery Audits at Service Centers', 'National Enterprise Business (NEB) Satisfaction Study' and 'Franchisee Satisfaction Survey' during the course of the year to get customer feedback and undertake corrective actions and initiatives. With increasing footprint in the Enterprise business, Idea carries out focused studies amongst decision makers and users of all Enterprise segments, to address their needs.

With a view to inculcate high velocity feedback programs, Idea has also started an in-house call centre experience feedback program amongst its select Service+ segment customers, aimed at driving continuous and systemic improvements through regular feedback loops.

To reinforce customer centricity as a culture within the organization, the customer immersion program 'iConnect' was further strengthened to include participation from all functions across all circles.

In addition to this "Hello BOSSTOMER" - the Group wide 'Ideation' program for employees to improve customer experience was launched with great success. This program has seen Idea open-up the collective power of employee-led innovation to set the path for new customer centric thinking across the company. With the program generating more than 10,000 (91%+) employee registrations and over 1,000 ideas, Idea Cellular has been the torch-bearer of this program across the Group.

Idea has an additional feedback taken from customers on a daily basis is Instant Customer Feedback (ICF) wherein, an SMS is sent to customers seeking feedback on the quality of service provided to him after he / she has contacted any of the company's touch points. This on-going Instant feedback from customers helps in improving the company's processes. After the surveys are completed, the results are presented to the senior management team and detailed action plans are prepared specific to all the concerned functions. The same are tracked at periodic intervals to ensure that the execution meets the planning requirements leading to higher customer satisfaction.

#### SEBI – BRR Questionnaire Responses for Principle 9:

1. *What percentage of customer complaints/ consumer cases is pending as on the end of financial year?*

**Ans:** Out of the total calls received by the company from customers, approximately 0.9% are related to complaints. 0.3% of the total complaints received during FY 2016-17 were in an open stage as on March 31, 2017. The rest were closed satisfactorily.

2. *Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A /Remarks*

**Ans:** The Company adheres to all product labeling and product information requirements as per the law of the land. Transparency in tariff through detailed plans being available on the website for consumers and focus on responsible advertising is the hallmark of Idea.

3. *Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.*

**Ans:** There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behavior. However, dissatisfied subscribers of the Company generally file their cases in consumer protection forums for alleged deficiency in expected level of service by the Company, in the normal course of business, which the Company defends appropriately.

4. *Did your company carry out any consumer survey/ consumer satisfaction trends?*

**Ans:** Idea conducts a C-SAT/NPS survey thrice a year as well as other assessment surveys such as '4G Studies', 'Customer Life Cycle Journey Experiential Mapping', 'Mystery Audits at Service Centers', 'National Enterprise Business (NEB) Satisfaction Study' and 'Franchisee Satisfaction Survey'.

## Independent Auditors' Report

### To the Members of Idea Cellular Limited

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **IDEA CELLULAR 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 Standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Emphasis of Matters

We draw attention to the Note 43A(i) to the standalone Ind AS financial statements which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one time spectrum charges.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, 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 standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 43 A and 43 C to the Standalone 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 has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E)
- dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W / W-100018

**Hemant M. Joshi**

Partner

Membership No: 38019

Place : Mumbai

Date : May 13, 2017

## Annexure "A" to the Independent Auditor's 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 LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 13, 2017

## Annexure "B" to the Independent Auditor's 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 the 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 land and buildings are held in the name of the Company as at the balance sheet date. In respect of immovable properties of buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories, except for those lying with the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under are applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax / Value Added Tax, Service Tax, Customs Duty, cess 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 Excise duty.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax / Value Added Tax, Service Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - c) There are no dues of cess which have not been deposited on account of any dispute. Details of dues of Income-tax, Sales Tax / Value Added Tax, Service Tax and Customs Duty which have not been deposited as on March 31, 2017 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)
Customs Act, 1962	Custom Duty	Customs Excise & Service Tax Appellate Tribunal	2003-04	3.49	3.49
Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	High Court of Karnataka	2004-05	8.92	8.92
MP Entry Tax Act, 1976	Entry Tax	Assistant Commissioner	1998-2001, 2009-10, 2013-2017	87.83	0.89
MP Entry Tax Act, 1976	Entry Tax	CG Commercial Tax Tribunal	2006-2009, 2010-2011	31.26	16.98
MP Entry Tax Act, 1976	Entry Tax	CG High Court	2003-04	0.51	0.37
MP Entry Tax Act, 1976	Entry Tax	Deputy Commissioner Commercial Tax (Appeals)	2011-12	14.36	12.20
MP Entry Tax Act, 1976	Entry Tax	Deputy Commissioner Appeals	2012-13	21.34	18.10
MP Entry Tax Act, 1976	Entry Tax	Madhya Pradesh High Court	1998-01, 2003-14	452.89	91.52
MP Entry Tax Act, 1976	Entry Tax	State Tax Tribunal	2001-03, 2004-2006	12.88	1.08
West Bengal Value Added Tax, 2003	Entry Tax	Deputy Commissioner	2013-14	0.55	0.55
The Maharashtra Municipal Corporations Act	Entry Tax	Deputy Commissioner	2013-14	1.58	0.98
Rajasthan Tax On Entry Of Goods Into Local Areas Act, 1999	Entry Tax	Supreme Court	2008-16	157.09	69.14
Rajasthan Tax On Entry Of Goods Into Local Areas Act, 1999	Entry Tax	Assistant Commissioner	2014-15	2.65	2.65
The Bihar Value Added Tax Act, 2005	Entry Tax	Joint Commissioner (Appeals)	2010-11, 2013-16	33.49	30.89
The Bihar Value Added Tax Act, 2005	Entry Tax	State Tax Tribunal	2010-12	1.07	0.93
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	Assessing Officer	2011-12	0.95	0.95
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	State Tax Tribunal	2007-08	4.89	4.16
The Uttar Pradesh Tax on Entry of Goods Act, 2000	Entry Tax	High Court Allahabad	1999-10	29.25	12.00
Uttar Pradesh Trade Tax Act, 1948	Entry Tax	State Tax Tribunal	2005-06	0.17	0.17
Uttar Pradesh Trade Tax Act, 1948 (UTTRAKHAND AMENDMENT)	Entry Tax	High Court Nainital	2001-04	1.21	0.57
Orissa Entry Tax Act, 1999	Entry Tax	Cuttack High Court	2008-17	57.77	38.94
Himachal Pradesh Entry Tax Act, 2010	Entry Tax	HP High Court	2010-17	114.91	71.79

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)
The Jammu & Kashmir Entry Tax on Goods Act, 2000	Entry Tax	Srinagar High Court	2010-17	364.10	79.05
Income Tax Act ,1961	Income Tax	Assistant Commissioner of Income Tax	2009-11, 2012-13	15.21	15.21
Income Tax Act ,1961	Income Tax	Deputy Commissioner of Income Tax	2006-11	390.86	140.99
Income Tax Act ,1961	Income Tax	Commissioner of Income Tax (Appeals)	2002-2016	71,894.21	54,299.73
Income Tax Act ,1961	Income Tax	Income Tax Appellate Tribunal	2002-05, 2007-15	1,339.71	191.18
Income Tax Act ,1961	Income Tax	High Court of Karnataka	2001-02	1.38	1.38
Income Tax Act ,1961	Income Tax	High Court of Andhra Pradesh	2003-09	131.58	-
Income Tax Act ,1961	Income Tax	Madhya Pradesh High Court	2006-09	129.80	-
Income Tax Act ,1961	Income Tax	Rajasthan High Court	2006-10	26.25	-
Income Tax Act ,1961	Income Tax	Supreme Court	2002-04	9.47	-
Income Tax Act ,1961	Income Tax	High Court of Gujarat	2007-10	30.73	0.32
Bombay Sales Tax Act, 1959	Sales Tax	Sales tax Tribunal	2000-01	43.90	43.90
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals)	2007-08,2010-11	41.35	23.17
Central Sales Tax Act, 1956	Sales Tax	Assistant Commissioner	2013-14	0.02	0.02
Central Sales Tax Act, 1956	Sales Tax	Deputy Commissioner, Sales Tax	2008-09, 2011-12	37.79	27.79
Delhi Sales Tax Act, 1975	Sales Tax	Additional Commissioner (Appeals)	2002-03	1.86	-
Gujarat Sales Tax Act, 1969	Sales Tax	State Tax Tribunal	1998-02	8.83	7.04
Gujarat Sales Tax Act, 1969	Sales Tax	Assessing Officer	Apr 06 to Dec 06	1.04	0.83
Kerala Sales tax Act, 1963	Sales Tax	State Tax Tribunal	1997-98	0.05	0.05
Kerala Sales tax Act, 1963	Sales Tax	Deputy Commissioner, Sales Tax	1998-99	0.06	0.06
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	CG Appellate Board	2000-01	0.48	0.31
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Joint Commissioner (Appeals)	2003-2012	3.11	1.01
Delhi Value Added Tax Act, 2004	Sales Tax	State Tax Tribunal	2007-08	14.05	11.84
Kerala VAT Act, 2003	Sales Tax	Deputy Commissioner Appeals	2009-10, 2011-12	0.94	0.94
Kerala VAT Act, 2003	Sales Tax	Kerala High Court	2011-12	65.47	65.47
Kerala VAT Act, 2003	Sales Tax	Assistant Commissioner, Sales tax	2011-12	1.38	1.38
Kerala VAT Act, 2003	Sales Tax	Commercial Tax Officer	2010-11	51.49	51.49
Maharashtra Value Added Tax Act, 2002	Sales Tax	Deputy Commissioner, Sales Tax	2011-12	15.15	15.15
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner (Appeals)	2008-09	308.43	308.42

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)
Rajasthan Value Added Tax Act, 2003	Sales Tax	Assistant Commissioner, Sales tax	2011-12, 2013-14	11.64	11.19
The Bihar Value Added Tax Act, 2005	Sales Tax	State Tax Tribunal	2008-14	34.01	22.03
The Bihar Value Added Tax Act, 2005	Sales Tax	Commissioner	2016-17	1.36	1.36
The Bihar Value Added Tax Act, 2005	Sales Tax	Joint Commissioner (Appeals)	2014-15	6.69	4.00
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	State Tax Tribunal	2006-08	0.69	0.58
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Assessing Officer	2008-10, 2011-12, 2013-14	20.50	17.40
The Jammu & Kashmir General Sales Tax Act, 1962	Sales Tax	Srinagar High Court	2009-17	510.15	510.15
Uttar Pradesh Trade Tax Act, 1948 (UTTRAKHAND AMENDMENT)	Sales Tax	Assessing Officer	2009-10	0.07	-
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	Deputy Commissioner, Sales Tax	2006-07, Apr 12 to Jul 12	2.67	1.54
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	High Court Allahabad	2007-08	0.71	-
Uttar Pradesh Value Added Tax Act, 2008	Sales Tax	Additional Commissioner (Appeals)	2011-2013	11.85	9.98
The Finance Act, 1994	Service Tax	Andhra Pradesh High Court	2003-04	25.15	25.15
The Finance Act, 1994	Service Tax	Customs Excise & Service Tax Appellate Tribunal	2003-2012 and 2013-2015	2,654.03	2,534.16
The Finance Act, 1994	Service Tax	High Court, Mumbai	2004-2006, 2007-2010	290.56	4.64
The Finance Act, 1994	Service Tax	Punjab & Haryana High Court	Oct 1998- Mar 99, 2002-2003, 2004-07	14.56	14.56
The Finance Act, 1994	Service Tax	Commissioner of Central Excise & Service Tax	2004-05, Apr 05 to Sep 07	41.98	36.98
The Finance Act, 1994	Service Tax	Commissioner of Central Excise & Service Tax (Appeals)	1999-01, Apr 03 to Sep 03, 2005-2012	15.18	14.71

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) During the current year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has paid/accrued remuneration amounting to ₹ 100.46 million to its Managing Director, Mr. Himanshu Kapania. As the Company did not have profits in the financial year ended March 31, 2017, an amount of ₹ 30.54 Mn is in excess of the limits specified in section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payments, including seeking approval of shareholders / central government, as necessary.
- (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 subsidiary companies, directors of associate company 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 13, 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
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	221,885.23	209,633.63	178,155.65
Capital work-in-progress		13,243.96	6,613.48	8,481.23
Intangible assets	8	539,364.60	440,079.35	142,165.08
Intangible assets under development	8	62,048.00	53,774.79	42,313.23
Financial assets				
Non-current investments	9	22,265.98	16,668.52	16,466.07
Long term loans to employees		25.82	24.98	24.51
Other non-current financial assets	10	5,079.07	9,107.37	6,602.68
Other non-current assets	11	27,497.41	12,891.53	26,656.77
<b>Total non-current assets (A)</b>		<b>891,410.07</b>	<b>748,793.65</b>	<b>420,865.22</b>
<b>Current assets</b>				
Inventories	12	542.10	851.46	582.98
Financial assets				
Current investments	13	40,247.09	8,328.46	111,743.43
Trade receivables	14	12,580.95	11,360.58	9,321.71
Cash and cash equivalents	15	268.60	7,515.42	15,365.93
Bank balance other than cash and cash equivalents	16	44.05	61.21	53.45
Current portion of loans to employees		20.60	16.61	16.99
Other current financial assets	17	402.88	917.63	4,325.27
Current tax assets (net)		-	-	3,180.71
Other current assets	18	12,091.71	8,551.85	7,515.92
		66,197.98	37,603.22	152,106.39
Non-current assets classified as held for sale (AHFS)	19	16.11	154.96	22.34
<b>Total current assets (B)</b>		<b>66,214.09</b>	<b>37,758.18</b>	<b>152,128.73</b>
<b>Total Assets (A+B)</b>		<b>957,624.16</b>	<b>786,551.83</b>	<b>572,993.95</b>

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

Particulars	Notes	₹ Mn		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	20	36,053.28	36,005.09	35,978.44
Other equity	21	201,184.31	211,646.88	187,154.70
<b>Total equity (A)</b>		<b>237,237.59</b>	<b>247,651.97</b>	<b>223,133.14</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Long term borrowings	22	516,378.28	359,040.42	157,990.82
Other non-current financial liabilities	23	10,034.35	23,589.42	2,342.94
Long term provisions	24	3,311.00	3,353.31	2,753.47
Deferred tax liabilities (net) (refer note 57)		16,791.07	22,357.30	16,804.61
Other non-current liabilities	25	4,907.44	4,094.24	3,646.07
<b>Total non-current liabilities (B)</b>		<b>551,422.14</b>	<b>412,434.69</b>	<b>183,537.91</b>
<b>Current liabilities</b>				
Financial liabilities				
Short term borrowings	26	336.50	16,455.78	1,513.94
Trade payables		39,921.33	32,038.74	29,367.60
Other current financial liabilities	27	102,294.52	53,722.29	113,771.88
Other current liabilities	28	26,250.36	23,332.03	21,278.97
Short term provisions	29	161.72	916.33	390.51
<b>Total current liabilities (C)</b>		<b>168,964.43</b>	<b>126,465.17</b>	<b>166,322.90</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>957,624.16</b>	<b>786,551.83</b>	<b>572,993.95</b>
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**

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

Place : Mumbai  
Date : May 13, 2017

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary

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

₹ Mn

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>INCOME</b>			
Service revenue		352,565.12	357,725.12
Other operating income	30	221.34	311.78
<b>Revenue from operations</b>		<b>352,786.46</b>	<b>358,036.90</b>
Other income	31	1,970.25	1,773.43
<b>TOTAL INCOME</b>		<b>354,756.71</b>	<b>359,810.33</b>
<b>OPERATING EXPENDITURE</b>			
Employee benefit expenses	32	16,256.38	14,735.23
Network expenses and IT outsourcing cost	33	106,648.54	92,655.82
License fees and spectrum usage charges	34	40,514.83	41,507.83
Roaming and access charges	35	42,754.44	46,653.46
Subscriber acquisition and servicing expenditure	36	31,441.66	30,019.48
Advertisement and business promotion expenditure		4,554.02	4,833.19
Administration and other expenses	37	9,668.17	8,686.00
		251,838.04	239,091.01
<b>PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION AND TAXES</b>		<b>102,918.67</b>	<b>120,719.32</b>
Finance costs	38	40,108.53	17,778.52
Depreciation	7	48,642.82	47,716.68
Amortisation	8	28,357.35	14,515.61
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(14,190.03)</b>	<b>40,708.51</b>
Tax expense:			
- Current tax	56	-	8,621.82
- Deferred tax	56	(5,879.28)	5,623.81
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(8,310.75)</b>	<b>26,462.88</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/ (losses) of defined benefit plans	53	(49.49)	(205.48)
Income tax effect		17.13	71.11
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>(32.36)</b>	<b>(134.37)</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>(8,343.11)</b>	<b>26,328.51</b>
<b>Earnings per equity share (in ₹):</b>	58		
Basic		(2.31)	7.35
Diluted		(2.31)	7.33
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

Arun Thiagarajan  
Director

Sanjeev Aga  
Director

Himanshu Kapania  
Managing Director

Place : Mumbai  
Date : May 13, 2017

Akshaya Moondra  
Whole time Director &  
Chief Financial Officer

Pankaj Kapdeo  
Company Secretary

## 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	3,597,844,427	35,978.44
Issue of shares under ESOS	2,664,951	26.65
As at March 31, 2016	3,600,509,378	36,005.09
Issue of shares under ESOS	4,818,853	48.19
As at March 31, 2017	3,605,328,231	36,053.28

### B. OTHER EQUITY:

Particulars	Reserves and Surplus					Total
	Debtore redemption reserve	Securities premium	Employee stock options reserve	General reserve	Retained earnings	
As at April 1, 2015	341.78	103,652.02	775.02	20,863.21	61,522.67	187,154.70
Profit/(Loss) for the year					26,462.88	26,462.88
Other comprehensive income/(loss)					(134.37)	(134.37)
<b>Total comprehensive income/(loss)</b>					<b>87,851.18</b>	
Dividend for the year ended March 31, 2015					(2,159.62)	(2,159.62)
Dividend distribution tax					(439.65)	(439.65)
Issue of share under ESOS		148.46				148.46
Transfer from retained earnings	141.43				(141.43)	-
Share-based payment expenses (refer note 52)*			614.48			614.48
Transfer to Securities premium account on exercise of options		37.21	(37.21)			-
As at March 31, 2016	483.21	103,837.69	1,352.29	20,863.21	85,110.48	211,646.88
Profit/(Loss) for the year					(8,310.75)	(8,310.75)
Other comprehensive income/(loss)					(32.36)	(32.36)
<b>Total comprehensive income/(loss)</b>					<b>76,767.37</b>	
Dividend for the year ended March 31, 2016					(2,160.62)	(2,160.62)
Dividend distribution tax					(439.85)	(439.85)
Issue of shares under ESOS		48.66				48.66
Transfer from retained earnings	833.72				(833.72)	-
Share-based payment expenses (refer note 52)*			432.35			432.35
Transfer to Securities premium account on exercise of options		443.32	(443.32)			-
As at March 31, 2017	1,316.93	104,329.67	1,341.32	20,863.21	73,333.18	201,184.31

\*Includes amount settled / to be settled by Subsidiaries for options granted to their employees.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Hemant M. Joshi**  
Partner  
Membership No.: 38019

Place : Mumbai  
Date : May 13, 2017

**For and on behalf of the Board**

**Arun Thiagarajan**  
Director

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Sanjeev Aga**  
Director

**Pankaj Kapdeo**  
Company Secretary

**Himanshu Kapania**  
Managing Director

## Notes forming part of the Financial Statements

### 1. CORPORATE INFORMATION

Idea Cellular Limited ('the Company'), a public company domiciled in India was incorporated on March 14, 1995. It is a part of the Aditya Birla Group and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India (Scrip Code BSE :532822; NSE:IDEA). The Company is amongst the top three telecom service providers in India with pan India operations. It is engaged in the business of Mobility and Long Distance services.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 13, 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. The Company evaluates its exposure to significant risks and reward associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard.

#### i. Service Revenue

Revenue on account of telephony services (postpaid and prepaid categories, roaming, interconnect & long distance services) is recognised on rendering of services. Rental revenues in the postpaid category are recognised over the period of rendering of services. Recharge fees on recharge vouchers in case of prepaid category is recognised over the validity of such vouchers.

Revenue from other services (internet services, mobile advertisement, revenue from toll free services, etc.) is recognised on rendering of services.

Multiple element contracts:

For revenue arrangements having more than one deliverable, at the inception of the arrangement, the Company evaluates all deliverables in the arrangement to determine whether they represent separately identifiable components. Deliverables are considered for separate components if the following two conditions are met: (i) the deliverable has value to the customer on a stand-alone basis and (ii) there is evidence of the fair value of the item. The total arrangement consideration is allocated to each separate component based on its relative fair value.

Revenue from passive infrastructure is recognised on accrual basis as per the contractual terms.

#### ii. Infeasible Right to Use (IRU)

The Company enters into agreements which entitle its customers the right to use of specified capacity of dark fibre / bandwidth capacity for a specific period of time. Under such arrangements, the rights to use the specified assets are given for a substantial part of the estimated useful life of such assets.

The contracted price received upfront in advance is treated as deferred revenue and is recognised on a straight line basis over the agreement period.

#### iii. Unbilled Income

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

#### iv. 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.

## Notes forming part of the Financial Statements

### v. Dividends

Dividend Income is recognised when the Company's right to receive the payment is established.

### 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 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 recognised 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.

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

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

## Notes forming part of the Financial Statements

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

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of re-pricing of existing stock option, the incremental fair value of the option on the date of re-pricing is accounted for as employee cost over the remaining vesting period.

### d) Annual Revenue Share License Fees – and Spectrum Usage Charges

The variable license fees and annual spectrum usage charges, computed at prescribed rates of revenue share, are charged to the Statement of Profit and Loss in the period in which the related revenue arises. Revenue for this purpose comprise of adjusted gross revenue as per the license agreement of the licensed service area.

### e) Foreign currency transactions

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at the INR spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

- Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss except for the exemptions mentioned in Note 5 relating to first time adoption.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions.

### f) 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.

### g) Taxes

Income tax expense represents the sum of 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

## Notes forming part of the Financial Statements

### h) Current / Non – Current Classification

An asset is classified as current when

- It is expected to be realized or consumed in the Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- 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

- It is expected to be settled in the normal operating cycle of the Company;
- It is held primarily for the purposes of trading;
- It is expected to be settled within twelve months after the reporting period; or
- 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.

### i) 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)
Buildings	9 to 30
Network Equipments	7 to 13
Optical Fibre	15
Other Plant and Equipment	5
Office Equipments	3 to 5
Computers	3
Furniture and Fixtures	3 to 10
Motor Vehicles	Up to 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 gains 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.

### j) 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 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:

- Cost of spectrum and licenses is amortised on straight line method on commencement of operations over the unexpired period of the license/ spectrum.
- 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.

## Notes forming part of the Financial Statements

- Payment for Bandwidth capacities acquired under Indefeasible Right to Use (IRU) basis is accounted for as intangible assets and the cost is amortised over the period of the agreement.

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.

### k) 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 amortised 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.

### l) Impairment of Non – Financial Assets

Tangible and Intangible assets which are subject to depreciation or amortisation 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.

### m) 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.

### n) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### o) Cash and cash equivalents

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

### p) Non-current Investments in subsidiaries and associates

Non-current Investments in subsidiaries and associates are stated at cost less provision for diminution in value other than temporary, if any.

### q) 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

## Notes forming part of the Financial Statements

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.

#### 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.

#### 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 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

## Notes forming part of the Financial Statements

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. 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

#### De-recognition

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

### iii. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to manage its foreign currency risks and interest rate risks, respectively. These derivative instruments are not designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency and interest exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss.

#### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-

derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative instrument. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### iv. 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.

### r) 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

## Notes forming part of the Financial Statements

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

### s) 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.

### t) 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.

### u) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

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

#### 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.

### v) 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, 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 including 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.

## Notes forming part of the Financial Statements

### i. Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using Black & Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 52.

### ii. 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 (Minimum Alternate Tax) 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.

### iii. Defined benefit plans (gratuity benefits)

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

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

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

Further details about gratuity obligations are given in note 53(A).

### iv. 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. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

### v. Useful life of Property, Plant and Equipment

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.

### vi. Impairment of Non-financial assets

Non-financial assets 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).

### vii. 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.

### viii. 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 45.

### ix. Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Notes forming part of the Financial Statements

### 5. FIRST TIME ADOPTION OF IND AS

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. Ind AS 103 on Business Combinations has not been applied to acquisitions of businesses that occurred before April 1, 2015. Use of this exemption means that assets and liabilities acquired under a business combination and eligible for recognition under Ind AS will be the Previous GAAP carrying values on the acquisition date. Ind AS 101 requires recognition of all assets acquired and liabilities assumed in a past business combination except,

(i) Certain financial assets and liabilities that were derecognised and that fall under the de recognition exception, and

(ii) Assets and liabilities that were not recognised in the acquirer's balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree.

Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the Ind AS opening balance sheet. The Company has not recognised or excluded any previously recognised amounts as a result of Ind AS recognition requirements.

II. 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 and intangible assets 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.

III. Ind AS 102 on Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before the date of transition to Ind AS.

IV. 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.

V. The Company has decided to continue with its policy of capitalising exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding in the financial statements as on March 31, 2016 as per AS 11 of the Previous GAAP.

VI. In accordance with the exemption given in Ind AS 101, the Company has recorded investment in subsidiaries at deemed cost i.e. Previous GAAP carrying amount.

#### 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:

##### 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 1, 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
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	iv, ix	209,633.63	209,194.37	439.26	178,155.65	178,973.98	(818.33)
Capital work-in-progress		6,613.48	6,613.48	-	8,481.23	8,481.23	-
Intangible assets		440,079.35	439,968.80	110.55	142,165.08	142,165.08	-
Intangible assets under development		53,774.79	53,774.79	-	42,313.23	42,313.23	-
<b>Financial assets</b>							
(i) Non-current investments		16,668.52	16,668.52	-	16,466.07	16,466.07	-
(ii) Long term loans to employees		24.98	24.98	-	24.51	24.51	-
(iii) Other non-current financial assets	iii,iv	9,107.37	9,105.93	1.44	6,602.68	8,753.92	(2,151.24)
Other non-current assets	ii, iii, vi, xii	12,891.53	25,033.62	(12,142.09)	26,656.77	30,128.25	(3,471.48)
<b>Total non-current assets (A)</b>		<b>748,793.65</b>	<b>760,384.49</b>	<b>(11,590.84)</b>	<b>420,865.22</b>	<b>427,306.27</b>	<b>(6,441.05)</b>
<b>Current assets</b>							
Inventories		851.46	851.46	-	582.98	582.98	-
<b>Financial assets</b>							
(i) Current investments	v	8,328.46	8,321.00	7.46	111,743.43	111,675.00	68.43
(ii) Trade receivables		11,360.58	11,360.58	-	9,321.71	9,321.71	-
(iii) Cash and cash equivalents		7,515.42	7,515.42	-	15,365.93	15,365.93	-
(iv) Bank balance other than cash and cash equivalents		61.21	61.21	-	53.45	53.45	-
(v) Current Portion of loans to employees		16.61	16.61	-	16.99	16.99	-
(vi) Other current financial assets	iii, iv	917.63	818.38	99.25	4,325.27	1,629.07	2,696.20
Current Tax Assets (net)		-	-	-	3,180.71	3,180.71	-
Other current assets	ii, iii, vi	8,551.85	8,749.65	(197.80)	7,515.92	7,626.31	(110.39)
Non - Current assets classified as held for sale		154.96	-	154.96	22.34	-	22.34
<b>Total current assets (B)</b>		<b>37,758.18</b>	<b>37,694.31</b>	<b>63.87</b>	<b>152,128.73</b>	<b>149,452.15</b>	<b>2,676.58</b>
<b>Total Assets (A+B)</b>		<b>786,551.83</b>	<b>798,078.80</b>	<b>(11,526.97)</b>	<b>572,993.95</b>	<b>576,758.42</b>	<b>(3,764.47)</b>

## 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
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		36,005.09	36,005.09	-	35,978.44	35,978.44	-
Other equity		211,646.88	206,954.04	4,692.84	187,154.70	182,922.98	4,231.72
<b>Total equity (A)</b>		<b>247,651.97</b>	<b>242,959.13</b>	<b>4,692.84</b>	<b>223,133.14</b>	<b>218,901.42</b>	<b>4,231.72</b>
<b>Non-current liabilities:</b>							
Financial liabilities							
(i) Long Term borrowings	iv, vi	359,040.42	361,583.12	(2,542.70)	157,990.82	160,064.86	(2,074.04)
(ii) Other non-current financial liabilities	iv, xiii	23,589.42	24,965.51	(1,376.09)	2,342.94	3,253.95	(911.01)
Long term provisions	ix	3,353.31	3,394.20	(40.89)	2,753.47	2,820.65	(67.18)
Deferred tax liabilities (net)	xi, xii	22,357.30	27,830.88	(5,473.58)	16,804.61	16,090.76	713.85
Other non-current liabilities	i	4,094.24	9,651.69	(5,557.45)	3,646.07	8,494.99	(4,848.92)
<b>Total non-current liabilities (B)</b>		<b>412,434.69</b>	<b>427,425.40</b>	<b>(14,990.71)</b>	<b>183,537.91</b>	<b>190,725.21</b>	<b>(7,187.30)</b>
<b>Current liabilities:</b>							
Financial liabilities							
(i) Short term borrowings		16,455.78	16,455.78	-	1,513.94	1,513.94	-
(ii) Trade payables	iv	32,038.74	32,124.33	(85.59)	29,367.60	29,400.77	(33.17)
(iii) Other current financial liabilities	iv, vi, xiii	53,722.29	51,626.13	2,096.16	113,771.88	111,674.28	2,097.60
Other current liabilities	i	23,332.03	23,971.60	(639.57)	21,278.97	21,554.12	(275.15)
Short term provisions	ix, x	916.33	3,516.43	(2,600.10)	390.51	2,988.68	(2,598.17)
<b>Total current liabilities (C)</b>		<b>126,465.17</b>	<b>127,694.27</b>	<b>(1,229.10)</b>	<b>166,322.90</b>	<b>167,131.79</b>	<b>(808.89)</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>786,551.83</b>	<b>798,078.80</b>	<b>(11,526.97)</b>	<b>572,993.95</b>	<b>576,758.42</b>	<b>(3,764.47)</b>

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

₹ Mn

Particulars	Exp. Notes No.	As at March 31, 2016	As at April 1, 2015
<b>Total Equity (shareholders' fund) under Previous GAAP</b>		<b>242,959.13</b>	<b>218,901.42</b>
Effects of inflation linked escalation on rental income / expense not requiring equalisation over the lease term, hence reversed	i,ii	6,023.90	5,079.50
Effects of measuring financial instruments under Ind AS	iii,iv,v	2,903.40	2,660.64
Dividends (including dividend distribution tax) not recognised as liability until declared under Ind AS	x	2,600.09	2,598.17
Others*	iv,vi,ix	(40.55)	448.74
Deferred Tax impact on transitional adjustments due to Ind AS	xi	(6,794.00)	(6,555.33)
<b>Total Equity under Ind AS</b>		<b>247,651.97</b>	<b>223,133.14</b>

\*Includes Share based payments at fair value issued to Subsidiaries

## 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	Difference
<b>INCOME</b>				
Service revenue	ii	357,725.12	357,853.67	(128.55)
Other Operating Income		311.78	311.78	-
<b>Revenue from operations</b>		<b>358,036.90</b>	<b>358,165.45</b>	<b>(128.55)</b>
Other income	v	1,773.43	1,834.40	(60.97)
<b>Total income</b>		<b>359,810.33</b>	<b>359,999.85</b>	<b>(189.52)</b>
<b>OPERATING EXPENDITURE</b>				
Employee benefit expenses	vii, viii	14,735.23	14,644.36	90.87
Network expenses and IT outsourcing cost	i	92,655.82	93,729.02	(1,073.20)
License fees and spectrum usage charges		41,507.83	41,507.83	-
Roaming and access charges	iii	46,653.46	46,436.26	217.20
Subscriber acquisition and servicing expenditure		30,019.48	30,019.48	-
Advertisement and Business Promotion Expenditure		4,833.19	4,833.19	-
Administration and other expenses	iv	8,686.00	8,752.75	(66.75)
		<b>239,091.01</b>	<b>239,922.89</b>	<b>(831.88)</b>
<b>PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION AND TAXES</b>				
		<b>120,719.32</b>	<b>120,076.96</b>	<b>642.36</b>
Finance costs	iv, vi, ix	17,778.52	17,979.57	(201.05)
Depreciation	iv, ix	47,716.68	47,482.87	233.81
Amortisation		14,515.61	14,512.11	3.50
<b>PROFIT BEFORE TAX</b>		<b>40,708.51</b>	<b>40,102.41</b>	<b>606.10</b>
Tax expense:				
- Current tax		8,621.82	8,621.82	-
- Deferred tax	xi, xii	5,623.81	11,740.12	(6,116.31)
- MAT credit entitlement / utilized	xii	-	(6,426.09)	6,426.09
<b>PROFIT AFTER TAX</b>		<b>26,462.88</b>	<b>26,166.56</b>	<b>296.32</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
<b>Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gains/ (losses) on defined benefit plans	viii	(205.48)	-	(205.48)
Income tax effect	xi	71.11	-	71.11
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>(134.37)</b>	<b>-</b>	<b>(134.37)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>26,328.51</b>	<b>26,166.56</b>	<b>161.95</b>

## Notes forming part of the Financial Statements

### 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
<b>Total Comprehensive Income (TCI) under Previous GAAP</b>		<b>26,166.56</b>
Effects of inflation linked escalation on rental income / expense not requiring equalisation over the lease term, hence reversed	i, ii	944.40
Effects of measuring financial instruments under Ind AS	iii, iv, v	242.76
Effects of measuring ESOP charge at Fair value	vii	(296.35)
Others	iv, vi, viii, ix	(284.71)
Deferred Tax impact on transitional adjustments due to Ind AS	xi	(309.78)
<b>Profit after tax under Ind AS</b>		<b>26,462.88</b>
Other comprehensive income - Re-measurement gains/ (losses) on defined benefit plans (net of tax)	viii, xi	(134.37)
<b>Total Comprehensive Income under Ind AS</b>		<b>26,328.51</b>

### 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	Difference
Net cash flows from Operating activities	108,529.01	108,497.62	31.39
Net cash flows from Investing activities	(23,020.73)	(126,374.10)	103,353.37
Net cash flows from Financing activities	(93,300.63)	(93,328.03)	27.40
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,792.35)</b>	<b>(111,204.51)</b>	<b>103,412.16</b>
Cash and cash equivalents at the beginning of the year	13,851.99	127,040.93	(113,188.94)
<b>Cash and cash equivalents at the end of the year</b>	<b>6,059.64</b>	<b>15,836.42</b>	<b>(9,776.78)</b>

### 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	15,836.42	127,040.93
Bank overdrafts which form an integral part of cash management	(1,455.78)	(1,513.94)
Investments in units of liquid mutual funds	(8,321.00)	(111,675.00)
<b>Cash and cash equivalents under Ind AS</b>	<b>6,059.64</b>	<b>13,851.99</b>

#### Explanatory notes to the reconciliations

#### i) 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 credited to Equity as on transition date. This has resulted to an increase in equity on the transition date by ₹ 5,124.07 Mn. and on March 31, 2016 by ₹ 6,197.02 Mn. The profit before tax for the year ended March 31, 2016 has increased by ₹ 1,072.94 Mn.

#### ii) 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 ₹ 44.57 Mn. and on March 31, 2016 by ₹ 173.13 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 128.56 Mn.

## Notes forming part of the Financial Statements

### iii) Financial Assets - Deposits

Under Previous GAAP, the Company accounted for deposits at transaction value. Under Ind AS, the deposits with inherent significant financing element are initially recorded at fair value with the difference between transaction value and fair value being treated as prepaid expenses. The deposits are subsequently measured at amortised cost and deferred rent is amortised over contract period on a straight line basis. This has resulted to an increase in equity on the transition date by ₹ 217.20 Mn. and on March 31, 2016 by ₹ Nil. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 217.20 Mn.

### iv) Derivative instruments

The fair value of foreign exchange forward contracts and interest rate swap contracts is recognised under Ind AS, which was not recognised under Previous GAAP. Consequently, the unamortised forward premium recognised under Previous GAAP has been derecognised. The corresponding adjustment has been credited to Equity as on the transition date. This has resulted to an increase in equity on the transition date by ₹ 1,740.60 Mn. and on March 31, 2016 by ₹ 2,261.53 Mn. The profit before tax for the year ended March 31, 2016 has increased by ₹ 520.93 Mn.

Hedged foreign currency borrowings have been restated at the spot rate on the transition date. This has resulted to an increase in equity on the transition date by ₹ 634.41 Mn. and on March 31, 2016 by ₹ 634.41 Mn. Further, as the Company has decided to continue capitalisation of exchange differences arising from translation of long term foreign currency monetary liabilities outstanding as on March 31, 2016, an additional amount of ₹ 1,742.60 Mn. has been capitalised in FY 2015-16. The additional depreciation charged due to additional capitalisation has led to a decrease in profit before tax by ₹ 279.30 Mn. for the year ended March 31, 2016.

### v) 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 date by ₹ 68.43 Mn. and on March 31, 2016 by ₹ 7.46 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 60.97 Mn.

### vi) Borrowings

Under Previous GAAP, transaction costs incurred in connection with borrowings were disclosed as prepaid

expenses and charged to statement of profit and loss on a systematic basis. Under Ind AS, borrowings are recorded initially at fair value less transaction costs and are subsequently measured at amortised cost as per the Effective Interest Rate (EIR) method. This has resulted to an increase in equity on the transition date by ₹ 411.60 Mn. and on March 31, 2016 by ₹ 206.03 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 205.57 Mn.

### vii) 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. The change does not affect total equity (except for ₹ 0.91 Mn. being the differential in value of options granted to employees of 100% subsidiaries), but there is a decrease in retained earnings on the transition date by ₹ 343.53 Mn. and on March 31, 2016 by ₹ 639.88 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 296.35 Mn.

### viii) Employee Benefits

In Previous GAAP, actuarial gains and losses were recognized in Statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognized in other comprehensive income in the respective periods. The change does not affect total equity but there is an increase in profit before tax for the year ended March 31, 2016 by ₹ 205.48 Mn.

### ix) Asset Retirement Obligation (ARO)

Under Previous GAAP, provision for ARO was measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date without considering the effect of discounting. 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 an increase in equity on the transition date by ₹ 37.14 Mn. and on March 31, 2016 by ₹ 31.81 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 5.33 Mn.

### x) Dividend including dividend distribution tax

Under previous GAAP, dividend payable including dividend distribution taxes was recorded as a liability in the period to which it relates. Under Ind AS, dividend to holders of equity

## Notes forming part of the Financial Statements

instruments is recognised as a liability in the period in which the obligation to pay is established. Hence, proposed dividend recognised under Previous GAAP as at the transition date is reversed and credited to Equity. This has resulted to an increase in equity on the transition date by ₹ 2,598.17 Mn. and on March 31, 2016 by ₹ 2,600.09 Mn.

### xi) Deferred tax

Under Previous GAAP, deferred tax was accounted using the income statement approach as per timing differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach as per temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of balance sheet approach as per Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the net impact on deferred tax liability on new temporary differences is debited to Equity. This has resulted to a decrease in equity on the transition date by ₹ 3,721.62 Mn. and on March 31, 2016 by ₹ 3,719.09 Mn. The deferred tax charge for the year ended March 31, 2016 is lower by ₹ 2.53 Mn.

In addition, the various transitional adjustments led to temporary differences as on the transition date. The net impact on deferred tax liabilities on the transitional adjustments is debited to Equity. This has resulted to a decrease in equity on the transition date by ₹ 2,833.71 Mn. and on March 31, 2016 by ₹ 3,146.02 Mn. The profit after tax for the year ended March 31, 2016 has decreased by ₹ 312.31 Mn.

### xii) 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 ₹ 5,841.49 Mn. and on March 31, 2016 by ₹ 12,267.58 Mn. The MAT credit entitlement of ₹ 6,426.09 Mn. for the year ended March 31, 2016 has been presented with deferred tax.

### xiii) Deposits from Customers

Under Previous GAAP, there was no specific Accounting Standard on Presentation of Financial Statements. The Institute of Chartered Accountants of India had issued FAQ on Schedule VI of the Companies Act, 1956 which prescribes general instructions for preparation of financial statements. In accordance with the FAQ, certain Deposits from Customers were classified as non-current based on the commercial practice in the industry. Ind AS 1 on Presentation

of Financial Statements does not have any such option and therefore, the deposits from customers have been classified as current since these deposits are repayable on demand. This has resulted to a regrouping change from non-current financial liabilities to current financial liabilities as on the transition date by ₹ 2,013.53 Mn. and on March 31, 2016 by ₹ 2,126.02 Mn.

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

The amendments to standards that are issued, but not yet effective up to the date of issuance of Company's financial statements are discussed below. The Company intends to adopt these standards, if applicable, when they become 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 withholdings; and
- 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	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>							
<b>Cost</b>							
As at April 1, 2015*	116.05	990.08	175,940.61	290.49	258.93	559.49	178,155.65
Additions	-	23.78	78,593.44	175.04	250.21	342.44	79,384.91
Disposals/ Adjustments (including assets held for sale)	-	(138.55)	(251.81)	(1.88)	(0.46)	(48.89)	(441.59)
<b>As at March 31, 2016</b>	<b>116.05</b>	<b>875.31</b>	<b>254,282.24</b>	<b>463.65</b>	<b>508.68</b>	<b>853.04</b>	<b>257,098.97</b>
Additions	-	21.90	64,475.06	522.77	307.79	594.46	65,921.98
Disposals/ Adjustments (including assets held for sale)	-	157.79	(318.73)	(8.42)	(2.10)	(131.15)	(302.61)
Transfer to wholly owned Subsidiary (refer note 41)	-	(1.20)	(7,054.50)	(0.12)	(4.94)	(10.82)	(7,071.58)
<b>As at March 31, 2017</b>	<b>116.05</b>	<b>1,053.80</b>	<b>311,384.07</b>	<b>977.88</b>	<b>809.43</b>	<b>1,305.53</b>	<b>315,646.76</b>
<b>Accumulated Depreciation</b>							
As at April 1, 2015*	-	-	-	-	-	-	-
Depreciation charge for the year	-	100.39	47,068.36	90.49	153.44	304.00	47,716.68
Disposals/ Adjustments (including assets held for sale)	-	0.13	(235.10)	(0.65)	(0.22)	(15.50)	(251.34)
<b>As at March 31, 2016</b>	<b>-</b>	<b>100.52</b>	<b>46,833.26</b>	<b>89.84</b>	<b>153.22</b>	<b>288.50</b>	<b>47,465.34</b>
Depreciation charge for the year	-	78.16	47,940.97	111.35	186.28	326.06	48,642.82
Disposals/ Adjustments (including assets held for sale)	-	20.59	(196.86)	(7.15)	(1.37)	(92.71)	(277.50)
Transfer to wholly owned Subsidiary (refer note 41)	-	(0.09)	(2,063.03)	(0.11)	(1.71)	(4.19)	(2,069.13)
<b>As at March 31, 2017</b>	<b>-</b>	<b>199.18</b>	<b>92,514.34</b>	<b>193.93</b>	<b>336.42</b>	<b>517.66</b>	<b>93,761.53</b>
<b>Net Book Value</b>							
As at March 31, 2017	116.05	854.62	218,869.73	783.95	473.01	787.87	221,885.23
As at March 31, 2016	116.05	774.79	207,448.98	373.81	355.46	564.54	209,633.63
As at April 1, 2015	116.05	990.08	175,940.61	290.49	258.93	559.49	178,155.65
*Information regarding gross block and accumulated depreciation under previous GAAP as on March 31, 2015 are as under :							
<b>Gross Block as on April 1, 2015</b>	116.05	1,766.51	359,438.62	1,681.31	3,692.24	1,494.15	368,188.88
<b>Accumulated Depreciation as on April 1, 2015</b>	-	776.43	183,498.01	1,390.82	3,433.31	934.66	190,033.23
<b>Net Block as on April 1, 2015</b>	<b>116.05</b>	<b>990.08</b>	<b>175,940.61</b>	<b>290.49</b>	<b>258.93</b>	<b>559.49</b>	<b>178,155.65</b>

### Footnotes:

- Plant and machinery includes gross block of assets capitalised under finance lease ₹ 9,880.58 Mn (March 31, 2016: ₹ 7,443.08 Mn, April 1, 2015: ₹ 4,408.63 Mn) and corresponding accumulated depreciation being ₹ 5,918.69 Mn (March 31, 2016: ₹ 3,048.65 Mn, April 1, 2015: ₹ Nil).
- Foreign exchange (Gain)/loss amounting to ₹ (661.69) Mn (March 31, 2016: ₹ 3,515.65 Mn ) (decapitalised) / capitalised during the year
- Depreciation charge for the year includes ₹ 296.40 Mn (March 31, 2016: ₹ 572.48 Mn, April 1, 2015: ₹ 5,450.45 Mn) due to change in estimated useful life of certain fixed assets.
- Disposals/ Adjustments includes assets reclassified from held for sale to PPE due to termination of agreement/ intention to sell.

## Notes forming part of the Financial Statements

₹ Mn

Particulars	Entry / license fees and spectrum	Computer-Software	Bandwidth	Total
<b>8 INTANGIBLE ASSETS</b>				
<b>Cost</b>				
As at April 1, 2015*	134,561.55	585.60	7,017.93	142,165.08
Additions	308,928.83	1,974.03	1,527.03	312,429.89
Retirement of expired licenses	(616.93)	-	-	(616.93)
As at March 31, 2016	442,873.45	2,559.63	8,544.96	453,978.04
Additions	123,185.23	1,583.53	2,872.97	127,641.73
Retirement of expired licenses	(417.43)	-	-	(417.43)
As at March 31, 2017	565,641.25	4,143.16	11,417.93	581,202.34
<b>Accumulated Amortisation</b>				
As at April 1, 2015*	-	-	-	-
Amortisation charge for the year	13,143.07	728.11	644.43	14,515.61
Retirement of expired licenses	(616.92)	-	-	(616.92)
As at March 31, 2016	12,526.15	728.11	644.43	13,898.69
Amortisation charge for the year	26,446.21	1,110.58	800.56	28,357.35
Retirement of expired licenses	(418.30)	-	-	(418.30)
As at March 31, 2017	38,554.06	1,838.69	1,444.99	41,837.74
<b>Net Book Value</b>				
As at March 31, 2017	527,087.19	2,304.47	9,972.94	539,364.60
As at March 31, 2016	430,347.30	1,831.52	7,900.53	440,079.35
As at April 1, 2015	134,561.55	585.60	7,017.93	142,165.08
*Information regarding gross block and accumulated depreciation under previous GAAP as on March 31, 2015 are as under :				
Gross Block as on April 1, 2015	174,024.15	5,456.60	8,998.99	188,479.74
Accumulated Depreciation as on April 1, 2015	39,462.60	4,871.00	1,981.06	46,314.66
Net Block as on April 1, 2015	134,561.55	585.60	7,017.93	142,165.08

### Footnotes:

- Computer - software includes gross block of assets capitalised under finance lease ₹ 2,932.09 Mn (March 31, 2016: ₹ 1,845.27 Mn, April 1, 2015: ₹ 357.10 Mn) and corresponding accumulated amortisation being ₹ 1,289.50 Mn (March 31, 2016: ₹ 507.02 Mn, April 1, 2015: ₹ Nil).
- The remaining amortisation period of license / spectrum fees as at March 31, 2017 ranges between 4 to 20 years based on the respective telecom service license / spectrum validity period.
- Intangible asset under development includes interest amounting to ₹ 2,330.41 Mn (March 31, 2016: ₹ 3,727.15 Mn, April 1, 2015: ₹ 2,689.88 Mn).

## Notes forming part of the Financial Statements

		₹ Mn		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>9 NON-CURRENT INVESTMENTS</b>				
<b>Investment (Unquoted) at cost</b>				
<b>a) Investments in Equity Instruments of Subsidiaries</b>				
Aditya Birla Telecom Limited	16,327.76	16,327.76	16,327.76	
10,000,000 fully paid equity shares of ₹ 10 each				
Idea Cellular Infrastructure Services Limited	4,865.08	0.50	0.50	
60,000 (March 31, 2016 and April 1, 2015 : 50,000) fully paid equity shares of ₹ 10 each (refer note 41)				
Idea Mobile Commerce Services Limited	900.00	299.00	99.00	
90,000,000 (March 31, 2016 : 29,900,000 and April 1, 2015 : 9,900,000) fully paid equity shares of ₹ 10 each				
Idea Cellular Services Limited	0.50	0.50	0.50	
50,000 fully paid equity shares of ₹ 10 each				
Idea Telesystems Limited	38.31	38.31	38.31	
50,000 fully paid equity shares of ₹ 10 each				
<b>Total investment in subsidiaries (A)</b>	<b>22,131.65</b>	<b>16,666.07</b>	<b>16,466.07</b>	
<b>b) Investments in Equity Instruments of Associates</b>				
Aditya Birla Idea Payments Bank Limited (ABIPBL)	134.33	2.45	-	
13,433,360 (March 31, 2016 : 245,000 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each				
<b>Total investment in Associates (B)</b>	<b>134.33</b>	<b>2.45</b>	<b>-</b>	
<b>Total (A+B)</b>	<b>22,265.98</b>	<b>16,668.52</b>	<b>16,466.07</b>	
<b>10 OTHER NON-CURRENT FINANCIAL ASSETS</b>				
a) Deposits with body corporate and others (including amount referred to in note 59)	4,557.11	8,545.71	6,048.96	
b) Deposits and balances with government authorities	466.45	560.22	409.66	
c) Derivative assets at fair value through profit or loss	13.69	1.44	144.06	
d) Advance for purchase of equity shares of ABIPBL	41.82	-	-	
<b>Total</b>	<b>5,079.07</b>	<b>9,107.37</b>	<b>6,602.68</b>	
<b>11 OTHER NON-CURRENT ASSETS</b>				
a) Capital advances (refer note 39)	4,121.50	236.76	19,585.61	
b) Cenvat credit	3,184.08	-	-	
c) Prepaid expenses	988.57	972.57	3,250.18	
d) Advance income tax (net)	9,995.62	4,905.60	1,534.95	
e) Others				
- Considered Good	9,207.64	6,776.60	2,286.03	
- Considered Doubtful	452.41	535.19	-	
	9,660.05	7,311.79	2,286.03	
Allowance for doubtful advances (refer note 50)	(452.41)	(535.19)	-	
	9,207.64	6,776.60	2,286.03	
<b>Total</b>	<b>27,497.41</b>	<b>12,891.53</b>	<b>26,656.77</b>	

## Notes forming part of the Financial Statements

		₹ Mn		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>12 INVENTORIES</b>				
Sim and recharge vouchers	542.10	851.46	582.98	
<b>Total</b>	<b>542.10</b>	<b>851.46</b>	<b>582.98</b>	
<b>13 CURRENT INVESTMENTS</b>				
Investment in units of liquid mutual funds (quoted) (refer note 47)	40,247.09	8,328.46	111,743.43	
<b>Total</b>	<b>40,247.09</b>	<b>8,328.46</b>	<b>111,743.43</b>	
<b>14 TRADE RECEIVABLES (Unsecured, unless otherwise stated) (including amount referred to in note 59)</b>				
a) <b>Billed Receivables</b>				
Considered Good	7,638.06	6,888.81	5,325.58	
Considered Doubtful	5,833.53	3,902.59	3,587.39	
	<b>13,471.59</b>	<b>10,791.40</b>	<b>8,912.97</b>	
Allowance for doubtful advances (refer note 50)	(5,833.53)	(3,902.59)	(3,587.39)	
	<b>7,638.06</b>	<b>6,888.81</b>	<b>5,325.58</b>	
Trade receivable are secured for amounts receivable from certain parties who have provided security deposits of ₹ 219.68 Mn. (March 31, 2016 : ₹ 269.18 Mn. and April 1, 2015 : ₹ 265.50 Mn)				
b) <b>Unbilled Receivables</b>	4,942.89	4,471.77	3,996.13	
<b>Total</b>	<b>12,580.95</b>	<b>11,360.58</b>	<b>9,321.71</b>	
<b>15 CASH AND CASH EQUIVALENTS</b>				
a) Cash on hand	8.93	18.50	15.91	
b) Cheques on hand	63.59	86.73	76.57	
c) Balances with banks				
- In current accounts	196.08	209.60	272.86	
- In deposit accounts	-	7,200.59	15,000.59	
<b>Total</b>	<b>268.60</b>	<b>7,515.42</b>	<b>15,365.93</b>	
<b>16 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>				
a) Margin money with banks	39.95	58.69	52.01	
b) Earmarked bank balance towards dividend	4.10	2.52	1.44	
<b>Total</b>	<b>44.05</b>	<b>61.21</b>	<b>53.45</b>	

## Notes forming part of the Financial Statements

₹ Mn

Particulars	As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015
<b>17 OTHER CURRENT FINANCIAL ASSETS</b>				
a) Interest Receivable	0.19	20.00		1,061.65
b) Security deposits with body corporate and others (including amount referred to in note 59)	332.82	686.24		396.06
c) Derivative assets at fair value through profit or loss	-	98.88		2,696.20
d) Other receivables (including amount referred to in note 59)				
- Considered Good	69.87	112.51		171.36
- Considered Doubtful	2.46	2.55		11.30
	72.33	115.06		182.66
Allowance for doubtful advances (refer note 50)	(2.46)	(2.55)		(11.30)
	69.87	112.51		171.36
<b>Total</b>	<b>402.88</b>	<b>917.63</b>		<b>4,325.27</b>
<b>18 OTHER CURRENT ASSETS</b>				
a) Cenvat credit	10,310.28	6,764.43		3,128.18
b) Prepaid expenses	804.95	956.73		901.98
c) Others				
- Considered Good	976.48	830.69		3,485.76
- Considered Doubtful	10.12	2.07		567.82
	986.60	832.76		4,053.58
Allowance for doubtful advances (refer note 50)	(10.12)	(2.07)		(567.82)
	976.48	830.69		3,485.76
<b>Total</b>	<b>12,091.71</b>	<b>8,551.85</b>		<b>7,515.92</b>
<b>19 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>				
The major classes of assets classified as held for sale are as below:				
a) Plant and machinery	16.11	17.76		22.34
b) Buildings (refer footnote 4 to note 7)	-	137.20		-
<b>Total</b>	<b>16.11</b>	<b>154.96</b>		<b>22.34</b>

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers	₹ Mn	Numbers	₹ Mn	Numbers	₹ Mn
<b>20 EQUITY SHARE CAPITAL</b>						
<b>Authorised share capital</b>						
Equity Shares of ₹ 10 each	6,775,000,000	67,750.00	6,775,000,000	67,750.00	6,775,000,000	67,750.00
Redeemable cumulative non-convertible Preference shares of ₹ 10 million each	1,500	15,000.00	1,500	15,000.00	1,500	15,000.00
	6,775,001,500	82,750.00	6,775,001,500	82,750.00	6,775,001,500	82,750.00
<b>Issued, subscribed and paid-up share capital</b>						
Equity Shares of ₹ 10 each fully paid up	3,605,328,231	36,053.28	3,600,509,378	36,005.09	3,597,844,427	35,978.44
	3,605,328,231	36,053.28	3,600,509,378	36,005.09	3,597,844,427	35,978.44

## Notes forming part of the Financial Statements

### 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	3,600,509,378	36,005.09	3,597,844,427	35,978.44
Issue of share under ESOS	4,818,853	48.19	2,664,951	26.65
<b>Equity shares outstanding at the end of the year</b>	<b>3,605,328,231</b>	<b>36,053.28</b>	<b>3,600,509,378</b>	<b>36,005.09</b>

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

### c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers	% holding in the class	Numbers	% holding in the class	Numbers	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>						
Aditya Birla Nuvo Limited	837,526,221	23.23%	837,526,221	23.26%	837,526,221	23.28%
Birla TMT Holdings Private Limited	283,565,373	7.87%	283,565,373	7.88%	283,565,373	7.88%
Hindalco Industries Limited	228,340,226	6.33%	228,340,226	6.34%	228,340,226	6.35%
P5 Asia Investments (Mauritius) Limited	-	0.00%	245,000,000	6.80%	245,000,000	6.81%
Axiata Investments 2 (India) Limited	247,265,873	6.86%	247,265,873	6.87%	247,265,873	6.87%
Axiata Investments 1 (India) Limited	464,734,670	12.89%	464,734,670	12.91%	464,734,670	12.92%

### d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme, please refer note 52.

## Notes forming part of the Financial Statements

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>21 OTHER EQUITY</b>			
Debenture redemption reserve	1,316.93	483.21	341.78
Securities premium account	104,329.67	103,837.69	103,652.02
Employee stock options reserve	1,341.32	1,352.29	775.02
General reserve	20,863.21	20,863.21	20,863.21
Retained earnings	73,333.18	85,110.48	61,522.67
<b>Total</b>	<b>201,184.31</b>	<b>211,646.88</b>	<b>187,154.70</b>
<b>(i) Debenture redemption reserve</b>			
Opening balance	483.21	341.78	
Transferred from retained earnings	833.72	141.43	
<b>Closing balance</b>	<b>1,316.93</b>	<b>483.21</b>	
<b>(ii) Securities premium account</b>			
Opening balance	103,837.69	103,652.02	
Premium on issue of shares under ESOS	48.66	148.46	
Transfer from employee stock options reserve on exercise of options	443.32	37.21	
<b>Closing balance</b>	<b>104,329.67</b>	<b>103,837.69</b>	
<b>(iii) Employee stock options reserve</b>			
Opening balance	1,352.29	775.02	
Share-based payment expenses	432.35	614.48	
Transfer to Securities premium account on exercise of options	(443.32)	(37.21)	
<b>Closing balance</b>	<b>1,341.32</b>	<b>1,352.29</b>	
<b>(iv) General Reserve</b>			
Opening balance and Closing balance	20,863.21	20,863.21	
<b>(v) Retained Earnings</b>			
Opening balance	85,110.48	61,522.67	
Net Profit/(Loss) for the year	(8,310.75)	26,462.88	
Other Comprehensive Income/(Loss) recognised directly in retained earnings	(32.36)	(134.37)	
Transfer to Debenture redemption reserve	(833.72)	(141.43)	
Dividends	(2,160.62)	(2,159.62)	
Dividend distribution tax	(439.85)	(439.65)	
<b>Closing balance</b>	<b>73,333.18</b>	<b>85,110.48</b>	

## Notes forming part of the Financial Statements

		₹ Mn		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>22 LONG TERM BORROWINGS</b>				
<b>a) Secured Loans</b>				
<b>Redeemable Non-Convertible Debentures (NCDs)</b>	13,952.36	3,953.01	3,951.62	
<b>Term Loans</b>				
<b>Foreign currency loan</b>				
- From others	19,504.57	30,056.11	39,575.05	
<b>Rupee loan</b>				
- From banks	44,942.92	4,297.79	11,538.62	
- From others	-	-	2,000.00	
<b>Vehicle loan from banks</b>	169.38	291.69	288.89	
<b>Total Secured loans</b>	78,569.23	38,598.60	57,354.18	
<b>b) Unsecured Loans</b>				
<b>Redeemable Non-Convertible Debentures (NCDs)</b>	59,879.12	-	-	
<b>Term Loans</b>				
<b>Foreign currency loan</b>				
- From banks	10,580.66	8,836.44	7,095.13	
<b>Rupee loan</b>				
- From banks	-	500.00	-	
<b>Total Unsecured Loans</b>	70,459.78	9,336.44	7,095.13	
<b>Subtotal (A)</b>	149,029.01	47,935.04	64,449.31	
<b>c) Deferred Payment Liabilities towards Spectrum (B)</b>	367,349.27	311,105.38	93,541.51	
<b>Total (A + B)</b>	516,378.28	359,040.42	157,990.82	

**a) Secured Loans are covered by:**

Term Loans including current maturities are secured by way of first charge / assignment ranking pari-passu interse the lenders, as under:

- i. First charge on all the movable and immovable properties (including intangible assets) of the Company excluding
  - a) Spectrum and Telecom Licenses;
  - b) Vehicles up to ₹ 250 crores; and
  - c) Passive Telecom Infrastructure.
- ii. Rupee Loan amounting to ₹ 31,500.00 Mn. (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil) are secured by way of first charge on all the movable fixed assets and immovable properties (including intangible assets) of the Company excluding
  - a) Spectrum and Telecom Licenses;
  - b) Vehicles; and
  - c) Passive Telecom Infrastructure.
- iii. Foreign Currency Loan amounting to ₹ Nil (March 31, 2016: ₹ 5,092.32 Mn., April 1, 2015: ₹ 5,803.22 Mn.) has additional security as first priority charge over certain Telecom Licenses.

## Notes forming part of the Financial Statements

- iv. NCDs amounting to ₹ 3,960.00 Mn. (March 31, 2016: ₹ 3,960.00 Mn., April 1, 2015: ₹ 3,960.00 Mn.) have pari passu charge only on the tangible fixed assets excluding passive telecom infrastructure and ₹ 10,000.00 Mn (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil) have pari passu charge on movable fixed assets of the company excluding :
- Spectrum and Telecom Licenses
  - Vehicles up to ₹ 250 crores and
  - Passive Telecom Infrastructure.
- v. Vehicle Loans amounting to ₹ 353.28 Mn. (March 31, 2016: ₹ 519.37 Mn., April 1, 2015: ₹ 508.98 Mn.) is secured by hypothecation of Vehicles against which the loans have been taken.

### b) Repayment Terms of outstanding long term borrowings (excluding current maturities) as on March 31, 2017

#### Repayment Terms for Secured Foreign Currency Borrowings

**Facility 1** (₹ 4,095.05 Mn.) - Balance amount is repayable as follows:

Tranche 1 - Balance amount is repayable in 4 equal half yearly installments starting April, 2018

Tranche 2 - Balance amount is repayable in 2 equal half yearly installments starting April, 2020

**Facility 2** (₹ 3,583.19 Mn.) - Balance amount is repayable in 7 equal half yearly installments starting May, 2018

**Facility 3** (₹ 4,165.33 Mn.) - Balance amount is repayable as follows:

Tranche 1 - Balance amount is repayable in 9 equal half yearly installments starting July, 2018

Tranche 2 - Balance amount is repayable in 7 equal half yearly installments starting July, 2018

**Facility 4** (₹ 3,737.75 Mn.) - Balance amount is repayable in 7 equal half yearly installments starting June, 2018

**Facility 5** (₹ 4,519.62 Mn.) - Balance amount is repayable as follows:

1. 3 equal half yearly installments starting September, 2018

2. 6 equal half yearly installments starting August, 2018

#### Repayment Terms for Secured INR Borrowings

**Facility 1** (₹ 31,500.00 Mn.) - Balance amount is repayable as follows:

1. 8 equal quarterly installments of 1.25% each of the total drawn amount starting June, 2019

2. 12 equal quarterly installments of 3.75% each of the total drawn amount starting June, 2021

3. 8 equal quarterly installments of 5% each of the total drawn amount starting June, 2024

4. 2 equal quarterly installments of 2.5% each of the total drawn amount starting June, 2026.

**Facility 2** (₹ 10,000.00 Mn.) - Repayable in 20 equal quarterly installments starting September, 2021.

**Facility 3** (₹ 3,500.00 Mn.) - Repayable in 20 equal quarterly installments starting September, 2021.

#### Redeemable Non-Convertible Debentures (NCDs) (₹ 13,960.00 Mn.) -

1. 9.45% NCDs (396) of ₹ 10 Mn. each - ₹ 3,960.00 Mn. is repayable in October, 2019 (Out of the 1,000 NCDs issued in FY 2013, the Company has re-purchased 604 NCDs of ₹ 10 Mn. each, aggregating to ₹ 6,040.00 Mn. with an option to re-issue the same in future)

2. 8.12% NCDs (10,000) of ₹ 1 Mn. each - ₹ 10,000.00 Mn. is repayable in February 2024.

**Vehicles Loans** are repayable in equal monthly installments over the term of the loan ranging from 2 to 4 years.

#### Repayment Terms for Unsecured Foreign Currency Borrowings

**Facility 1** (₹ 2,569.23 Mn.) - Balance amount is repayable as follows:

1. 5 equal quarterly installments of 4.125% each of the total drawn amount starting April, 2018

2. 4 equal quarterly installments of 4.75% each of the total drawn amount starting July, 2019.

**Facility 2** (₹ 4,668.38 Mn.) - Balance amount is repayable in June, 2018.

**Facility 3** (₹ 3,378.85 Mn.) - Balance amount is repayable in 11 equal half yearly installments starting April, 2018.

## Notes forming part of the Financial Statements

### Repayment Terms for Unsecured INR Borrowings

#### Redeemable Non-Convertible Debentures (NCDs) (₹ 60,000.00 Mn.) -

1. 7.57% NCDs (15,000) of ₹ 1 Mn. each - ₹ 15,000.00 Mn. is repayable in December, 2021
2. 7.77% NCDs (15,000) of ₹ 1 Mn. each - ₹ 15,000.00 Mn. is repayable in January, 2022
3. 8.04% NCDs (20,000) of ₹ 1 Mn. each - ₹ 20,000.00 Mn. is repayable in January, 2022
4. 8.03% NCDs (5,000) of ₹ 1 Mn. each - ₹ 5,000.00 Mn. is repayable in January, 2022
5. 8.03% NCDs (5,000) of ₹ 1 Mn. each - ₹ 5,000.00 Mn. is repayable in February, 2022

### Repayment Terms for Deferred Payment Liability (DPL)

**DPL for Spectrum won in November 2012** (₹ 9,404.62 Mn.) - Balance amount and interest thereon is repayable in 6 equated annual installments starting December, 2019.

**DPL for Spectrum won in February 2014** (₹ 69,533.84 Mn.) - Balance amount and interest thereon is repayable in 8 equated annual installments starting March, 2019.

**DPL for Spectrum won in March 2015** (₹ 224,033.26 Mn.) - Balance amount and interest thereon is repayable in 9 equated annual installments starting April, 2019.

**DPL for Spectrum won in October 2016** (₹ 60,809.90 Mn.) - Balance amount and interest thereon is repayable in 10 equated annual installments starting October, 2019.

**DPL for Partial Spectrum** (₹ 3,567.65 Mn.) - Balance amount and interest thereon is repayable in 10 equated annual installments starting September, 2019.

- c) During the year, the Company has re-financed Loans worth ₹ 4,317.34 Mn. (Previous year ₹ 10,586.48 Mn.).

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>23 OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
a) Security deposits	36.51	237.82	44.02
b) Payables for capital expenditure	43.35	8.09	56.70
c) Interest accrued but not due on deferred payment liability	9,954.49	22,593.58	1,139.70
d) Derivative liabilities at fair value through profit or loss	-	749.93	1,102.52
<b>Total</b>	<b>10,034.35</b>	<b>23,589.42</b>	<b>2,342.94</b>
<b>24 LONG TERM PROVISIONS</b>			
a) Gratuity (refer note 53A)	1,542.84	1,542.62	1,237.21
b) Compensated absences	1,716.69	1,416.59	1,162.99
c) Asset retirement obligation (refer note 51)	51.47	394.10	353.27
<b>Total</b>	<b>3,311.00</b>	<b>3,353.31</b>	<b>2,753.47</b>
<b>25 OTHER NON-CURRENT LIABILITIES</b>			
a) Deferred Revenue	4,307.68	3,544.00	3,066.73
b) Others	599.76	550.24	579.34
<b>Total</b>	<b>4,907.44</b>	<b>4,094.24</b>	<b>3,646.07</b>

## Notes forming part of the Financial Statements

		₹ Mn		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>26</b>	<b>SHORT TERM BORROWINGS</b>			
a)	<b>Secured Loans</b>			
	Bank overdraft	20.09	-	49.87
	(Secured by way of second pari passu charge on movable and immovable assets of the company)			
b)	<b>Unsecured Loans</b>			
	Bank overdraft	316.41	1,455.78	1,464.07
	Short term loan from banks	-	10,000.00	-
	Commercial papers from banks	-	5,000.00	-
	<b>Total</b>	<b>336.50</b>	<b>16,455.78</b>	<b>1,513.94</b>
<b>27</b>	<b>OTHER CURRENT FINANCIAL LIABILITIES</b>			
a)	Current maturities of long term debt* (refer note 22a)	33,820.18	29,916.86	97,175.38
b)	Payable for capital expenditure	45,683.94	20,228.94	13,758.44
c)	Interest accrued but not due on borrowings <sup>#</sup>	18,596.53	950.20	777.90
d)	Unpaid dividend	4.10	2.52	1.44
e)	Derivative liabilities at fair value through profit or loss	1,898.34	497.75	45.19
f)	Security deposits from customers and others	2,291.43	2,126.02	2,013.53
	<b>Total</b>	<b>102,294.52</b>	<b>53,722.29</b>	<b>113,771.88</b>
	*Includes ₹ 22,403 Mn. to be prepaid in April 2017 (March 31, 2016: ₹ Nil, April 1, 2015: ₹ 76,475 Mn. prepaid in May 2015)			
	<sup>#</sup> Includes ₹ 17,702 Mn. to be prepaid in April 2017 (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil)			
<b>28</b>	<b>OTHER CURRENT LIABILITIES</b>			
a)	Advance from customers and deferred revenue	13,709.12	12,597.97	12,499.90
b)	Taxes and other liabilities	12,451.55	10,603.79	8,615.98
c)	Others	89.69	130.27	163.09
	<b>Total</b>	<b>26,250.36</b>	<b>23,332.03</b>	<b>21,278.97</b>
<b>29</b>	<b>SHORT TERM PROVISIONS</b>			
a)	Compensated absences	136.48	123.23	110.08
b)	Asset retirement obligation (Refer note 51)	25.24	-	-
c)	Provision for tax (net of Advance tax of ₹ Nil (March 31, 2016: ₹ 7,822.36 Mn, April 1, 2015: ₹ 8,831.24 Mn.))	-	793.10	280.43
	<b>Total</b>	<b>161.72</b>	<b>916.33</b>	<b>390.51</b>

## Notes forming part of the Financial Statements

		₹ Mn	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
<b>30 OTHER OPERATING INCOME</b>			
Liabilities / provisions no longer required written back	88.89	135.26	
Miscellaneous receipts	132.45	176.52	
<b>Total</b>	<b>221.34</b>	<b>311.78</b>	
<b>31 OTHER INCOME</b>			
Interest income	124.24	276.64	
Gain on Mutual Funds (including fair value gain/(loss))	1,846.01	1,496.79	
<b>Total</b>	<b>1,970.25</b>	<b>1,773.43</b>	
<b>32 EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, wages and bonus	14,005.61	12,443.15	
Contribution to provident and other funds (refer note 53B)	1,043.83	877.74	
Share based payment expenses (ESOS) (refer note 52)	425.05	613.01	
Staff welfare	611.30	586.64	
Recruitment and training	170.59	214.69	
<b>Total</b>	<b>16,256.38</b>	<b>14,735.23</b>	
<b>33 NETWORK EXPENSES AND IT OUTSOURCING COST</b>			
Security service charges	593.34	1,039.94	
Power and fuel	29,522.21	24,603.60	
Repairs and maintenance - plant and machinery	11,732.35	10,592.19	
Switching and cellsites rent	802.79	1,397.21	
Lease line and connectivity charges	6,749.54	6,639.46	
Network insurance	169.58	180.13	
Passive infrastructure charges	50,285.78	42,453.97	
Other network operating expenses	1,044.71	1,129.95	
IT outsourcing cost	5,748.24	4,619.37	
<b>Total</b>	<b>106,648.54</b>	<b>92,655.82</b>	
<b>34 LICENSE FEES AND SPECTRUM USAGE CHARGES</b>			
License fees	24,897.38	25,078.74	
Spectrum usage charges	15,617.45	16,429.09	
<b>Total</b>	<b>40,514.83</b>	<b>41,507.83</b>	
<b>35 ROAMING AND ACCESS CHARGES</b>			
Roaming charges	9,107.52	13,203.70	
Access charges	33,646.92	33,449.76	
<b>Total</b>	<b>42,754.44</b>	<b>46,653.46</b>	

## Notes forming part of the Financial Statements

		₹ Mn	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
<b>36</b>	<b>SUBSCRIBER ACQUISITION AND SERVICING EXPENDITURE</b>		
Cost of sim and recharge vouchers	2,017.66	1,775.35	
Commission to dealers	19,652.71	19,040.32	
Customer verification expenses	2,410.15	2,771.11	
Collection, telecalling and servicing expenses	5,947.88	5,537.88	
Customer retention and customer loyalty expenses	1,413.26	894.82	
<b>Total</b>	<b>31,441.66</b>	<b>30,019.48</b>	
<b>37</b>	<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Repairs and maintenance			
Building	112.24	83.41	
Others	815.61	499.13	
Other insurance	37.42	30.11	
Non network rent	1,488.76	1,178.29	
Rates and taxes	543.65	158.87	
Electricity	568.80	572.95	
Printing and stationery	84.00	91.20	
Communication expenses	117.77	111.78	
Travelling and conveyance	955.41	1,040.07	
Bad debts / advances written off	99.77	1,327.57	
Allowances for doubtful debts and advances (refer note 50)	1,868.10	275.89	
Net loss/(gain) on disposal of property, plant and equipment	(150.65)	(63.75)	
Exchange difference (net)	(328.46)	383.15	
Bank charges	293.07	243.72	
Directors commission	-	150.01	
Directors Sitting Fees	4.01	3.14	
Legal and professional charges	965.61	946.27	
Audit fees (refer note 54)	46.00	46.00	
CSR expenditure (refer note 55)	369.66	184.69	
Miscellaneous expenses	1,777.40	1,423.50	
<b>Total</b>	<b>9,668.17</b>	<b>8,686.00</b>	
<b>38</b>	<b>FINANCE COSTS</b>		
Interest (refer note 59)			
- On fixed period loan (Net of ₹ 1,973.30 Mn. capitalised, Previous year ₹ 345.02 Mn.)	3,546.50	4,486.68	
- On deferred payment liability towards spectrum (Net of ₹ 2,157.11 Mn. capitalised, Previous year ₹ 18,479.47 Mn.)	35,095.64	13,034.59	
- Others	297.83	251.46	
Other finance charges	68.03	428.16	
<b>Total interest expense</b>	<b>39,008.00</b>	<b>18,200.89</b>	
Exchange difference (net) on Foreign currency borrowings	(118.36)	-	
Loss/(gain) on derivatives (including fair value changes on derivatives)	1,218.89	(422.37)	
<b>Total</b>	<b>40,108.53</b>	<b>17,778.52</b>	

## Notes forming part of the Financial Statements

39. The Department of Telecommunications (DoT) conducted auctions for frequency blocks in the 700, 800, 900, 1800, 2100, 2300 and 2500 MHz spectrum bands in October 2016. The Company successfully bid for its spectrum requirements at a total cost of ₹ 127,979.80 Mn. as under:

- 54.6 MHz of 1800 MHz spectrum in the 12 service areas of Maharashtra, Madhya Pradesh, Gujarat, Haryana, Punjab, Uttar Pradesh (West), Bihar, Rajasthan, Himachal Pradesh, West Bengal, Assam and Jammu & Kashmir
- 20 MHz of 2100 MHz spectrum in the 4 service areas of Rajasthan, Mumbai, Bihar and Uttar Pradesh (East)
- 30 MHz of 2300 MHz spectrum in the service areas of Maharashtra, Madhya Pradesh and Kerala
- 170 MHz of 2500 MHz spectrum in the 16 service areas of Maharashtra, Madhya Pradesh, Kerala, Andhra Pradesh, Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Haryana, Bihar, Rajasthan, West Bengal, Orissa, Assam, Himachal Pradesh, Jammu & Kashmir and North east service area.

The validity of the above spectrum will be for a 20 year period starting from the spectrum assignment date. The entire spectrum except 2 MHz of 1800 MHz spectrum in Maharashtra service area has been assigned on November 10, 2016. As per the payment options available, the Company has chosen the deferred payment option. The upfront payment amount of ₹ 63,989.90 Mn. under the deferred payment option was paid on October 20, 2016, the due date for payment.

The above has resulted in an addition to the Intangible Assets (including intangible assets under development) during the year by ₹ 121,619.80 Mn. along with corresponding Deferred Payment Liability of ₹ 60,809.90 Mn. which is reflected under Long term Borrowings. An amount of ₹ 3,180 Mn. paid towards the upfront payment for the unassigned spectrum in Maharashtra service area is included in Capital Advances and the deferred payment obligation of ₹ 3,180 Mn. along with accrued interest of ₹ 132.07 Mn. is disclosed under Capital Commitments.

40. On March 20, 2017, the board of directors of the Company approved the scheme of amalgamation of Vodafone India Ltd (VIL) and its wholly owned subsidiary Vodafone Mobile Services Ltd (VMSL) with the Company subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, the Competition Commission of India, the Department of Telecommunications (DoT), the Foreign Investment Promotion Board, the Reserve Bank of India, other governmental authorities and third parties as may be required.

On the scheme of amalgamation becoming effective, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) to VIL equal to 47% of the post issue paid up capital of the Company on a fully diluted basis. Immediately thereafter, on the amalgamation of VIL with the Company, the shares issued to VIL pursuant to amalgamation of VMSL shall stand cancelled and, post such cancellation, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) equal to 50% of the post issue paid up capital of the Company to the shareholders of VIL.

Existing shareholders of VIL (VIL promoters) will own 45.1% of the combined company after transferring a 4.9% stake to the Aditya Birla Group for an agreed consideration concurrent with completion of the merger. The Aditya Birla Group will then own 26.0% of the combined Company and the Company's other shareholders will own the remaining 28.9%.

The Aditya Birla Group has the right to acquire up to 9.5% additional stake from VIL promoters under an agreed mechanism with a view to equalising the shareholdings over time. Until equalisation is achieved, the additional shares held by VIL promoters will be restricted and votes will be exercised jointly under the terms of the shareholders' agreement. The combination will be jointly controlled by VIL promoters and the Aditya Birla Group.

41. During the year, the Company had entered into a business transfer agreement to transfer its Tower infrastructure undertaking to its wholly owned subsidiary ICISL on a going concern basis w.e.f. August 1, 2016.

Basis the agreement, the transfer of undertaking consisting of Telecom towers along with other assets and liabilities, including human resources deployed has been effected for the book value of undertaking of ₹ 4,864.58 Mn. against which ICISL has issued 10,000 equity shares of face value of ₹ 10 each to the Company.

### 42. Capital and other Commitments:

Estimated amount of commitments are as follows:

- Spectrum won in auctions ₹ 3,312.07 Mn. (Previous year: ₹ Nil, Transition date: ₹ 282,025.25 Mn.)
- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 20,097.43 Mn. (Previous year: ₹ 19,815.03 Mn. Transition date: ₹ 27,661.71 Mn.)
- Long term contracts remaining to be executed including early termination commitments (if any) are ₹ 17,600.26 Mn. (Previous year: ₹ 14,800.13 Mn. Transition date: ₹ 17,866.22 Mn.)

## Notes forming part of the Financial Statements

### 43. Contingent Liabilities:

#### A) Licensing Disputes:

##### i. One Time Spectrum Charges:

In Financial year 2012-13, DoT had issued demand notices towards one time spectrum charges

- For spectrum beyond 6.2 MHz in respective service areas for retrospective period from July 1, 2008 to December 31, 2012, amounting to ₹ 3,691.30 Mn., and
- For spectrum beyond 4.4 MHz in respective service areas effective January 1, 2013 till expiry of the period as per respective licenses amounting to ₹ 17,443.70 Mn.

In the opinion of Company, inter-alia, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the financial statements for the above.

##### ii. Other Licensing Disputes - ₹ 58,318.18 Mn. (Previous year: ₹ 30,501.90 Mn., Transition date: ₹ 35,520.91 Mn.):

- Demands due to difference in interpretation of definition of adjusted gross revenue (AGR) and other license fee assessment related matters. Most of these demands are currently before the Hon'ble TDSAT, Hon'ble High court and Hon'ble Supreme Court.
- Disputes relating to alleged non-compliance of licensing conditions & other disputes with DoT, either filed by or against the Company and pending before Hon'ble Supreme Court / TDSAT.
- Demands on account of alleged violations in license conditions relating to amalgamation of erstwhile Spice Communications Limited currently sub-judice before the Hon'ble TDSAT.
- Demand with respect to upfront spectrum amounts for continuation of services from February 2, 2012 till various dates in the service areas where the licenses were quashed following the Hon'ble Supreme Court Order.

#### B) Aditya Birla Telecom Limited ("ABTL") has an obligation to buy the equity shares of Indus held by P5 Asia Holdings Investments (Mauritius) Limited (P5) at fair value if:

- i. ABTL sells its stake in Indus before P5 and P5 is not able to find a buyer for their stake in Indus, or
- ii. Aditya Birla Group companies collectively cease to be the single largest shareholder of the Company before P5 is able to sell its stake in Indus.

In the event ABTL is not able to fulfill its obligation, the same will devolve on the company.

#### C) Other Matters

₹ Mn

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Income tax matters not acknowledged as debts (see note i below)	73,969.18	63,676.98	66,566.75
Sales tax and entertainment tax matters not acknowledged as debts (see note ii below)	1,684.32	1,508.10	994.34
Service tax matters not acknowledged as debts (see note iii below)	3,041.46	3,800.83	1,364.22
Entry tax and customs matters not acknowledged as debts (see note iv below)	332.70	302.24	386.57
Other claims not acknowledged as debts (see note v below)	2,473.84	2,404.74	2,370.12

##### i. Income Tax Matters

- Appeals filed by the Company against the demands raised by Income Tax Authorities which are pending before Appellate Authorities include mainly disputes on account of incorrect disallowance of revenue share license fee, disputes on non-applicability of tax deduction at source on prepaid margin allowed to prepaid distributors & roaming settlements, disallowance of interest proportionate to interest free advances given to wholly owned subsidiaries etc.
- Appeal filed for tax demand on difference between revalued figures of Investment in Indus held through a wholly owned subsidiary and book value of Passive Infrastructure assets transferred to step down subsidiary through a High Court approved scheme.

##### ii. Sales Tax and Entertainment Tax

- Sales Tax demands mainly relates to the demands raised by the VAT/Sales Tax authorities of few states on Broadband Connectivity, SIM cards etc. on which the Company has already paid Service Tax.
- Demand of tax for non-submission of Declaration forms viz. C forms & F forms in stipulated time limit.
- In one State entertainment tax is being demanded on revenue from value added services. However, the Company has challenged the constitutional validity of the levy.
- Amounts in respect of Jammu & Kashmir General Sales Tax Amnesty scheme pending clarification / notification.

## Notes forming part of the Financial Statements

### iii. Service Tax

Service Tax demands mainly relates to the following matters:

- Interpretation issues arising out of Rule 6 (3) of the Cenvat Credit Rules, 2004.
- Denial of Cenvat credit related to Towers and Shelters.
- Demand raised on services provided by foreign telecom operators stating that it is liable to Service tax under reverse charge.
- Disallowance of Cenvat Credit on input services viewed as not related to output service.
- Demand of tax on telecommunication services provided to employees.
- Demand of interest on the credit availed but not utilized.

### iv. Entry Tax

- Entry Tax disputes pertains to classification / valuation of goods.

### v. Other claims not acknowledged as debts

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

### 44. Details of Guarantees given

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Guarantees given	114,300.57	96,839.65	86,472.12

### 45. Operating Lease

#### a) Company as lessee

The Company has entered into non-cancellable operating leases for offices, switches and cell sites for periods ranging from 36 months to 240 months.

Lease payments amounting to ₹ 52,522.45 Mn. (Previous year: ₹ 44,973.69 Mn.) are included in rental and passive infrastructure expenses in the statement of profit and loss during the current year.

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

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	48,254.95	42,264.91	36,965.54
After one year but not more than five years	140,612.85	122,015.51	120,216.08
More than five years	75,755.79	48,364.15	47,163.75

#### b) Company as lessor

The Company has leased certain Optical Fibre Cables pairs (OFC) on Indefeasible Rights of Use ("IRU") basis and certain cell sites under operating lease arrangements. The gross block, accumulated depreciation and depreciation expense of the assets given on lease are not separately identifiable and hence not disclosed.

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

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	402.76	1,404.54	757.18
After one year but not more than five years	-	5,257.19	2,108.17
More than five years	-	5,140.92	2,136.62

46. The Company has composite IT outsourcing agreements where in property, plant and equipment, computer software and services related to IT has been supplied by the vendor. Such property, plant and equipment received have been accounted for as finance lease. Correspondingly, such assets are recorded at fair value at the time of receipt and depreciated on the stated useful life applicable to similar IT assets of the company.

## Notes forming part of the Financial Statements

### 47. Details of Current Investments

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Qty in '000 Units	₹ in Mn. Value	Qty in '000 Units	₹ in Mn. Value	Qty in '000 Units	₹ in Mn. Value
Birla Sun Life Cash Plus - Direct – Growth	138,096.76	36,085.95	15,266.64	3,714.59	200,491.25	45,029.65
DSP BlackRock Liquidity Fund - Direct – Growth	537.59	1,250.32	-	-	237.46	475.38
Reliance Liquidity Fund - Direct – Growth	510.11	1,250.38	-	-	1,423.46	3,001.62
Birla Sun Life Floating Rate Fund - STP - Direct – Growth	-	-	-	-	80,568.62	15,011.81
HDFC Cash Management Fund - Savings Plan - Direct – Growth	-	-	-	-	119,840.03	3,501.62
ICICI Prudential Liquid -Direct- Growth	-	-	-	-	179,708.15	37,217.38
JPMorgan India Liquid Fund - Direct – Growth	-	-	-	-	55,087.31	1,000.35
IDFC Cash Fund - Direct – Growth	167.07	330.08	135.89	250.29	588.42	1,000.66
Tata Liquid Fund - Direct – Growth	-	-	89.48	250.25	387.34	1,000.60
DWS Insta Cash Plus Fund - Direct – Growth	-	-	-	-	5,506.14	1,000.53
Kotak Floater - ST - Direct – Growth	-	-	-	-	1,526.50	3,503.83
Religare Invesco Liquid Fund - Direct - Growth	-	-	479.94	1,000.73	-	-
HDFC Liquid Fund - Direct - Growth	-	-	334.71	1,000.85	-	-
Reliance Liquid Fund - TP - Direct – Growth	-	-	270.89	1,000.93	-	-
ICICI Prudential Money Market Fund - Direct- Growth	-	-	4,775.70	1,000.82	-	-
Birla Sun Life Savings Fund - Direct – Growth	-	-	374.38	110.00	-	-
UTI-Liquid Cash Plan -Direct- Growth	375.58	1,000.27	-	-	-	-
Kotak Liquid Scheme - Plan A - Direct – Growth	100.10	330.09	-	-	-	-
<b>Total</b>	<b>139,787.21</b>	<b>40,247.09</b>	<b>21,727.63</b>	<b>8,328.46</b>	<b>645,364.68</b>	<b>111,743.43</b>

### 48. Details of Foreign Currency Exposures

#### A. Hedged by a Derivative Instrument

Amount in Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Foreign Currency Loan</b>			
Foreign Currency Loan in USD	127.03	254.05	528.21
Equivalent INR of Foreign Currency Loan	10,000.89	18,996.80	33,695.31
<b>Trade Payables and Other Current Financial Liabilities</b>			
Trade Payables in USD	161.59	61.79	32.50
Interest accrued but not due on Foreign Currency Loans in USD	0.05	0.41	1.56
Equivalent INR of Trade Payables and Other Current Financial Liabilities	10,886.76	4,248.96	2,153.38

(Amount in INR represents conversion at hedged rate)

## Notes forming part of the Financial Statements

### B. Not hedged by a Derivative Instrument or otherwise

Amount in Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Foreign Currency Loan</b>			
Foreign Currency Loan in USD	473.75	473.75	473.75
Equivalent INR of Foreign Currency Loan	30,717.39	31,425.32	29,652.49
<b>Trade Payables and Other Current Financial Liabilities</b>			
Trade Payables in USD	138.67	60.35	40.50
Trade Payables in EURO	0.16	0.12	0.33
Trade Payables in GBP	0.03	-	0.02
Interest accrued but not due on Foreign Currency Loans in USD	2.93	3.34	4.72
Equivalent INR of Trade Payables and Other Current Financial Liabilities	9,195.09	4,233.47	2,855.07
<b>Trade Receivables</b>			
Trade Receivables in USD	13.55	13.53	15.37
Trade Receivables in EURO	0.23	0.29	0.08
Equivalent INR of Trade Receivables in Foreign Currency	894.93	919.48	969.42

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

₹ Mn

Particulars	2016-17	2015-16	2014-15
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	19.45	14.13	8.32
(ii) The interest due on above	-	-	-
<b>The total of (i) &amp; (ii)</b>	<b>19.45</b>	<b>14.13</b>	<b>8.32</b>
b) The amount of interest paid by the buyer in terms of section 16 of the Act	-	-	-
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-	-
d) The amounts of interest accrued and remaining unpaid at the end of financial year	-	-	-
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.	-	-	-

### 50. Movement of Allowances for Doubtful debts/Advances

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	4,442.40	4,166.51
Charged to statement of profit and loss (net)	1,868.10	275.89
Transfer to wholly owned subsidiary (refer note 41)	(11.98)	-
<b>Closing Balance</b>	<b>6,298.52</b>	<b>4,442.40</b>

## Notes forming part of the Financial Statements

### 51. Asset Retirement Obligation

The Company installs equipments on leased premises and lays down optical fibre cables (OFC) to provide seamless connectivity to its customers. In certain cases, the Company may have to incur some cost to remove such equipments. 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:

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	394.10	353.27
Additional Provision	7.93	9.18
Unwinding of discount	15.44	31.65
Transfer to wholly owned subsidiary (refer note 41)	(340.76)	-
<b>Closing Balance</b>	<b>76.71</b>	<b>394.10</b>

### 52. Share-based Payments

#### Employee stock option plan

The Company has granted stock options under the employee stock option scheme (ESOS) 2006 and stock options as well as restricted stock units (RSU's) under ESOS 2013 to the eligible employees of the company and its subsidiaries from time to time. These options would vest in 4 equal annual installments after one year of the grant and the RSU's will vest after 3 years from the date of grant. The maximum period for exercise of options and RSU's is 5 years from the date of vesting. Each option and RSU when exercised would be converted into one fully paid-up equity share of ₹ 10 each of the Company. The options granted under ESOS 2006 and options as well as RSUs granted under the ESOS 2013 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

There were no modifications to the awards during the year ended March 31, 2017 and March 31, 2016. As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
<b>i) Options granted under ESOS 2006</b>				
Options outstanding at the beginning of the year	2,681,041	52.56	4,851,573	51.74
Options granted during the year	-	-	-	-
Options lapsed during the year	9,750	68.86	10,625	62.74
Options exercised during the year	1,337,663	46.37	2,136,095	50.67
Options expired during the year	116,477	56.97	23,812	49.64
Options outstanding at the end of the year	1,217,151	58.80	2,681,041	52.56
Options exercisable at the end of the year	1,217,151	58.80	2,681,041	52.56
Range of exercise price of outstanding options (₹)	45.55 - 68.86		39.30 - 68.86	
Remaining contractual life of outstanding options (years)	0.31 - 2.81		0.31 - 3.81	
<b>ii) Options granted under ESOS 2013</b>				
Options outstanding at the beginning of the year	19,018,618	126.66	18,657,280	127.16
Options granted during the year	416,033	110.45	1,048,615	117.55
Options lapsed during the year	462,010	127.29	158,421	126.45
Options exercised during the year	-	-	528,856	126.45

## Notes forming part of the Financial Statements

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	18,972,641	126.28	19,018,618	126.66
Options exercisable at the end of the year	13,166,437	126.76	8,622,110	126.83
Range of exercise price of outstanding options (₹)	110.45 - 150.10		117.55 - 150.10	
Remaining contractual life of outstanding options (years)	2.87 - 8.87		3.87 - 8.81	
<b>iii) RSU's granted under ESOS 2013</b>				
Options outstanding at the beginning of the year	8,550,446	10.00	8,160,108	10.00
Options granted during the year	161,869	10.00	476,851	10.00
Options lapsed during the year	221,913	10.00	86,513	10.00
Options exercised during the year	3,481,190	10.00	-	-
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	5,009,212	10.00	8,550,446	10.00
Options exercisable at the end of the year	4,123,456	10.00	41,422	10.00
Range of exercise price of outstanding options (₹)	10.00		10.00	
Remaining contractual life of outstanding options (years)	4.87 - 7.87		5.87 - 7.81	

The weighted average share price at the date of exercise of options exercised during the year was ₹ 84.88 (March 31, 2016 ₹ 155.01)

The fair value of each option and RSU is estimated on the date of grant / re-pricing based on the following assumptions:

Particulars	ESOS 2006					
	On the date of Grant				On the date of re-pricing	
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life	6 years 6 months	6 years 6 months	6 years 6 months	6 years 6 months	4 years 6 months	5 years 9 months
Risk free interest rate (%)	7.78	7.50	7.36	8.04-8.14	7.36	7.36
Volatility (%)	40.00	45.80	54.54	50.45	54.54	54.54
Market price on date of grant/re-pricing (₹)	131.30	91.95	57.55	68.86	57.05	57.05
Fair Value*(₹)	68.99	48.25	31.34	37.47	18.42	10.57

\*As on the date of transition, all ESOP's were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

Particulars	ESOS 2013			
	Tranche I	Tranche II	Tranche III	Tranche IV
	Stock Options	Stock Options	Stock Options	Stock Options
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	6 years 6 months	6 years 6 months	6 years 6 months	6 years 6 months
Risk free interest rate (%)	8.81 - 8.95	8.04 - 8.06	7.42 - 7.66	6.68 - 7.03
Volatility (%)	34.13 - 44.81	34.28 - 42.65	34.70 - 35.33	36.37 - 38.87
Market price on date of grant (₹)	126.45	150.10	117.55	110.45
Fair Value (₹)	60.51 <sup>#</sup>	66.27	48.97	46.39

<sup>#</sup>As on the date of transition, first instalment of the grant were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

## Notes forming part of the Financial Statements

Particulars	ESOS 2013			
	Tranche I	Tranche II	Tranche III	Tranche IV
	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	5 years 6 months			
Risk free interest rate (%)	8.91	8.05	7.60	6.94
Volatility (%)	43.95	35.66	34.24	37.21
Market price on date of grant (₹)	126.45	150.10	117.55	110.45
Fair Value (₹)	118.70	140.41	107.71	100.40

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on the historical share price over a period similar to the expected life of the options.

### 53. 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 favourable as compared to the obligation under Payment of Gratuity Act, 1972 depending on the period of continuous service. The benefit is payable on termination of service or retirement, whichever is earlier. The employees do not contribute towards this plan and the full cost of providing these benefits are 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 vis-à-vis settlements. The trustees of the trust are responsible for the overall governance of the plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which in turn manage these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

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

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

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Amount recognised in Balance Sheet</b>			
Present value of obligations as at the end of the year	2,322.25	1,939.06	1,449.61
Fair value of plan assets as at the end of the year	779.41	396.44	212.40
Net Funded Obligation	1,542.84	1,542.62	1,237.21
Net Asset/(Liability) recognised in Balance Sheet	(1,542.84)	(1,542.62)	(1,237.21)
Net Asset/(Liability) recognised in Balance Sheet is bifurcated as			
– Non – Current	(1,542.84)	(1,542.62)	(1,237.21)

## Notes forming part of the Financial Statements

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>1</b>	<b>Reconciliation of Net Defined Benefit Obligation</b>		
	Opening Net Defined Benefit liability / (asset)	1,542.62	1,237.21
	Expense charged to statement of profit & loss	411.54	317.16
	Expense charged to OCI	49.49	205.48
	Employer contributions	(404.95)	(217.23)
	Liabilities assumed / (settled)*	(55.86)	-
	Closing Net Defined Benefit liability / (asset)	1,542.84	1,542.62
<b>2</b>	<b>Reconciliation of Defined Benefit Obligation</b>		
	Opening Defined Benefit Obligation	1,939.06	1,449.61
	Current Service cost	292.67	219.58
	Interest on Defined Benefit Obligation	154.05	113.31
	Actuarial (Gain)/Loss arising from change in financial assumptions	293.04	224.37
	Actuarial (Gain)/Loss arising on account of experience changes	(242.02)	(7.48)
	Benefits paid	(58.69)	(60.33)
	Liabilities assumed / (settled)*	(55.86)	-
	Closing Defined Benefit Obligation	2,322.25	1,939.06
<b>3</b>	<b>Reconciliation of plan assets</b>		
	Opening fair value of plan assets	396.44	212.40
	Employer contributions	404.95	217.23
	Interest on plan assets	35.18	15.73
	Re measurements due to		
	- Actual return on plan assets less interest on plan assets	1.53	11.41
	Benefits paid	(58.69)	(60.33)
	Closing fair value of plan assets	779.41	396.44

\*On account of inter group transfer.

Amounts recognised in the 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	For the year ended March 31, 2016
<b>1</b>	<b>Expenses Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service cost	292.67	219.58
	Interest on Net Defined Benefit liability / (asset)	118.87	97.58
	Expenses recognised in the Statement of Profit & Loss	411.54	317.16
<b>2</b>	<b>Amount recorded as Other Comprehensive Income (OCI)</b>		
	Re measurement during the year due to		
	- Changes in financial assumptions	293.04	224.37
	- Experience adjustments	(242.02)	(7.48)
	- Return on plan assets (excluding amounts included in net interest expense)	(1.53)	(11.41)
	Amount recognised in OCI	49.49	205.48

## Notes forming part of the Financial Statements

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.10%	8.10%
Future salary increases*	8.00%	8.00%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Rate of Employee Turnover		
Age (Years) – 21-30	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.

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

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Discount Rate	Salary escalation Rate	Discount Rate	Salary escalation Rate
Impact of increase in 50 bps on DBO	(6.59) %	7.13 %	(6.60) %	7.20 %
Impact of decrease in 50 bps on DBO	7.23 %	(6.57)%	7.23 %	(6.63)%

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

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

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Within the next 12 months	150	150

Disaggregation details of plan assets (% allocation):

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Insurer Managed Funds *	779.41	396.44

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

## Notes forming part of the Financial Statements

### 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.

Maturity Profile	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected benefits for year 1	88.42	74.35
Expected benefits for year 2	69.66	46.26
Expected benefits for year 3	72.80	68.64
Expected benefits for year 4	75.83	71.12
Expected benefits for year 5 and above	7,011.17	7,081.19

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.80 years (Previous year: 13.80 years).

### B. Defined Contribution Plans

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

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Employers' contribution to provident and pension fund	493.94	441.69
Employers' contribution to superannuation fund	93.52	77.50

- C. 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 have been invested in Insurer Managed Funds.

### 54. Auditor's Remuneration

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit Fees	46.00	46.00
Certification and Other services (included in Legal and Professional Charges)	22.68*	13.80
Out of pocket expenses (included in Misc. Expenses)	0.99	0.71
<b>Total Remuneration</b>	<b>69.67</b>	<b>60.51</b>

\*includes ₹ 5 Mn. payment to an affiliate firm of statutory auditors

### 55. Expenditure for Corporate Social Responsibility

- a) Gross amount required to be spent by the company during the year is ₹ 731.94 Mn. (Previous year ₹ 548.87 Mn.).  
b) Amount spent for the year ended March 31, 2017:

Sr. No.	Particulars	₹ Mn		Total
		Amount Paid	Amount Payable	
1	Healthcare	168.21	112.12	280.33
2	Education	20.59	2.52	23.11
3	Sanitation	12.00	2.40	14.40
4	Others	36.42	15.40	51.82
	<b>Total</b>	<b>237.22</b>	<b>132.44</b>	<b>369.66</b>

## Notes forming part of the Financial Statements

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

Sr. No.	Particulars			₹ Mn
		Amount Paid	Amount Payable	Total
1	Healthcare	62.00	-	62.00
2	Education	87.93	25.10	113.03
3	Sanitation	9.65	-	9.65
4	Others	-	0.01	0.01
	<b>Total</b>	<b>159.58</b>	<b>25.11</b>	<b>184.69</b>

### 56. Tax Reconciliation

#### (a) Income Tax Expense

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Tax		
Current Tax on profits for the year	-	8,621.82
<b>Total Current Tax Expense (A)</b>	-	<b>8,621.82</b>
Deferred Tax		
Relating to addition & reversal of temporary differences	(4,825.95)	5,623.81
Relating to effect of previously unrecognised tax credits, now recorded	(1,053.33)	-
<b>Total Deferred Tax Expense (B)</b>	<b>(5,879.28)</b>	<b>5,623.81</b>
<b>Income Tax Expense (A+B)</b>	<b>(5,879.28)</b>	<b>14,245.63</b>
<b>Income tax impact of re-measurement gains/ losses on defined benefit plans taken to other comprehensive income</b>	<b>(17.13)</b>	<b>(71.11)</b>

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

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit / (Loss) from continuing operation before Income tax expense	(14,190.03)	40,708.51
<b>Applicable Tax Rate</b>	<b>34.61%</b>	<b>34.61%</b>
Increase / reduction in taxes on account of :		
Effect of unrecognised deductible temporary differences	-	0.25%
Effect of previously unrecognised tax credits, now recorded	7.42%	-
Effects of expenses that are not deductible in determining the taxable profits	(0.64)%	0.24%
Other Items	0.04%	(0.11)%
<b>Effective Tax Rate</b>	<b>41.43%</b>	<b>34.99%</b>

(c) Deferred tax assets are recognised to the extent that it is probable that taxable profit will be against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, in view of uncertainty the Company has not recognised deferred tax assets in respect of temporary differences arising out of effects of assessments and unused tax losses/credits of ₹ 4,612.09 Mn., ₹ 3,738.82 Mn. and ₹ 3,442.47 Mn. as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively.

## Notes forming part of the Financial Statements

### 57. Movement in Deferred Tax

₹ Mn

Particulars	As at April 1, 2015	Recognised in		As at March 31, 2016	Recognised in			As at March 31, 2017
		Profit and Loss	OCI		Profit and Loss	OCI	Transfer to ICISL (refer note 41)	
<b>Liabilities</b>								
Depreciation & Amortisation	18,836.96	12,117.77	-	30,954.72	21,035.59	-	167.42	52,157.73
Effects of re measuring financial instruments under Ind AS	768.52	88.04	-	856.56	(782.97)	-	-	73.59
Effects of Inflation linked escalation on rental income/expense not requiring equalisation over lease term	1,757.91	326.84	-	2,084.75	(2,084.75)	-	-	-
Investment in Subsidiaries	3,721.62	(2.53)	-	3,719.09	(1.96)	-	-	3,717.13
Others	210.29	(62.88)	-	147.41	(147.41)	-	-	-
<b>Total (A)</b>	<b>25,295.29</b>	<b>12,467.24</b>	<b>-</b>	<b>37,762.53</b>	<b>18,018.50</b>	<b>-</b>	<b>167.42</b>	<b>55,948.45</b>
<b>Assets</b>								
Tax Losses	-	-	-	-	22,179.46	-	-	22,179.46
Expenses allowable on Payment Basis	1,285.11	271.66	71.11	1,627.88	204.77	17.13	(40.68)	1,809.10
Allowances for doubtful debts and advances	1,241.52	131.55	-	1,373.07	649.95	-	(4.15)	2,018.87
MAT credit	5,841.49	6,426.09	-	12,267.58	855.82	-	-	13,123.40
Others	122.57	14.13	-	136.70	7.78	-	(117.93)	26.55
<b>Total (B)</b>	<b>8,490.69</b>	<b>6,843.43</b>	<b>71.11</b>	<b>15,405.23</b>	<b>23,897.78</b>	<b>17.13</b>	<b>(162.76)</b>	<b>39,157.38</b>
<b>Net Deferred Tax Liabilities/(Assets) (A-B)</b>	<b>16,804.61</b>	<b>5,623.81</b>	<b>(71.11)</b>	<b>22,357.30</b>	<b>(5,879.28)</b>	<b>(17.13)</b>	<b>330.18</b>	<b>16,791.07</b>

### 58. 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.)	(8,310.75)	26,462.88
Profit attributable to equity shareholders (₹ Mn.)	(8,310.75)	26,462.88
Weighted average number of equity shares outstanding during the year	3,601,290,214	3,599,336,054
Basic Earnings Per Share (₹)	(2.31)	7.35
Dilutive effect on weighted average number of equity shares outstanding during the year	*	9,670,230
Weighted average number of diluted equity shares	3,601,290,214	3,609,006,284
Diluted Earnings Per Share (₹)	(2.31)	7.33

\*As the company has incurred loss during the year, dilutive effect on weighted average number of shares would have an anti-dilutive impact and hence, not considered.

### 59. Related party transactions

The related parties where control and significant influence exists are subsidiaries and associates respectively. Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director whether executive or otherwise.

## Notes forming part of the Financial Statements

### List of subsidiaries

Relationship	Related Party
Subsidiaries (Subs)	Aditya Birla Telecom Limited
	Idea Cellular Infrastructure Services Limited
	Idea Cellular Services Limited
	Idea Mobile Commerce Services limited
	Idea Telesystems Limited

### Apart from the above, the company has transactions with the below related parties

Relationship	Related Party
Associate	Aditya Birla Idea Payments Bank Limited
Joint Venture of ABTL (JV)	Indus Towers Limited
Entities having significant influence	Aditya Birla Capital Advisors Private Limited
	Aditya Birla Finance Limited
	Aditya Birla Financial Services Limited
	Aditya Birla Financial Shared Services Limited
	Aditya Birla Health Insurance Company Limited
	Aditya Birla Housing Finance Limited
	Aditya Birla Insurance Brokers Limited
	Aditya Birla Money Limited
	Aditya Birla Money Mart Limited (ABMML)
	Aditya Birla Nuvo Limited
	Axiata Group Berhad
	Axiata Investments 1 India Limited
	Axiata Investments 2 India Limited
	Birla Institute of Technology and Science Company
	Birla Sun Life AMC Limited
	Birla Sun Life Asset Management Company Limited
	Birla Sun Life Insurance Company Limited
	Birla TMT Holdings Private Limited
	Dialog Axiata PLC- Sri Lanka
	Grasim Industries Limited
	Hindalco Industries Limited
	Ultratech Cement Limited
Key Management Personnel (KMP)	Smt. Rajashree Birla
	Mr. Kumar Mangalam Birla
	Ms. Alka Bharucha (Effective December 26, 2016)
	Mr. Akshaya Moondra
	Mr. Arun Thiagarajan
	Mr. Himanshu Kapania
	Mr. Mohan Gyani
	Mr. P. Murari
	Mr. R.C. Bhargava
	Mr. Sanjeev Aga
Ms. Madhabi Puri Buch	
Ms. Tarjani Vakil	
Others	Agora Advisory Private Limited
	Bharucha and Partners
	Breach Candy Hospital and Research Centre
	Citec Engineering India Private Limited
	G.D. Birla Medical Research & Education Foundation
Trust*	Svatantra Microfin Private Limited
	ICL Employee's Group Gratuity Scheme
	ICL Employee Superannuation Scheme
	Spice Communications Limited Employee Superannuation Scheme

\*Refer note 53 for information on transactions with post-employment benefit plans mentioned above.

## Notes forming part of the Financial Statements

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

Particulars						₹ Mn
	Associate	Entities having significant influence	JV	KMP	Others	Subs
Sale of service	0.16 (-)	167.26 (156.93)	10.00 (4.77)	0.05 (0.07)	1.38 (0.60)	54.53 (33.10)
Rent Income						7.66 (-)
Purchase of service		80.21 (69.87)	40,615.45 (35,830.12)		23.79 (-)	6,454.76 (2,843.80)
Purchase of goods						113.42 (98.49)
ESOP Cost						7.29 (1.48)
Remuneration*				138.54 (119.74)		
Rent expense						9.62 (9.59)
Commission						18.59 (2.68)
Non-Compete Fee				15.00 (15.00)		
Directors' Commission and sitting fees		1.66 (1.78)		152.35 (151.36)		
Interest on Inter Corporate Deposit (ICD)						255.70 (-)
Interest on NCD		9.45 (9.45)				
Expense incurred on behalf of	- (14.38)	0.52 (0.84)		- (0.00)	0.01 (0.17)	48.69 (68.54)
Expense incurred on company's behalf by						1.89 (-)
Dividend paid on equity shares		1,339.47 (1,339.47)		0.59 (0.54)		
ICD Taken						11,100.00 (-)
ICD Repaid						11,100.00 (-)
Investments	173.71# (2.45)					601.00 (200.00)
Sale of Fixed Assets	8.99 (-)					1.01 (-)
Security Deposit given						374.45 (158.85)
Towards insurance premium (including advance given)		377.53 (0.15)				
Contribution towards Gratuity		200.00 (-)				
Contribution towards CSR					160.00 (-)	

(Figures in bracket are for the year ended March 31, 2016)

\*Excludes charge taken towards share based payments.

#Includes advance given for purchase of shares.

Note: The above does not include the transfer of tower infrastructure undertaking as per the business transfer arrangement (refer note 41).

## Notes forming part of the Financial Statements

### B. Balances with Related Parties

#### i. As at March 31, 2017

Particulars						₹ Mn
	Associate	Entities having significant influence	JV	KMP	Others	Subs
Trade and other receivables	0.14	8.29	0.16	-	0.33	41.46
Trade and other payables	20.17	0.72	5,909.88	-	109.94	671.54
Security Deposit	-	-	1,000.00	-	-	535.79
Other financial and non- financial asset	-	39.38	-	-	-	-
9.45% NCD	-	100.00	-	-	-	-
Interest Accrued but not due	-	3.92	-	-	-	-
Remuneration payable	-	-	-	45.08	-	-

#### ii. As at March 31, 2016

Particulars						₹ Mn
	Associate	Entities having significant influence	JV	KMP	Others	Subs
Trade and other receivables	14.38	7.54	-	-	0.14	14.42
Trade and other payables	-	17.58	3,682.95	1.25	0.18	108.11
Security Deposit	-	-	1,000.00	-	-	161.24
Other financial and non- financial asset	-	8.20	-	-	-	-
9.45% NCD	-	100.00	-	-	-	-
Interest Accrued but not due	-	3.92	-	-	-	-
Remuneration payable	-	-	-	50.71	-	-

#### iii. As at April 1, 2015

Particulars						₹ Mn
	Associate	Entities having significant influence	JV	KMP	Others	Subs
Trade and other receivables	-	13.46	-	-	0.12	5.39
Trade and other payables	-	0.66	2,969.93	-	-	193.11
Security Deposit	-	-	1,000.00	-	-	2.39
Other financial and non- financial asset	-	3.71	-	-	-	-
9.45% NCD	-	100.00	-	-	-	-
Interest Accrued but not due	-	3.91	-	-	-	-
Remuneration payable	-	-	-	63.57	-	-

Outstanding balances at period end are unsecured and considered good.

## Notes forming part of the Financial Statements

### C. Commitments with related parties

Particulars	₹ Mn					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	JV	Subs	JV	Subs	JV	Subs
Lease commitment	125,969.39	40,067.32	130,659.67	6,529.42	130,238.99	7,242.70
Opex Commitment (Net of provision)	-	0.66	-	0.65	-	1.52
<b>Total</b>	<b>125,969.39</b>	<b>40,067.98</b>	<b>130,659.67</b>	<b>6,530.07</b>	<b>130,238.99</b>	<b>7,244.22</b>

### D. Compensation of Key Management Personnel of the Company

Particulars	₹ Mn	
	March 31, 2017	March 31, 2016
Short-term employee benefits	135.79	117.27
Post-employment benefits*	2.75	2.47
Share-based payment transactions	41.96	60.65

\*Represents contribution to provident and superannuation funds. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included.

60. **Disclosure as per the requirement of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:** The amounts at the year end and the maximum amount of loans & advances outstanding during the year ending March 31, 2017 is ₹ Nil (Previous year ₹ Nil)
61. The Company is one of the members of Aditya Birla Management Corporation Private Limited, a Company limited by guarantee, which has been formed to provide common pool of facilities and resources to its members with a view to optimise the benefits of specialisation and minimize cost to each member. The Company's share of expenses incurred under the common pool has been accounted for at actuals in the respective heads in the Statement of Profit & Loss.
62. **Financial Instruments**
- a) **Financial Instruments by Category:** The following table provides categorisation of all financial instruments at carrying value except non-current investments in subsidiaries and associates (including advance given for purchase of shares) which are carried at cost.

Particulars	₹ Mn					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial Assets</b>						
Current Investments	40,247.09	-	8,328.46	-	111,743.43	-
Trade Receivables	-	12,580.95	-	11,360.58	-	9,321.71
Deposit with Body Corporates	-	-	-	4,983.90	-	3,020.86
Security Deposits	-	5,356.38	-	4,808.27	-	3,833.82
Loans to Employees	-	46.42	-	41.59	-	41.50
Cash and cash equivalents	-	268.60	-	7,515.42	-	15,365.93
Bank balance other than cash and cash equivalents	-	44.05	-	61.21	-	53.45
Interest receivable	-	0.19	-	20.00	-	1,061.65
Derivative Financial Assets	13.69	-	100.32	-	2,840.26	-
Others	69.87	-	112.51	-	171.36	-
<b>Total Financial Assets</b>	<b>40,330.65</b>	<b>18,296.59</b>	<b>8,541.29</b>	<b>28,790.97</b>	<b>114,755.05</b>	<b>32,698.92</b>

## Notes forming part of the Financial Statements

₹ 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
<b>Financial Liabilities</b>						
Borrowings including Interest accrued but not due	-	579,085.98	-	428,956.84	-	258,597.74
Payables for Capital Expenditure	-	45,727.29	-	20,237.03	-	13,815.14
Trade Payables	-	39,921.33	-	32,038.74	-	29,367.60
Derivative Financial Liabilities	1,898.34	-	1,247.68	-	1,147.71	-
Security Deposits	-	2,327.94	-	2,363.84	-	2,057.55
Others	4.10	-	2.52	-	1.44	-
<b>Total Financial Liabilities</b>	<b>1,902.44</b>	<b>667,062.54</b>	<b>1,250.20</b>	<b>483,596.45</b>	<b>1,149.15</b>	<b>303,838.03</b>

### 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
<b>Financial Assets</b>				
Current Investments	40,247.09	-	-	40,247.09
Derivative Financial Assets	-	13.69	-	13.69
Others	-	69.87	-	69.87
<b>Total Financial Assets</b>	<b>40,247.09</b>	<b>83.56</b>	<b>-</b>	<b>40,330.65</b>
<b>Financial Liabilities</b>				
Derivative Financial Liabilities	-	1,898.34	-	1,898.34
Others	-	4.10	-	4.10
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,902.44</b>	<b>-</b>	<b>1,902.44</b>

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
<b>Financial Assets</b>				
Current Investments	8,328.46	-	-	8,328.46
Derivative Financial Assets	-	100.32	-	100.32
Others	-	112.51	-	112.51
<b>Total Financial Assets</b>	<b>8,328.46</b>	<b>212.83</b>	<b>-</b>	<b>8,541.29</b>
<b>Financial Liabilities</b>				
Derivative Financial Liabilities	-	1,247.68	-	1,247.68
Others	-	2.52	-	2.52
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,250.20</b>	<b>-</b>	<b>1,250.20</b>

## Notes forming part of the Financial Statements

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

Particulars				₹ Mn
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Current Investments	111,743.43	-	-	111,743.43
Derivative Financial Assets	-	2,840.26	-	2,840.26
Others	-	171.36	-	171.36
<b>Total Financial Assets</b>	<b>111,743.43</b>	<b>3,011.62</b>	<b>-</b>	<b>114,755.05</b>
<b>Financial Liabilities</b>				
Derivative Financial Liabilities	-	1,147.71	-	1,147.71
Others	-	1.44	-	1.44
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,149.15</b>	<b>-</b>	<b>1,149.15</b>

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
- Security Deposits and deposits with body corporates
- Loans to Employees
- Cash and Cash equivalents
- Bank balances other than cash and cash equivalents
- Interest Receivable

b) Financial Liabilities

- Trade Payables
- Payable for capital expenditure
- Security Deposits

v. Fair value hierarchy of financial liabilities measured at amortised cost is below:

Particulars	Carrying Amount				₹ Mn
		Level 1	Level 2	Level 3	Total
<b>Fixed rate borrowings including interest accrued but not due* :</b>					
As at March 31, 2017	511,240.89	-	529,377.06	-	529,377.06
As at March 31, 2016	394,507.79	-	413,498.04	-	413,498.04
As at April 1, 2015	130,033.47	-	136,204.83	-	136,204.83

\*Includes Deferred Payment Liability, NCD and others.

c) **Valuation Technique used to determine fair value**

Fair value of quoted current investments in Mutual Funds is based on price quotations 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 and 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.

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

The Company's principal financial liabilities comprise loans and 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

## Notes forming part of the Financial Statements

investments, cash and bank balance, trade and other receivables. The Company also enters into derivative transactions such as foreign forward exchange contracts, Interest rate swaps as a part of Company's financial risk management policies. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

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

### 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, investments and derivative financial instruments.

The sensitivity analysis as shown below relates to the position as at March 31, 2017 and March 31, 2016.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

#### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2017, after taking into account the effect of interest rate swaps, approximately 88.06% of the Company's borrowings are at a fixed rate of interest (Previous year: 92.62%, Transition date: 51.59%).

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ Mn		
Particulars	Increase/decrease in basis points	Effect on profit before tax
<b>March 31, 2017</b>		
INR - Borrowings	+100	(480.00)
	- 100	480.00
USD - Borrowings	+100	(174.40)
	- 100	174.40
<b>March 31, 2016</b>		
INR - Borrowings	+100	(100.25)
	- 100	100.25
USD - Borrowings	+100	(184.82)
	- 100	184.82

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

#### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

## Notes forming part of the Financial Statements

When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

At March 31, 2017, the Company hedged 21.14% (Previous year: 34.91%, Transition date: 52.72%), of its foreign currency loans. This foreign currency risk is hedged by using foreign currency forward contracts.

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ Mn		
Currency exposure	Change in currency exchange rate	Effect on profit before tax
<b>March 31, 2017</b>		
USD	+5%	(1,951.00)
	- 5%	1,951.00
<b>March 31, 2016</b>		
USD	+5%	(1,737.62)
	- 5%	1,737.62

The derivatives have not been designated in a hedge relationship, they act as a hedge and will offset the underlying transactions when they occur.

### c) Other price risk

The Company invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

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.

On the duration investment balance, an increase/ decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease/ increase in the marked to market value of the investments by ₹ Nil and ₹ 0.28 Mn as on March 31, 2017 and March 31, 2016, respectively.

### d) 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, foreign exchange transactions 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. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. 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 is managed by the Company's treasury department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's Treasury Department on an annual basis, and may be updated throughout the year. 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 as at March 31, 2017, March 31, 2016 and April 01, 2015 on its carrying amounts as disclosed in notes 10, 15, 16 and 17.

## Notes forming part of the Financial Statements

### e) 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 Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Approximately 6.20% of the Company's debt will mature in less than one year at March 31, 2017 (Previous year: 11.44%, Transition date: 38.45%) based on the carrying value of borrowings reflected in the financial statements. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years	> 5 years	₹ Mn
					Total payments
<b>As at March 31, 2017</b>					
Borrowings and Interest thereon	579,085.98	63,021.23	377,908.16	470,531.22	911,460.61
Trade and other payables	85,648.62	85,605.27	43.35	-	85,648.62
Other financial liabilities	2,332.04	2,295.53	36.51	-	2,332.04
Derivatives	1,898.34	1,898.34	-	-	1,898.34
<b>Total</b>	<b>668,964.98</b>	<b>152,820.37</b>	<b>377,988.02</b>	<b>470,531.22</b>	<b>1,001,339.61</b>
<b>As at March 31, 2016</b>					
Borrowings and Interest thereon	428,956.84	49,248.16	249,120.28	394,379.67	692,748.11
Trade and other payables	52,275.77	52,267.68	8.09	-	52,275.77
Other financial liabilities	2,366.36	2,128.54	237.82	-	2,366.36
Derivatives	1,247.68	497.75	749.93	-	1,247.68
<b>Total</b>	<b>484,846.65</b>	<b>104,142.13</b>	<b>250,116.12</b>	<b>394,379.67</b>	<b>748,637.92</b>
<b>As at April 1, 2015</b>					
Borrowings and Interest thereon	258,597.74	105,665.61	127,577.93	108,763.60	342,007.14
Trade and other payables	43,182.74	43,126.04	56.70	-	43,182.74
Other financial liabilities	2,058.99	2,014.97	44.02	-	2,058.99
Derivatives	1,147.71	45.19	1,102.52	-	1,147.71
<b>Total</b>	<b>304,987.18</b>	<b>150,851.81</b>	<b>128,781.17</b>	<b>108,763.60</b>	<b>388,396.58</b>

### 64. 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 manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, Bank balance other than cash and cash equivalents and investment in liquid mutual funds.

## Notes forming part of the Financial Statements

₹ Mn

Particulars	As March 31, 2017	As at at March 31, 2016	As at April 1, 2015
Borrowings	550,534.96	405,413.06	256,680.14
Investment in liquid mutual funds	(40,247.09)	(8,328.46)	(111,743.43)
Cash and cash equivalents	(268.60)	(7,515.42)	(15,365.93)
Bank balance other than cash and cash equivalents	(44.05)	(61.21)	(53.45)
<b>Net debt</b>	<b>509,975.22</b>	<b>389,507.97</b>	<b>129,517.33</b>
Equity share capital	36,053.28	36,005.09	35,978.44
Other Equity	201,184.31	211,646.88	187,154.70
<b>Total Equity</b>	<b>237,237.59</b>	<b>247,651.97</b>	<b>223,133.14</b>
<b>Debt-equity ratio</b>	<b>2.15</b>	<b>1.57</b>	<b>0.58</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call the consequences attached with the same.

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

65. 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	13.35	0.86	14.21
Permitted receipts	3.76	171.13	174.89
Permitted payments	-	(0.74)	(0.74)
Amount deposited in Banks	(17.11)	(165.13)	(182.24)
<b>Closing Cash in Hand as on 30.12.2016</b>	<b>-</b>	<b>6.12</b>	<b>6.12</b>

66. During the year ended March 31, 2017, the Company paid / accrued remuneration amounting to ₹ 100.46 Mn. to its Managing Director, Mr. Himanshu Kapania. As the Company did not have profits in the financial year ended March 31, 2017, an amount of ₹ 30.54 Mn. is in excess of the limits specified in section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payments, including seeking approval of shareholders / central government, as necessary.
67. The Company is engaged in providing mobility and long distance 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. Refer Note 9 for investments made by the Company.

For and on behalf of the Board

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary

Place : Mumbai  
Date : May 13, 2017

## 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
<b>A) Cash Flow from Operating Activities</b>		
Profit/(Loss) before Tax	(14,190.03)	40,708.51
<b>Adjustments For</b>		
Depreciation	48,642.82	47,716.68
Amortisation	28,357.35	14,515.61
Loss / (Gain) on disposal of PPE, intangible assets and non-current assets held for sale	(150.65)	(63.75)
Finance costs (including fair value change in financial instruments)	40,108.53	17,778.52
Interest income	(124.24)	(276.64)
Gain on Mutual Funds (including fair value gain/(loss))	(1,846.01)	(1,496.79)
Bad debts / advances written off	99.77	1,327.57
Allowance for doubtful debts / advances	1,868.10	275.89
Share based payment expense (ESOS)	425.05	613.01
Provision for gratuity and compensated absences	310.58	366.68
Liabilities / provisions no longer required written back	(88.89)	(135.26)
	<b>117,602.41</b>	<b>80,621.52</b>
<b>Operating Profit before Working Capital Changes</b>	<b>103,412.38</b>	<b>121,330.03</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade receivables	(3,526.03)	(3,603.02)
(Increase)/Decrease in Inventories	309.36	(268.48)
(Increase)/Decrease in Other financial and non financial assets	(5,148.39)	(6,244.32)
Increase / (Decrease) in Trade Payables	8,671.59	2,806.39
Increase / (Decrease) in Other financial & non financial liabilities	3,891.78	2,807.50
	<b>4,198.31</b>	<b>(4,501.93)</b>
<b>Cash generated from Operations</b>	<b>107,610.69</b>	<b>116,828.10</b>
Tax paid (including TDS) (net)	(5,883.12)	(8,299.09)
<b>Net Cash from / (used in) Operating Activities</b>	<b>101,727.57</b>	<b>108,529.01</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of PPE & Intangible assets (including CWIP and Intangible assets under development)	(52,777.46)	(71,173.84)
Payment towards Spectrum and Licenses - Upfront payment	(66,207.00)	(58,081.99)
Payment towards Spectrum and Licenses - Deferred payment liability	(7,181.60)	-
Proceeds from sale of PPE, Intangible assets and AHFS	356.85	207.50
Investment in Idea Mobile Commerce Services Limited	(601.00)	(200.00)
Investment in Aditya Birla Idea Payments Bank Limited (Including advance given for purchase of shares)	(173.70)	(2.45)
Net proceeds from sale / (purchase) of Current Investments	(30,072.62)	104,911.76
Interest received	61.05	1,318.29
<b>Net Cash from / (used in) Investing Activities</b>	<b>(156,595.48)</b>	<b>(23,020.73)</b>

## 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
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital under ESOS	96.85	175.10
Proceeds from Long Term Borrowings	115,155.79	347.11
Repayment of Long Term Borrowings	(15,859.04)	(101,630.03)
Proceeds from Short Term Borrowings	11,100.00	14,798.09
Repayment of Short Term Borrowings	(26,100.00)	-
Payment of Dividend, including Dividend Distribution Tax	(2,598.89)	(2,598.19)
Payment of Interest and Finance Charges	(33,054.34)	(4,392.71)
<b>Net Cash from / (used in) Financing Activities</b>	<b>48,740.37</b>	<b>(93,300.63)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(6,127.54)</b>	<b>(7,792.35)</b>
Cash and Cash Equivalents at the beginning	6,059.64	13,851.99
<b>Cash and Cash Equivalents at the end</b>	<b>(67.90)</b>	<b>6,059.64</b>

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

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

Cash on hand	8.93	18.50
Cheques on hand	63.59	86.73
Balances with banks		
- In Current Accounts	196.08	209.60
- In Deposit Accounts	-	7,200.59
Bank overdrafts which forms an integral part of cash management system	(336.50)	(1,455.78)
	<u>(67.90)</u>	<u>6,059.64</u>

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

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

Place : Mumbai  
Date : May 13, 2017

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary

## Independent Auditors' Report

### TO THE MEMBERS OF IDEA CELLULAR LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **IDEA CELLULAR LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associate and joint venture, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Statement of Consolidated Cash Flows, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the other auditors on separate financial statements of the joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2017, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note 44A(i) to the consolidated Ind AS financial statements which describes the uncertainties related to the legal outcome in respect of the Department of Telecommunications (DoT) demand notices for one time spectrum charges.

Our opinion is not modified in respect of this matter.

#### Other Matters

- (a) The consolidated Ind AS financial statements include the Group's share of net profit of ₹ 4,302.93 Mn. and total comprehensive income of ₹ 4,298.52 Mn. for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of Indus Towers Limited a joint venture of Aditya Birla Telecom Limited (Subsidiary of the Parent), whose financial statements have not been audited by us. These financial statements have been audited by the other auditors whose report has been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint

venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture is based solely on the report of such other auditors.

- (b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect of one joint venture included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of joint venture company incorporated in India, referred in the Other Matters paragraph above we report, 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 of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, its associate company and joint venture company incorporated in India, none of the directors of the Group companies, its associate company and joint venture company incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating

effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies, associate company and joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's, subsidiary companies', associate company's and joint venture 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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture. Refer Notes 44 A and 44 C to the consolidated Ind AS financial statements.
  - ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate company and joint venture company incorporated in India.
  - iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

#### 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 13, 2017

## Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' 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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **IDEA CELLULAR LIMITED** (hereinafter referred to as "the Parent") and its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). 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 the respective 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 internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India, 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 and the audit evidence obtained by auditors of the joint venture company, which is company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India.

#### 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 and based on the consideration of the report of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India, have, 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 respective companies 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.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial

controls over financial reporting insofar as it relates to a joint venture, which is company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

**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 13, 2017

## Consolidated Balance Sheet as at March 31, 2017

Particulars	Notes	₹ Mn		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	228,442.96	211,761.02	180,530.22
Capital work-in-progress		13,302.99	6,622.55	8,490.57
Goodwill on consolidation		61.20	61.20	61.20
Intangible assets	9	539,128.25	440,079.35	142,165.08
Intangible assets under development	9	62,048.00	53,774.79	42,313.23
Financial assets				
Investments accounted for using the equity method	10	14,784.75	21,404.48	17,763.64
Long term loans to employees		25.93	25.08	24.60
Other non-current financial assets	11	4,864.75	8,964.78	6,617.70
Deferred tax assets (refer note 58)		368.97	-	-
Other non-current assets	12	27,693.89	13,592.68	29,103.77
<b>Total non-current assets (A)</b>		<b>890,721.69</b>	<b>756,285.93</b>	<b>427,070.01</b>
<b>Current assets</b>				
Inventories	13	587.97	1,065.41	710.34
Financial assets				
Current investments	14	48,997.52	13,304.60	115,361.80
Trade receivables	15	13,139.21	11,423.53	9,440.29
Cash and cash equivalents	16	782.46	7,630.04	15,392.77
Bank balance other than cash and cash equivalents	17	44.97	61.26	53.45
Current portion of loans to employees		20.75	16.68	17.06
Other current financial assets	18	399.09	921.21	4,341.43
Current tax assets (net)		25.10	56.12	3,182.34
Other current assets	19	12,312.07	10,335.26	7,555.89
		76,309.14	44,814.11	156,055.37
Non-current assets classified as held for sale (AHFS)	20	16.11	154.98	22.34
<b>Total current assets (B)</b>		<b>76,325.25</b>	<b>44,969.09</b>	<b>156,077.71</b>
<b>Total Assets (A+B)</b>		<b>967,046.94</b>	<b>801,255.02</b>	<b>583,147.72</b>

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

Particulars	Notes	₹ Mn		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	21	36,053.28	36,005.09	35,978.44
Other equity	22	211,269.16	199,499.78	174,764.13
<b>Total equity (A)</b>		<b>247,322.44</b>	<b>235,504.87</b>	<b>210,742.57</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Long term borrowings	23	516,378.28	359,040.42	157,990.82
Other non-current financial liabilities	24	10,381.81	23,721.63	2,345.85
Long term provisions	25	3,842.29	3,453.90	2,843.47
Deferred tax liabilities (net) (refer note 58)		13,587.10	19,538.60	13,275.78
Other non-current liabilities	26	4,920.46	4,108.30	3,661.28
<b>Total non-current liabilities (B)</b>		<b>549,109.94</b>	<b>409,862.85</b>	<b>180,117.20</b>
<b>Current liabilities</b>				
Financial liabilities				
Short term borrowings	27	347.09	16,455.78	1,513.94
Trade payables		40,776.67	32,471.30	29,617.48
Other current financial liabilities	28	102,560.08	82,539.69	139,401.84
Other current liabilities	29	26,732.08	23,494.15	21,358.81
Short term provisions	30	198.64	926.38	395.88
<b>Total current liabilities (C)</b>		<b>170,614.56</b>	<b>155,887.30</b>	<b>192,287.95</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>967,046.94</b>	<b>801,255.02</b>	<b>583,147.72</b>
The accompanying notes are an integral part of the Financial Statements				

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Hemant M. Joshi**  
Partner  
Membership No.: 38019

Place : Mumbai  
Date : May 13, 2017

**For and on behalf of the Board**

**Arun Thiagarajan**  
Director

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Sanjeev Aga**  
Director

**Pankaj Kapdeo**  
Company Secretary

**Himanshu Kapania**  
Managing Director

## Consolidated Statement of Profit and Loss for the year ended March 31, 2017

₹ Mn

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>INCOME</b>			
Service revenue		355,298.44	358,833.89
Sale of Trading Goods		228.11	329.74
Other operating income	31	230.82	330.43
<b>Revenue from operations</b>		<b>355,757.37</b>	<b>359,494.06</b>
Other income	32	3,069.35	2,131.39
<b>TOTAL INCOME</b>		<b>358,826.72</b>	<b>361,625.45</b>
<b>OPERATING EXPENDITURE</b>			
Cost of Trading Goods		279.19	288.98
Employee benefit expenses	33	17,976.45	16,118.51
Network expenses and IT outsourcing cost	34	106,652.64	92,777.63
License fees and spectrum usage charges	35	40,514.83	41,507.83
Roaming and access charges	36	42,754.44	46,653.46
Subscriber acquisition and servicing expenditure	37	30,282.23	28,668.04
Advertisement and business promotion expenditure		4,576.89	4,864.45
Administration and other expenses	38	9,957.84	8,939.84
		<b>252,994.51</b>	<b>239,818.74</b>
<b>PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION AND TAXES</b>		<b>105,832.21</b>	<b>121,806.71</b>
Fair value (gain) / loss on Compulsorily Convertible Preference Shares (CCPS)		290.15	3,173.78
Finance costs	39	40,120.63	17,787.72
Depreciation	8	49,913.76	48,045.13
Amortisation	9	28,358.28	14,515.61
<b>PROFIT/(LOSS) BEFORE TAX AND SHARE OF JOINT VENTURE AND ASSOCIATE</b>		<b>(12,850.61)</b>	<b>38,284.47</b>
Add: Share in Profits of Joint Venture		4,302.93	4,216.81
Add: Share in Loss of Associate		(84.67)	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(8,632.35)</b>	<b>42,501.28</b>
Tax expense:			
- Current tax	57	990.09	8,921.67
- Deferred tax	57	(5,625.48)	6,298.28
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(3,996.96)</b>	<b>27,281.33</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) of defined benefit plans	54	(56.82)	(200.06)
Income tax effect		19.30	69.21
Group's share in other comprehensive income of joint venture and associate		(5.82)	(8.40)
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX</b>		<b>(43.34)</b>	<b>(139.25)</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>(4,040.30)</b>	<b>27,142.08</b>
<b>Earnings per equity share (in ₹):</b>	<b>59</b>		
Basic		(1.23)	7.42
Diluted		(1.23)	7.40
The accompanying notes are an integral part of the Financial Statements			

In terms of our report attached

For and on behalf of the Board

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Hemant M. Joshi**  
Partner  
Membership No.: 38019

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

Place : Mumbai  
Date : May 13, 2017

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary

## 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	3,597,844,427	35,978.44
Issue of shares under ESOS	2,664,951	26.65
As at March 31, 2016	3,600,509,378	36,005.09
Issue of shares under ESOS	4,818,853	48.19
As at March 31, 2017	3,605,328,231	36,053.28

### B. OTHER EQUITY

₹ Mn

Particulars	Reserves and Surplus					Total
	Debenture redemption reserve	Securities premium	Employee stock options reserve	General reserve	Retained earnings	
As at April 1, 2015	341.78	103,652.02	775.02	168.66	69,826.65	174,764.13
Profit/(Loss) for the year					27,281.33	27,281.33
Other comprehensive income/(loss)					(139.25)	(139.25)
<b>Total comprehensive income/(loss)</b>					<b>96,968.73</b>	
Dividend for the year ended March 31, 2015					(2,159.62)	(2,159.62)
Dividend distribution tax					(439.65)	(439.65)
Issue of shares under ESOS		148.46				148.46
Transfer from retained earnings	141.43				(141.43)	-
Share-based payment expenses (refer note 53)			614.48			614.48
Transfer to Securities premium account on exercise of options		37.21	(37.21)			-
Group's share of additional depreciation on fair valued assets / physical verification adjustments pursuant to scheme					(570.10)	(570.10)
As at March 31, 2016	483.21	103,837.69	1,352.29	168.66	93,657.93	199,499.78
Profit/(Loss) for the year					(3,996.96)	(3,996.96)
Other comprehensive income/(loss)					(43.34)	(43.34)
<b>Total comprehensive income/(loss)</b>					<b>89,617.63</b>	
Dividend for the year ended March 31, 2016					(2,160.62)	(2,160.62)
Dividend distribution tax					(439.85)	(439.85)
Issue of shares under ESOS		48.66				48.66
Transfer from retained earnings	833.72				(833.72)	-
Share-based payment expenses (refer note 53)			432.35			432.35
Transfer to Securities premium account on exercise of options		443.32	(443.32)			-
Group's share of additional depreciation on fair valued assets / physical verification adjustments pursuant to scheme					(423.17)	(423.17)
Conversion of CCPS Liability to Equity Shares and subsequent extinguishment of these equity shares as per the High Court approved Scheme (refer note 42)		29,039.60			(10,687.29)	18,352.31
As at March 31, 2017	1,316.93	133,369.27	1,341.32	168.66	75,072.98	211,269.16

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
Partner  
Membership No.: 38019

Arun Thiagarajan  
Director

Sanjeev Aga  
Director

Himanshu Kapania  
Managing Director

Place : Mumbai  
Date : May 13, 2017

Akshaya Moondra  
Whole time Director &  
Chief Financial Officer

Pankaj Kapdeo  
Company Secretary

## Notes forming part of the Consolidated Financial Statements

### 1. Corporate Information

Idea Cellular Limited ('the Company'), a public company domiciled in India was incorporated on March 14, 1995. It is a part of the Aditya Birla Group and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India (Scrip Code BSE:532822; NSE:IDEA). The Company is amongst the top three telecom service providers in India with pan India operations. It is engaged in the business of Mobility and Long Distance services. The subsidiaries are in the business of trading of Handsets and Data cards, mobile banking services and passive infrastructure services. The Joint Venture is in the business of providing passive infrastructure services and the associate is in the business of providing payments bank services and is yet to commence operations.

The consolidated financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 13, 2017.

### 2. Basis of preparation

The consolidated financial statements of the Company, its subsidiary companies (together referred to as the "Group"), joint venture and associate comprising of Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity, Statement of Consolidated Cash Flows together with the consolidated 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 Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Previous GAAP).

The consolidated 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 6 for detailed disclosure on the first time adoption of Ind AS.

These consolidated 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. Basis of Consolidation

The consolidated financial statements have been prepared in accordance with Ind AS 110 on Consolidated Financial Statements.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has:

- Power over the investee
- Exposure or rights, to variable returns from its involvement with the investee and
- Has the ability to affect those returns through its power to direct the relevant activities of the investee.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than majority of voting or similar rights over an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Rights arising from other contractual arrangements
- Potential voting rights held by the Group

The consolidated financial statements of the group are prepared based on a line by line combination of the separate financial statements of the Company and its subsidiaries whereby the book values of like items of assets, liabilities, income, expenses and tax have been added after eliminating intra-group balances, transactions and resulting unrealised gains or losses.

Subsidiaries are consolidated from the date on which control is acquired by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

The financial statements of the following entities in the Group are prepared using uniform accounting policies and are drawn up to the same accounting period as that of the Company.

Sr. No.	Name of the Company	Relationship	Voting Power % as at		
			March 31, 2017	March 31, 2016	April 1, 2015
1.	Idea Telesystems Limited	Subsidiary	100.00	100.00	100.00
2.	Aditya Birla Telecom Limited	Subsidiary	100.00	100.00	100.00
3.	Idea Cellular Services Limited	Subsidiary	100.00	100.00	100.00
4.	Idea Cellular Infrastructure Services Limited	Subsidiary	100.00	100.00	100.00
5.	Idea Mobile Commerce Services Limited	Subsidiary	100.00	100.00	100.00

## Notes forming part of the Consolidated Financial Statements

### Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

The subsidiaries are deconsolidated from the date the Group loses control on such subsidiaries. When the group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 4. Significant Accounting Policies

##### a) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group 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 respective companies on their own account. Accordingly, it is excluded from revenue. The Group evaluates its exposure to significant risks and reward associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard.

##### i. Revenue from supply of services and sale of goods

Revenue on account of telephony services (postpaid and prepaid categories, roaming, interconnect & long distance services) is recognised on rendering of services. Rental revenues in the postpaid category are recognised over the period of rendering of services. Recharge fees on recharge vouchers in case of prepaid category is recognised over the validity of such vouchers.

Revenue from other services (internet services, Mobile advertisement, revenue from toll free services, etc.) is recognised on rendering of services.

Revenue from sale of handsets, data cards and related accessories is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the delivery of goods.

##### Multiple element contracts:

For revenue arrangements having more than one deliverable, at the inception of the arrangement, the Group evaluates all deliverables in the arrangement to determine whether they represent separately identifiable components. Deliverables are considered for separate components if the following two conditions are met: (i) the deliverable has value to the customer on a stand-alone basis and (ii) there is evidence of the fair value of the item. The total arrangement consideration is allocated to each separate component based on its relative fair value.

Revenue from passive infrastructure is recognised on accrual basis as per the contractual terms.

##### ii. Indefeasible Right to Use (IRU)

The Group enters into agreements which entitle its customers the right to use of specified capacity of dark fibre / bandwidth capacity for a specific period of time. Under such arrangements, the rights to use the specified assets are given for a substantial part of the estimated useful life of such assets.

The contracted price received upfront in advance is treated as deferred revenue and is recognised on a straight line basis over the agreement period.

##### iii. Unbilled Income

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

##### iv. Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

##### v. Dividends

Dividend Income is recognised when the Group's right to receive the payment is established.

##### b) Leases

The Group 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.

## Notes forming part of the Consolidated Financial Statements

### i. Group 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 Consolidated Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group'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 Consolidated 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 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. Group as a lessor

#### Finance lease:

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group'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 Group are structured to increase in line with expected general inflation to compensate for the Group'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 Consolidated 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 Consolidated Statement of Profit and Loss when the employees have rendered service entitling them to the contributions.

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

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated 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 the Consolidated 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 Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated 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

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of

## Notes forming part of the Consolidated Financial Statements

each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of re-pricing of existing stock option, the incremental fair value of the option on the date of re-pricing is accounted for as employee cost over the remaining vesting period.

### d) Annual Revenue Share License Fees – and Spectrum Usage Charges

The variable license fees and annual spectrum usage charges, computed at prescribed rates of revenue share, are charged to the Consolidated Statement of Profit and Loss in the period in which the related revenue arises. Revenue for this purpose comprise of adjusted gross revenue as per the license agreement of the licensed service area.

### e) Foreign currency transactions

The Group's consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded at the INR spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss except for the exemptions mentioned in note 6 relating to first time adoption.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions.

### f) 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 Group are disclosed as Exceptional items in the Consolidated Statement of Profit and Loss.

### g) Taxes

Income tax expense represents the sum of 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 consolidated 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

#### h) Current / Non – Current Classification

An asset is classified as current when

- It is expected to be realized or consumed in the respective company's normal operating cycle;
- It is held primarily for the purpose of trading;

## Notes forming part of the Consolidated Financial Statements

- 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 respective companies;
- 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 respective companies have 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.

### i) 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 Group 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 Group and the cost can be measured reliably. All other repair and maintenance costs are recognised in the Consolidated 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)
Buildings	9 to 30
Network Equipments	7 to 18
Optical Fibre	15
Other Plant and Equipment	5
Office Equipments	3 to 5
Computers	3
Furniture and Fixtures	3 to 10
Motor Vehicles	Up to 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 derecognised. Any gains 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 recognised in the Consolidated Statement of Profit and Loss on the date of retirement or disposal.

### j) 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 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 Consolidated 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 Consolidated 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:

- Cost of spectrum and licenses is amortised on straight line method on commencement of operations over the unexpired period of the license / spectrum.

## Notes forming part of the Consolidated Financial Statements

- 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.
- Payment for Bandwidth capacities acquired under Indefeasible Right to Use (IRU) basis is accounted for as intangible assets and the cost is amortised over the period of the agreement.

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 Consolidated Statement of Profit and Loss when the asset is derecognised.

### k) 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 amortised 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.

### l) Impairment of Non – Financial Assets

Tangible and Intangible assets which are subject to depreciation or amortisation 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 Group 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 recognised 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 Consolidated Statement of Profit and Loss.

### m) Investment in Associates and Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures in accordance with Ind AS 111 on Joint Arrangements. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Associates are all entities over which the group has significant influence but not control or joint control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Investments in joint ventures and associates are initially recognised at cost and subsequently accounted for using the equity method of accounting in the consolidated financial statements of the group as per Ind AS 28 – Investments in Associates and Joint ventures.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in the Statement of Profit and Loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investee equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee. If the equity-accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of profits equals the share of losses not recognised.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of

## Notes forming part of the Consolidated Financial Statements

the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 – Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any reversal of the impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Financial Statements of the following associate and joint venture used in the consolidation are drawn up to the same reporting date as that of the Group and the accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group. Both the entities are incorporated in India.

Sr. No.	Name of the Company	Relationship	Voting Power % as at		
			March 31, 2017	March 31, 2016	April 1, 2015
1.	Indus Towers Limited*	Joint Venture	11.15	16.00	16.00
2.	Aditya Birla Idea Payments Bank Limited <sup>†</sup> (ABIPBL)	Associate	9.84	49.00	N.A.

\* Indus Towers limited is classified as a Joint Venture through a contractual arrangement. Entire shareholding is held by Aditya Birla Telecom Limited. The shareholding has changed from 16% to 11.15% effective February 1, 2017.

<sup>†</sup> Although the group holds less than 20% of equity shares of ABIPBL, the group exercises its significant influence by virtue of having directors on the board of ABIPBL.

### Changes in ownership interests

The Group ceases to equity account for an investment if it loses joint control or significant influence over such equity accounted investee. When the group ceases to equity account for an investee, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest in the investee. In addition, any amounts previously recognised in other comprehensive income in respect of that investee are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified

to profit and loss where appropriate.

### n) 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.

### o) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### p) Cash and cash equivalents

Cash and cash equivalents in the consolidated 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 Consolidated 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 Group's cash management.

### q) Financial Instruments

#### Initial recognition and measurement

Financial Instruments (assets and liabilities) are recognised when the Group 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.

## Notes forming part of the Consolidated Financial Statements

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 Group does not have any assets classified as FVTOCI.

### 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.

### 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 Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or
  - the Group 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 Group 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 Group 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 to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group 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 Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables (including lease receivables). The application of simplified approach does not require the Group 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.

## Notes forming part of the Consolidated Financial Statements

### 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 Consolidated 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. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

### Derecognition

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

### iii. Derivative financial instruments:

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to manage its foreign currency risks and interest rate risks, respectively. These derivative instruments are not designated as cash flow, fair value or net investment hedges and are entered into for period consistent with currency and interest exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative instrument. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index,

or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss, unless designated as effective hedging instruments.

### iv. Offsetting financial instruments

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

### r) 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 Group 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 consolidated 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 Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances that caused the transfer or (b) at the end of each reporting period or (c) at the beginning of each reporting period.

## Notes forming part of the Consolidated Financial Statements

### s) 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.

### t) Earnings per share

The earnings considered in ascertaining the Group'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.

### u) Provisions and Contingent Liabilities

Provisions are recognised when the Group 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 Consolidated Statement of Profit and Loss.

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

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

ARO is provided for those lease arrangements where the Group 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 Consolidated 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 consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

### v) 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 recognised in the Consolidated Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised 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 Group's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, 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, no adjustments 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.

### 5. Use of Estimates, assumptions and judgments

The preparation of the consolidated 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 including 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 Group has based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

#### i. Share-based payments

The Group initially measures the cost of equity-settled transactions with employees using Black & Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the

## Notes forming part of the Consolidated Financial Statements

share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 53.

### ii. Taxes

The respective companies 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 respective companies against which such assets can be utilized. MAT is recognised as an asset only when and to the extent there is convincing evidence that the respective 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 recognised as an asset, the said asset is created by way of a credit to the Consolidated Statement of Profit and loss and is included in Deferred Tax Assets. The respective companies review 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 the company will be able to absorb such credit during the specified period.

### iii. Defined benefit plans (gratuity benefits)

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

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

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

Further details about gratuity obligations are given in note 54 (A).

### iv. Allowance for Trade receivables

The Group 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 Group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

### v. Useful life of Property, Plant and Equipment

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.

### vi. Impairment of Non-financial assets

Non-financial assets 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).

### vii. Provision for decommissioning

In measuring the provision for ARO, the Group 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.

### viii. Operating lease commitments – Group as lessee

The Group 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 46.

### ix. Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## 6. First Time Adoption of Ind AS

These are the group's first consolidated financial statements prepared in accordance with Ind AS. The group had prepared its consolidated financial statements in accordance with the Accounting Standards (AS) notified under section 133 of the

## Notes forming part of the Consolidated Financial Statements

Companies Act, 2013 (Previous GAAP) for and including the year ended March 31, 2016. The Group has prepared its first Ind AS (Indian Accounting Standards) compliant consolidated 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 group's transition to Ind AS. The principal adjustments made by the Group in restating its Previous GAAP consolidated 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 Group has applied the following exemptions:

- I. Ind AS 103 on Business Combinations has not been applied to acquisitions of businesses that occurred before April 1, 2015. Use of this exemption means that assets and liabilities acquired under a business combination and eligible for recognition under Ind AS will be the Previous GAAP carrying values on the acquisition date. Ind AS 101 requires recognition of all assets acquired and liabilities assumed in a past business combination except,
  - (i) Certain financial assets and liabilities that were derecognised and that fall under the de recognition exception, and
  - (ii) Assets and liabilities that were not recognised in the acquirer's balance sheet under its Previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree.

Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the Ind AS opening balance sheet. The Group has not recognised or excluded any previously recognised amounts as a result of Ind AS recognition requirements.

- II. There is no change in the functional currency of the group and accordingly, it has elected to continue with the carrying values for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP consolidated 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 Group in accordance with Ind AS.

- III. Ind AS 102 on Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before the date of transition to Ind AS.
- IV. Appendix C to Ind AS 17 requires the Group 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 Group 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.
- V. The Group has decided to continue with its policy of capitalising exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding in the consolidated financial statements as on March 31, 2016 as per AS 11 of the Previous GAAP.
- VI. In accordance with the exemption given in Ind AS 101, the Group has recorded investment in subsidiaries at deemed cost i.e. Previous GAAP carrying amount.
- VII. Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognize its investment in the joint venture at transition date to Ind AS. That initial investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition duly adjusted for Ind AS transition effects. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition.

### 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 Group:

#### 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 Group to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

## Notes forming part of the Consolidated Financial Statements

### C. EFFECT OF IND AS ADOPTION ON THE CONSOLIDATED 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
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	v, x	211,761.02	242,913.93	(31,152.91)	180,530.22	213,130.24	(32,600.02)
Capital work-in-progress		6,622.55	7,167.30	(544.75)	8,490.57	9,072.41	(581.84)
Goodwill on Consolidation		61.20	61.20	-	61.20	61.20	-
Intangible assets		440,079.35	440,003.95	75.40	142,165.08	142,206.21	(41.13)
Intangible assets under development		53,774.79	53,818.63	(43.84)	42,313.23	42,332.91	(19.68)
<b>Financial assets</b>							
(i) Investments accounted for using equity method		21,404.48	2.45	21,402.03	17,763.64	-	17,763.64
(ii) Long term loans		25.08	25.08	-	24.60	195.39	(170.79)
(iii) Other non-current financial assets	iv, v	8,964.78	9,205.87	(241.09)	6,617.70	8,768.94	(2,151.24)
Other non-current assets	ii, iv, vii, xiii	13,592.68	26,992.22	(13,399.54)	29,103.77	34,245.56	(5,141.79)
<b>Total non-current assets (A)</b>		<b>756,285.93</b>	<b>780,190.63</b>	<b>(23,904.70)</b>	<b>427,070.01</b>	<b>450,012.86</b>	<b>(22,942.85)</b>
<b>Current assets</b>							
Inventories		1,065.41	1,065.41	-	710.34	710.34	-
<b>Financial assets</b>							
(i) Current investments	vi	13,304.60	13,727.75	(423.15)	115,361.80	115,267.30	94.50
(ii) Trade receivables		11,423.53	11,776.14	(352.61)	9,440.29	9,788.91	(348.62)
(iii) Cash and cash equivalents		7,630.04	7,750.42	(120.38)	15,392.77	15,478.04	(85.27)
(iv) Bank balance other than cash and cash equivalents		61.26	67.68	(6.42)	53.45	59.20	(5.75)
(v) Current Portion of loans to employees		16.68	16.68	-	17.06	17.06	-
(vi) Other current financial assets	iv, v	921.21	891.40	29.81	4,341.43	1,740.32	2,601.11
Current Tax Assets (net)		56.12	56.12	-	3,182.34	3,182.34	-
Other current assets	ii, iv, vii, xiii	10,335.26	10,959.13	(623.87)	7,555.89	8,412.10	(856.21)
Non-current assets classified as held for sale		154.98	-	154.98	22.34	-	22.34
<b>Total current assets (B)</b>		<b>44,969.09</b>	<b>46,310.73</b>	<b>(1,341.64)</b>	<b>156,077.71</b>	<b>154,655.61</b>	<b>1,422.10</b>
<b>Total Assets (A+B)</b>		<b>801,255.02</b>	<b>826,501.36</b>	<b>(25,246.34)</b>	<b>583,147.72</b>	<b>604,668.47</b>	<b>(21,520.75)</b>

## Notes forming part of the Consolidated 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
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		36,005.09	36,005.09	-	35,978.44	35,978.44	-
Other equity		199,499.78	221,670.32	(22,170.54)	174,764.13	194,313.95	(19,549.82)
<b>Total equity (A)</b>		<b>235,504.87</b>	<b>257,675.41</b>	<b>(22,170.54)</b>	<b>210,742.57</b>	<b>230,292.39</b>	<b>(19,549.82)</b>
<b>Non-current liabilities:</b>							
Financial liabilities							
(i) Long Term borrowings	v, vii	359,040.42	365,684.91	(6,644.49)	157,990.82	166,031.82	(8,041.00)
(ii) Other non-current financial liabilities	v, xiv	23,721.63	25,373.83	(1,652.20)	2,345.85	3,481.83	(1,135.98)
Long term provisions	x	3,453.90	6,475.39	(3,021.49)	2,843.47	5,735.14	(2,891.67)
Deferred tax liabilities (net)	xii, xiii	19,538.60	30,713.68	(11,175.08)	13,275.78	19,015.32	(5,739.54)
Other non-current liabilities	i	4,108.30	7,366.42	(3,258.12)	3,661.28	6,151.64	(2,490.36)
<b>Total non-current liabilities (B)</b>		<b>409,862.85</b>	<b>435,614.23</b>	<b>(25,751.38)</b>	<b>180,117.20</b>	<b>200,415.75</b>	<b>(20,298.55)</b>
<b>Current liabilities:</b>							
Financial liabilities							
(i) Short term borrowings		16,455.78	16,455.78	-	1,513.94	2,073.03	(559.09)
(ii) Trade payable	v	32,471.30	33,108.97	(637.67)	29,617.48	30,710.77	(1,093.29)
(iii) Other current financial liabilities	iii, v, vii	82,539.69	55,393.38	27,146.31	139,401.84	116,122.00	23,279.84
Other current liabilities	i	23,494.15	23,978.45	(484.30)	21,358.81	22,033.20	(674.39)
Short term provisions	x, xi	926.38	4,275.14	(3,348.76)	395.88	3,021.33	(2,625.45)
<b>Total current liabilities (C)</b>		<b>155,887.30</b>	<b>133,211.72</b>	<b>22,675.58</b>	<b>192,287.95</b>	<b>173,960.33</b>	<b>18,327.62</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>801,255.02</b>	<b>826,501.36</b>	<b>(25,246.34)</b>	<b>583,147.72</b>	<b>604,668.47</b>	<b>(21,520.75)</b>

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

₹ Mn

Particulars	Exp. Notes No.	As at March 31, 2016	As at April 1, 2015
<b>Total Equity (shareholders' funds) under Previous GAAP</b>		<b>257,675.41</b>	<b>230,292.39</b>
Effects of inflation linked escalation on rental income / expense not requiring equalisation over the lease term, hence reversed	i, ii	5,810.69	4,986.84
Effects of measuring financial instruments under Ind AS	iii, iv, v, vi	(25,888.25)	(22,932.45)
Dividends (including dividend distribution tax) not recognised as liability until declared under Ind AS	xi	2,600.09	2,598.17
Others	v, vii, x	(90.87)	408.32
Deferred Tax impact on transitional adjustments due to Ind AS	xii	(2,984.43)	(2,796.67)
Effects on Group's share of Indus Equity on transition to Ind AS	xv	(1,554.56)	(1,729.98)
Deferred tax on undistributed earnings of Joint Venture (net of reversal of dividend distribution tax on payment of dividend)	xii	(63.21)	(84.05)
<b>Total Equity under Ind AS</b>		<b>235,504.87</b>	<b>210,742.57</b>

## Notes forming part of the Consolidated Financial Statements

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

₹ Mn

Particulars	Exp. Notes No.	Ind AS	Previous GAAP	Difference
<b>INCOME</b>				
Service revenue	ii	358,833.89	359,023.14	(189.25)
Sale of Trading Goods		329.74	329.74	-
Other Operating Income		330.43	456.59	(126.16)
<b>Revenue from operations</b>		<b>359,494.06</b>	<b>359,809.47</b>	<b>(315.41)</b>
Other income	vi	2,131.39	2,271.17	(139.78)
<b>Total income</b>		<b>361,625.45</b>	<b>362,080.64</b>	<b>(455.19)</b>
<b>OPERATING EXPENDITURE</b>				
Cost of Trading Goods		288.98	288.98	-
Employee benefit expenses	viii,ix	16,118.51	16,599.01	(480.50)
Network expenses and IT outsourcing cost	i	92,777.63	81,706.67	11,070.96
License fees and spectrum usage charges		41,507.83	41,507.83	-
Roaming and access charges	iv	46,653.46	46,436.26	217.20
Subscriber acquisition and servicing expenditure		28,668.04	28,668.02	0.02
Advertisement and Business Promotion Expenditure		4,864.45	4,864.45	-
Administration and other expenses	v	8,939.84	9,438.66	(498.82)
		<b>239,818.74</b>	<b>229,509.88</b>	<b>10,308.86</b>
<b>PROFIT BEFORE FINANCE CHARGES, DEPRECIATION, AMORTISATION AND TAXES</b>				
		<b>121,806.71</b>	<b>132,570.76</b>	<b>(10,764.05)</b>
Fair Value (gain) / loss on CCPS	iii	3,173.78	-	3,173.78
Finance costs	v,vii,x	17,787.72	18,816.42	(1,028.70)
Depreciation	v,x	48,045.13	51,959.36	(3,914.23)
Amortisation		14,515.61	14,548.42	(32.81)
<b>PROFIT/(LOSS) BEFORE TAX AND SHARE OF JOINT VENTURE AND ASSOCIATE</b>				
		<b>38,284.47</b>	<b>47,246.56</b>	<b>(8,962.09)</b>
Add: Share in Profits of Joint Venture		4,216.81	-	4,216.81
<b>PROFIT/(LOSS) BEFORE TAX</b>				
		<b>42,501.28</b>	<b>47,246.56</b>	<b>(4,745.28)</b>
Tax expense:				
- Current tax		8,921.67	11,220.07	(2,298.40)
- Deferred tax	xii,xiii	6,298.28	11,698.43	(5,400.15)
- MAT credit entitlement / utilised	xiii	-	(6,471.23)	6,471.23
<b>PROFIT/(LOSS) AFTER TAX</b>				
		<b>27,281.33</b>	<b>30,799.29</b>	<b>(3,517.96)</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
<b>Items not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gains/ (losses) on defined benefit plans	ix	(200.06)	-	(200.06)
Income tax effect	xii	69.21	-	69.21
Group's share in other comprehensive income/(loss) of joint venture and associate		(8.40)	-	(8.40)
<b>Other comprehensive income / (loss) for the year, net of tax</b>				
		<b>(139.25)</b>	<b>-</b>	<b>(139.25)</b>
<b>Total comprehensive income / (loss) for the year</b>				
		<b>27,142.08</b>	<b>30,799.29</b>	<b>(3,657.21)</b>

## Notes forming part of the Consolidated Financial Statements

### 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
<b>Total Comprehensive Income (TCI) under Previous GAAP</b>		<b>30,799.29</b>
Effects of inflation linked escalation on rental income / expense not requiring equalisation over the lease term, hence reversed	i,ii	823.85
Effects of measuring financial instruments under Ind AS	iii,iv,v,vi	(2,955.80)
Effects of measuring ESOP charge at Fair value	viii	(297.25)
Others	v,vii,ix,x,xv	(115.14)
Deferred Tax impact on transitional adjustments due to Ind AS	xii	(256.97)
Deferred tax on undistributed earnings of Joint Venture	xv	(716.65)
<b>Profit after tax under Ind AS</b>		<b>27,281.33</b>
Other comprehensive income - Re-measurement gains / (losses) on defined benefit plans (net of tax)	ix,xii	(139.25)
<b>Total Comprehensive Income under Ind AS</b>		<b>27,142.08</b>

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

Particulars	Ind AS	Previous GAAP	Difference
Net cash flows from Operating activities	109,486.09	118,147.30	(8,661.21)
Net cash flows from Investing activities	(23,889.91)	(129,928.36)	106,038.45
Net cash flows from Financing activities	(93,300.75)	(97,486.06)	4,185.31
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,704.57)</b>	<b>(109,267.12)</b>	<b>101,562.55</b>
Cash and cash equivalents at the beginning of period	13,878.83	130,745.29	(116,866.46)
<b>Cash and cash equivalents at the end of period</b>	<b>6,174.26</b>	<b>21,478.17</b>	<b>(15,303.91)</b>

### H. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF STATEMENT OF CONSOLIDATED CASH FLOWS ₹ Mn

Particulars	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents under Previous GAAP	21,478.17	130,745.29
Bank overdrafts which form an integral part of cash management	(1,455.78)	(1,513.94)
Investments in units of liquid mutual funds	(13,727.75)	(115,267.30)
Share of Indus in cash and cash equivalents	(120.38)	(85.22)
<b>Cash and cash equivalents under Ind AS</b>	<b>6,174.26</b>	<b>13,878.83</b>

#### Explanatory Notes

##### i) 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 credited to Equity as on transition date. This has resulted to an increase in equity on the transition date by ₹ 5,076.00 Mn. and on March 31, 2016 by ₹ 6,089.10 Mn. The profit before tax for the year ended March 31, 2016 has increased by ₹ 1,013.10 Mn.

##### ii) Revenue Equalisation Reserve (RER)

Under Previous GAAP, the lease payments receivable under operating leases where the Group 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 Group are structured to increase in line with expected general inflation to compensate for the Group'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 ₹ 89.16 Mn. and on March 31, 2016 by ₹ 278.41 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 189.25 Mn.

## Notes forming part of the Consolidated Financial Statements

### iii) CCPS

Under previous GAAP, preference shares were recorded as Share Capital. Such shares issued by a subsidiary were disclosed as a separate line item below the shareholder's fund and above liabilities. Under Ind AS, such financial instruments need to be assessed as to whether the same is a liability or equity in accordance with the provisions of Ind AS 109. Accordingly, CCPS issued by ABTL, a 100% subsidiary of Idea, has been classified as a liability to be recognised at FVTPL. This has resulted to a decrease in equity on the transition date by ₹ 25,619.18 Mn. and on March 31, 2016 by ₹ 28,792.96 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 3,173.78 Mn.

### iv) Financial Assets - Deposits

Under Previous GAAP, the Group accounted for deposits at transaction value. Under Ind AS, the deposits with inherent significant financing element are initially recorded at fair value with the difference between transaction value and fair value being treated as prepaid expenses. The deposits are subsequently measured at amortised cost and deferred rent is amortised over contract period on a straight line basis. This has resulted to an increase in equity on the transition date by ₹ 217.20 Mn. and on March 31, 2016 by ₹ Nil. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 217.20 Mn.

### v) Derivative instruments

The fair value of foreign exchange forward contracts and interest rate swap contracts is recognised under Ind AS, which was not recognised under Previous GAAP. Consequently, the unamortised forward premium recognised under Previous GAAP has been derecognised. The corresponding adjustment has been credited to Equity as on the transition date. This has resulted to an increase in equity on the transition date by ₹ 1,740.62 Mn. and on March 31, 2016 by ₹ 2,261.46 Mn. The profit before tax for the year ended March 31, 2016 has increased by ₹ 520.84 Mn.

Hedged foreign currency borrowings have been restated at the spot rate on the transition date. This has resulted to an increase in equity on the transition date by ₹ 634.41 Mn. and on March 31, 2016 by ₹ 634.41 Mn. Further, as the Group has decided to continue capitalisation of exchange differences arising from translation of long term foreign currency monetary liabilities outstanding as on March 31, 2016, an additional amount of ₹ 1,742.60 Mn. has been capitalised in FY 2015-16. The additional depreciation charged due to additional capitalisation has led to a decrease in profit before tax by ₹ 279.30 Mn. for the year ended March 31, 2016.

### vi) Investments in Mutual Funds

Under Previous GAAP, the Group accounted for investments in mutual funds as financial instruments measured at lower of cost or fair value. Under Ind AS, the Group 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 date by ₹ 94.50 Mn. and on March

31, 2016 by ₹ 8.84 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 85.66 Mn.

### vii) Borrowings

Under Previous GAAP, transaction costs incurred in connection with borrowings were disclosed as prepaid expenses and charged to profit and loss on a systematic basis. Under Ind AS, borrowings are recorded initially at fair value less transaction costs and are subsequently measured at amortised cost as per the Effective Interest Rate (EIR) method. This has resulted to an increase in equity on the transition date by ₹ 411.60 Mn. and on March 31, 2016 by ₹ 206.03 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 205.57 Mn.

### viii) 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. The change does not affect total equity, but there is a decrease in retained earnings on the transition date by ₹ 343.53 Mn. and on March 31, 2016 by ₹ 640.78 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 297.25 Mn.

### ix) Employee Benefits

In Previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods. The change does not affect total equity but there is an increase in profit before tax for the year ended March 31, 2016 by ₹ 200.06 Mn.

### x) Asset Retirement Obligation (ARO)

Under Previous GAAP, provision for ARO was measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date without considering the effect of discounting. 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 decrease in equity on the transition date by ₹ 3.28 Mn. and on March 31, 2016 by ₹ 17.60 Mn. The profit before tax for the year ended March 31, 2016 has decreased by ₹ 14.32 Mn.

### xi) Dividend including dividend distribution tax

Under Previous GAAP, dividend payable including dividend distribution taxes was recorded as a liability in the period to which it relates. Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established. Hence, proposed dividend recognised under Previous GAAP as at the transition date is reversed and credited to Equity. This has resulted to an

## Notes forming part of the Consolidated Financial Statements

increase in equity on the transition date by ₹ 2,598.17 Mn. and on March 31, 2016 by ₹ 2,600.09 Mn.

### xii) Deferred tax

Various transitional adjustments led to temporary differences as on the transition date. The net impact on deferred tax liabilities on the transitional adjustments is debited to Equity. This has resulted to a decrease in equity on the transition date by ₹ 2,796.67 Mn. and on March 31, 2016 by ₹ 2,984.43 Mn. The profit after tax for the year ended March 31, 2016 has decreased by ₹ 187.76 Mn.

In addition, Ind AS requires recognition of deferred tax liabilities for all taxable temporary differences (including undistributed profits) associated with investments with subsidiaries, joint ventures and associates except in cases where entity is able to control the timing of reversal of such temporary differences and the same is not probable in the foreseeable future. Accordingly, deferred tax liabilities have been created on the undistributed profits of the joint venture. This has resulted in a decrease in equity on the transition date by ₹ 84.05 Mn. and on March 31, 2016 by ₹ 63.21 Mn.

### xiii) MAT Credit

Under Previous GAAP, MAT credit was disclosed under non-current/current assets. In accordance with Ind AS 12, deferred tax assets shall include any carry forward unused tax credits. Hence, MAT credit entitlement has been included in deferred tax assets. This has resulted to a decrease in Current assets on the transition date by ₹ 6.90 Mn, March 31, 2016 by ₹ Nil, Non-current assets ₹ 5,841.49 Mn and on March 31, 2016 by ₹ 12,285.83 Mn. and deferred tax liabilities on the transition date by ₹ 5,848.39 Mn. and on March 31, 2016 by ₹ 12,285.83 Mn. The MAT credit entitlement of ₹ 6,471.23 Mn. for the year ended March 31, 2016 has been presented with deferred tax.

### xiv) Deposits from Customers

Under Previous GAAP, there was no specific Accounting Standard on Presentation of Financial Statements. The Institute of Chartered Accountants of India had issued FAQ on Schedule VI of the Companies Act, 1956 which prescribes general instructions for preparation of financial statements. In accordance with the FAQ, certain Deposits from Customers were classified as non-current based on the commercial practice in the industry. Ind AS 1 on Presentation of Financial Statements does not have any such option and therefore, the deposits from customers have been classified as current since these deposits are repayable on demand. This has resulted to a regrouping change from non-current financial liabilities to current financial liabilities as on the transition date by ₹ 2,013.53 Mn. and on March 31, 2016 by ₹ 2,126.02 Mn.

### xv) Joint venture

Under Previous GAAP, Indus Towers Limited, a joint venture was accounted for using the proportionate consolidation method. Under Ind AS, investment in joint ventures is accounted using the equity method.

For the purposes of applying the equity method, the investment in Indus Towers Limited of ₹ 17,763.64 Mn. at the date of transition has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated duly adjusted for Ind AS transition effects. An impairment assessment has been performed as at April 1, 2015 and no impairment provision is considered necessary.

- a) The Group's proportionate share (16%) of the assets and liabilities of Indus Towers Limited under Previous GAAP are as follows:

Particulars	₹ Mn	
	As at March 31, 2016	As at April 1, 2015
<b>Non-current assets</b>		
Property, plant and equipment	31,617.28	31,808.64
Other non-current assets	6,313.50	6,796.29
<b>Total non-current assets</b>	<b>37,930.78</b>	<b>38,604.93</b>
<b>Current Assets</b>		
Current Investment	432.00	-
Other current assets	2,926.89	3,380.65
<b>Total current assets</b>	<b>3,358.89</b>	<b>3,380.65</b>
<b>Total assets</b>	<b>41,289.67</b>	<b>41,985.58</b>
<b>Non-current liabilities</b>		
Borrowings	4,101.79	5,966.96
Other Non-Current Liabilities	5,455.12	5,163.43
Deferred Tax Liability	2,674.45	2,771.89
<b>Total non-current liabilities</b>	<b>12,231.36</b>	<b>13,902.28</b>
<b>Current liabilities</b>		
Borrowings	-	559.09
Other Current Liabilities	10,461.98	8,030.62
<b>Total current liabilities</b>	<b>10,461.98</b>	<b>8,589.71</b>
<b>Total liabilities</b>	<b>22,693.34</b>	<b>22,491.99</b>

- b) The following items of income and expenditure were previously proportionately consolidated under Previous GAAP:

Particulars	₹ Mn
	For the year ended March 31, 2016
Revenue from Operations	25,737.42
Other Income	54.12
<b>Expenses</b>	
Operating Costs	14,535.78
Finance Costs	835.39
Depreciation and amortisation expense	4,186.57
Provision for Taxation	2,200.96
<b>Profit after tax</b>	<b>4,032.84</b>

## Notes forming part of the Consolidated Financial Statements

- c) Impact on account of equity accounting of the joint venture under Ind AS: ₹ Mn

Particulars	For the year ended March 31, 2016
Share of profits of joint venture recognised as per equity method	4,216.81
Share of other comprehensive income / (loss) (re-measurements) of joint venture recognised as per equity method	(8.40)

- d) Summarised Statement of Cash Flows of Indus Towers Limited as per Previous GAAP for the year ended March 31, 2016 not considered under Ind AS in the Statement of Consolidated Cash Flows:

Particulars	For the year ended March 31, 2016
Cash flow from operating activities	8,941.04
Cash flow from investing activities	(4,419.00)
Cash flow from financing activities	(4,486.88)

7. **Standards issued or modified but not yet effective up to the date of issuance of the Group's consolidated financial statements**

The amendments to standards that are issued, but not yet effective up to the date of issuance of Group's consolidated financial statements are discussed below. The Group 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 consolidated 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 withholdings; and
- Accounting for a modification of a share-based payment from cash-settled to equity settled

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

## Notes forming part of the Consolidated Financial Statements

	₹ Mn						
Particulars	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>							
<b>Cost</b>							
As at April 1, 2015 *	119.03	994.44	178,307.84	290.49	258.93	559.49	180,530.22
Additions	-	23.78	78,674.62	175.18	250.21	342.44	79,466.23
Disposals/ Adjustments (including assets held for sale)	-	(138.55)	(252.63)	(1.88)	(0.46)	(48.89)	(442.41)
<b>As at March 31, 2016</b>	<b>119.03</b>	<b>879.67</b>	<b>256,729.83</b>	<b>463.79</b>	<b>508.68</b>	<b>853.04</b>	<b>259,554.04</b>
Additions	-	21.90	65,157.67	523.23	307.79	610.23	66,620.82
Disposals/ Adjustments (including assets held for sale)	-	157.79	(319.50)	(8.42)	(2.10)	(131.15)	(303.38)
<b>As at March 31, 2017</b>	<b>119.03</b>	<b>1,059.36</b>	<b>321,568.00</b>	<b>978.60</b>	<b>814.37</b>	<b>1,332.12</b>	<b>325,871.48</b>
<b>Accumulated Depreciation</b>							
As at April 1, 2015	-	-	-	-	-	-	-
Depreciation charge for the year	-	100.65	47,396.55	90.49	153.44	304.00	48,045.13
Disposals/ Adjustments (including assets held for sale)	-	0.13	(235.87)	(0.65)	(0.22)	(15.50)	(252.11)
<b>As at March 31, 2016</b>	<b>-</b>	<b>100.78</b>	<b>47,160.68</b>	<b>89.84</b>	<b>153.22</b>	<b>288.50</b>	<b>47,793.02</b>
Depreciation charge for the year	-	78.43	49,204.02	111.69	187.22	332.40	49,913.76
Disposals/ Adjustments (including assets held for sale)	-	20.59	(197.62)	(7.15)	(1.37)	(92.71)	(278.26)
<b>As at March 31, 2017</b>	<b>-</b>	<b>199.80</b>	<b>96,167.08</b>	<b>194.38</b>	<b>339.07</b>	<b>528.19</b>	<b>97,428.52</b>
<b>Net Book Value</b>							
As at March 31, 2017	119.03	859.56	225,400.92	784.22	475.30	803.93	228,442.96
As at March 31, 2016	119.03	778.89	209,569.15	373.95	355.46	564.54	211,761.02
As at April 1, 2015	119.03	994.44	178,307.84	290.49	258.93	559.49	180,530.22
*Information regarding gross block and accumulated depreciation under previous GAAP as on March 31, 2015 are as under :							
Gross Block as on April 1, 2015	119.03	1,773.32	364,069.12	1,681.31	3,696.15	1,494.15	372,833.08
Accumulated Depreciation as on April 1, 2015	-	(778.88)	(185,761.28)	(1,390.82)	(3,437.22)	(934.66)	(192,302.86)
<b>Net Block as on April 1, 2015</b>	<b>119.03</b>	<b>994.44</b>	<b>178,307.84</b>	<b>290.49</b>	<b>258.93</b>	<b>559.49</b>	<b>180,530.22</b>

### Footnotes:

- Plant and machinery includes gross block of assets capitalised under finance lease ₹ 9,880.58 Mn (March 31, 2016: ₹ 7,443.08 Mn, April 1, 2015: ₹ 4,408.63 Mn) and corresponding accumulated depreciation being ₹ 5,918.69 Mn (March 31, 2016: ₹ 3,048.65 Mn, April 1, 2015: ₹ Nil).
- Foreign exchange (gain)/loss amounting to ₹ (661.69) Mn (March 31, 2016: ₹ 3,515.65 Mn) (decapitalised)/capitalised during the year.
- Depreciation charge for the year includes ₹ 296.40 Mn (March 31, 2016: ₹ 572.48 Mn, April 1, 2015: ₹ 5,466.05 Mn) due to change in estimated useful life of certain fixed assets.
- Disposals / Adjustments includes assets reclassified from held for sale to PPE due to termination of agreement/intention to sell.

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn			
	Entry / license fees and spectrum	Computer - Software	Bandwidth	Total
<b>9 INTANGIBLE ASSETS</b>				
<b>Cost</b>				
As at April 1, 2015*	134,561.55	585.60	7,017.93	142,165.08
Additions	308,928.83	1,974.03	1,527.03	312,429.89
Retirement of expired licenses	(616.93)	-	-	(616.93)
<b>As at March 31, 2016</b>	<b>442,873.45</b>	<b>2,559.63</b>	<b>8,544.96</b>	<b>453,978.04</b>
Additions	122,944.32	1,589.02	2,872.97	127,406.31
Retirement of expired licenses	(417.43)	-	-	(417.43)
<b>As at March 31, 2017</b>	<b>565,400.34</b>	<b>4,148.65</b>	<b>11,417.93</b>	<b>580,966.92</b>
<b>Accumulated Amortisation</b>				
As at April 1, 2015	-	-	-	-
Amortisation charge for the year	13,143.07	728.11	644.43	14,515.61
Retirement of expired licenses	(616.92)	-	-	(616.92)
<b>As at March 31, 2016</b>	<b>12,526.15</b>	<b>728.11</b>	<b>644.43</b>	<b>13,898.69</b>
Amortisation charge for the year	26,446.21	1,111.51	800.56	28,358.28
Retirement of expired licenses	(418.30)	-	-	(418.30)
<b>As at March 31, 2017</b>	<b>38,554.06</b>	<b>1,839.62</b>	<b>1,444.99</b>	<b>41,838.67</b>
<b>Net Book Value</b>				
As at March 31, 2017	526,846.28	2,309.03	9,972.94	539,128.25
As at March 31, 2016	430,347.30	1,831.52	7,900.53	440,079.35
As at April 1, 2015	134,561.55	585.60	7,017.93	142,165.08
*Information regarding gross block and accumulated amortisation under previous GAAP as on March 31, 2015 are as under :				
Gross Block as on April 1, 2015	174,024.15	5,456.60	8,998.99	188,479.74
Accumulated Amortisation as on April 1, 2015	(39,462.60)	(4,871.00)	(1,981.06)	(46,314.66)
<b>Net Block as on April 1, 2015</b>	<b>134,561.55</b>	<b>585.60</b>	<b>7,017.93</b>	<b>142,165.08</b>

### Footnotes:

1. Computer - software includes gross block of assets capitalised under finance lease ₹ 2,932.09 Mn (March 31, 2016: ₹ 1,845.27 Mn, April 1, 2015: ₹ 357.10 Mn) and corresponding accumulated amortisation being ₹ 1,289.50 Mn (March 31, 2016: ₹ 507.02 Mn, April 1, 2015: ₹ Nil).
2. The remaining amortisation period of license / spectrum fees as at March 31, 2017 ranges between 4 to 20 years based on the respective telecom service license / spectrum validity period.
3. Intangible assets under development includes interest amounting to ₹ 2,330.41 Mn (March 31, 2016: ₹ 3,727.15 Mn, April 1, 2015: ₹ 2,689.88 Mn).

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (UNQUOTED)</b>			
<b>a) Investments in Equity Instruments of Associate</b>			
Aditya Birla Idea Payments Bank Limited (ABIPBL) 13,433,360 (March 31, 2016 : 245,000 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each	134.33	2.45	-
<b>Add:</b> Group's share of Loss / Reserves of ABIPBL	(86.14)	-	-
<b>Total investment in Associates (A)</b>	48.19	2.45	-
<b>b) Investments in Equity Instruments of Joint Venture</b>			
Indus Towers Limited 132,868 (March 31, 2016 and April 1, 2015: 190,662) fully paid equity shares of ₹ 1 each	0.13	0.19	0.19
<b>Add:</b> Group's share of Profit / Reserves of Indus Towers Limited	14,736.43	21,401.84	17,763.45
<b>Total investment in Joint Venture (B)</b>	14,736.56	21,402.03	17,763.64
<b>Total (A+B)</b>	14,784.75	21,404.48	17,763.64
<b>11 OTHER NON-CURRENT FINANCIAL ASSETS</b>			
a) Deposits with body corporates and others (including amount referred to in note 60)	4,109.25	8,385.85	6,046.57
b) Deposits and balances with government authorities	699.99	577.49	425.73
c) Derivative assets at fair value through profit or loss	13.69	1.44	145.40
d) Advance for purchase of equity shares of ABIPBL	41.82	-	-
<b>Total</b>	4,864.75	8,964.78	6,617.70
<b>12 OTHER NON-CURRENT ASSETS</b>			
a) Capital advances (refer note 40)	4,123.00	238.54	19,585.61
b) Cenvat credit	3,184.08	-	-
c) Prepaid expenses	988.77	972.68	3,250.25
d) Advance income tax (net)	10,128.02	4,992.04	1,626.73
e) Others			
- Considered Good	9,270.02	7,389.42	4,641.18
- Considered Doubtful	452.41	535.19	-
	9,722.43	7,924.61	4,641.18
Allowance for doubtful advances (refer note 50)	(452.41)	(535.19)	-
	9,270.02	7,389.42	4,641.18
<b>Total</b>	27,693.89	13,592.68	29,103.77
<b>13 INVENTORIES</b>			
Sim and recharge vouchers	542.10	851.46	582.98
Trading Goods	45.87	213.95	127.36
<b>Total</b>	587.97	1,065.41	710.34

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>14 CURRENT INVESTMENTS</b>			
Investment in units of liquid mutual funds (quoted) (refer note 48)	48,997.52	13,304.60	115,361.80
<b>Total</b>	<b>48,997.52</b>	<b>13,304.60</b>	<b>115,361.80</b>
<b>15 TRADE RECEIVABLES (Unsecured, unless otherwise stated) (including amount referred to in note 60)</b>			
<b>a) Billed Receivables</b>			
Unsecured - Considered good	8,039.19	6,947.55	5,370.21
Unsecured - Considered doubtful	5,867.24	3,923.54	3,601.49
	<b>13,906.43</b>	<b>10,871.09</b>	<b>8,971.70</b>
Allowance for doubtful advances (refer note 50)	(5,867.24)	(3,923.54)	(3,601.49)
	<b>8,039.19</b>	<b>6,947.55</b>	<b>5,370.21</b>
Trade receivable are secured for amounts receivable from certain parties who have provided security deposits of ₹ 631.43 Mn. (March 31, 2016 : ₹ 287.68 Mn. and April 1, 2015 : ₹ 267.77 Mn)			
<b>b) Unbilled Receivables</b>	<b>5,100.02</b>	<b>4,475.98</b>	<b>4,070.08</b>
<b>Total</b>	<b>13,139.21</b>	<b>11,423.53</b>	<b>9,440.29</b>
<b>16 CASH AND CASH EQUIVALENTS</b>			
a) Cash on hand	8.93	18.51	15.94
b) Cheques on hand	63.62	86.73	77.00
c) Balances with banks			
- In current accounts	709.91	323.61	299.19
- In deposit accounts	-	7,201.19	15,000.64
<b>Total</b>	<b>782.46</b>	<b>7,630.04</b>	<b>15,392.77</b>
<b>17 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS</b>			
a) Margin money with banks	40.87	58.74	52.01
b) Earmarked bank balance towards dividend	4.10	2.52	1.44
<b>Total</b>	<b>44.97</b>	<b>61.26</b>	<b>53.45</b>
<b>18 OTHER CURRENT FINANCIAL ASSETS</b>			
a) Interest Receivable	0.24	20.00	1,061.65
b) Security deposits with body corporates and others (including amount referred to in note 60)	333.65	686.34	396.16
c) Derivative assets at fair value through profit or loss	-	98.88	2,696.21
d) Other receivables (including amount referred to in note 60)			
- Considered good	65.20	115.99	187.41
- Considered doubtful	2.46	2.55	11.30
	<b>67.66</b>	<b>118.54</b>	<b>198.71</b>
Allowance for doubtful advances (refer note 50)	(2.46)	(2.55)	(11.30)
	<b>65.20</b>	<b>115.99</b>	<b>187.41</b>
<b>Total</b>	<b>399.09</b>	<b>921.21</b>	<b>4,341.43</b>

## Notes forming part of the Consolidated Financial Statements

		₹ Mn				
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015			
<b>19 OTHER CURRENT ASSETS</b>						
a) Cenvat credit	10,411.26	6,778.28	3,135.68			
b) Prepaid expenses	884.51	969.86	909.68			
c) Others						
- Considered good	1,016.30	2,587.12	3,510.53			
- Considered doubtful	10.25	2.07	567.82			
	1,026.55	2,589.19	4,078.35			
Allowance for doubtful advances (refer note 50)	(10.25)	(2.07)	(567.82)			
	1,016.30	2,587.12	3,510.53			
<b>Total</b>	<b>12,312.07</b>	<b>10,335.26</b>	<b>7,555.89</b>			
<b>20 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>						
The major classes of assets classified as held for sale are as below:						
a) Plant and machinery	16.11	17.78	22.34			
b) Buildings (refer footnote 4 to note 8)	-	137.20	-			
<b>Total</b>	<b>16.11</b>	<b>154.98</b>	<b>22.34</b>			
<b>21 EQUITY SHARE CAPITAL</b>						
Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers	₹ Mn	Numbers	₹ Mn	Numbers	₹ Mn
<b>Authorised share capital</b>						
Equity Shares of ₹ 10 each	6,775,000,000	67,750.00	6,775,000,000	67,750.00	6,775,000,000	67,750.00
Redeemable cumulative non-convertible Preference shares of ₹ 10 million each	1,500	15,000.00	1,500	15,000.00	1,500	15,000.00
	6,775,001,500	82,750.00	6,775,001,500	82,750.00	6,775,001,500	82,750.00
<b>Issued, Subscribed and Paid-Up</b>						
Equity Shares of ₹ 10 each fully paid up	3,605,328,231	36,053.28	3,600,509,378	36,005.09	3,597,844,427	35,978.44
	3,605,328,231	36,053.28	3,600,509,378	36,005.09	3,597,844,427	35,978.44
<b>22 OTHER EQUITY</b>						
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015			
Debenture redemption reserve	1,316.93	483.21	341.78			
Securities premium account	133,369.27	103,837.69	103,652.02			
Employee stock options reserve	1,341.32	1,352.29	775.02			
General reserve	168.66	168.66	168.66			
Retained earnings	75,072.98	93,657.93	69,826.65			
<b>Total</b>	<b>211,269.16</b>	<b>199,499.78</b>	<b>174,764.13</b>			
<b>(i) Debenture redemption reserve</b>						
Opening balance	483.21	341.78				
Transfer from retained earnings	833.72	141.43				
<b>Closing balance</b>	<b>1,316.93</b>	<b>483.21</b>				

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>22 OTHER EQUITY (Continued)</b>			
<b>(ii) Securities premium account</b>			
Opening balance	103,837.69	103,652.02	
Premium on issue of shares under ESOS	48.66	148.46	
Transfer from employee stock options reserve on exercise of options	443.32	37.21	
Conversion of CCPS Liability to Equity Shares and subsequent extinguishment of these equity shares as per the High Court approved Scheme	29,039.60	-	
<b>Closing balance</b>	<b>133,369.27</b>	<b>103,837.69</b>	
<b>(iii) Employee stock options reserve</b>			
Opening balance	1,352.29	775.02	
Share-based payment expenses	432.35	614.48	
Transfer to Securities premium account on exercise of options	(443.32)	(37.21)	
<b>Closing balance</b>	<b>1,341.32</b>	<b>1,352.29</b>	
<b>(iv) General Reserve</b>			
Opening and Closing balance	168.66	168.66	
<b>(v) Retained Earnings</b>			
Opening balance	93,657.93	69,826.65	
Net Profit/(Loss) for the year	(3,996.96)	27,281.33	
Other Comprehensive Income/(Loss) recognised directly in retained earnings	(43.34)	(139.25)	
Transfer to Debenture redemption reserve	(833.72)	(141.43)	
Group's share of additional depreciation on fair valued assets / physical verification adjustments pursuant to scheme	(423.17)	(570.10)	
Conversion of CCPS Liability to Equity Shares and subsequent extinguishment of these equity shares as per the High Court approved Scheme	(10,687.29)	-	
Dividends	(2,160.62)	(2,159.62)	
Dividends distribution tax	(439.85)	(439.65)	
<b>Closing balance</b>	<b>75,072.98</b>	<b>93,657.93</b>	
<b>23 LONG TERM BORROWINGS</b>			
<b>a) Secured loans</b>			
<b>Redeemable Non-Convertible Debentures (NCDs)</b>	<b>13,952.36</b>	<b>3,953.01</b>	<b>3,951.62</b>
<b>Term loans</b>			
<b>Foreign currency loan</b>			
- From others	19,504.57	30,056.11	39,575.05
<b>Rupee loan</b>			
- From banks	44,942.92	4,297.79	11,538.62
- From others	-	-	2,000.00
<b>Vehicle loan from banks</b>	<b>169.38</b>	<b>291.69</b>	<b>288.89</b>
<b>Total secured loans</b>	<b>78,569.23</b>	<b>38,598.60</b>	<b>57,354.18</b>

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>23 LONG TERM BORROWINGS (Continued)</b>			
<b>b) Unsecured loans</b>			
Redeemable Non-Convertible Debentures (NCDs)	59,879.12	-	-
Term loans			
Foreign currency loan			
- From banks	10,580.66	8,836.44	7,095.13
Rupee loan			
- From banks	-	500.00	-
<b>Total unsecured loans</b>	<b>70,459.78</b>	<b>9,336.44</b>	<b>7,095.13</b>
<b>Subtotal (A)</b>	<b>149,029.01</b>	<b>47,935.04</b>	<b>64,449.31</b>
<b>c) Deferred payment liabilities towards spectrum (B)</b>	<b>367,349.27</b>	<b>311,105.38</b>	<b>93,541.51</b>
<b>Total (A + B)</b>	<b>516,378.28</b>	<b>359,040.42</b>	<b>157,990.82</b>

**a) Secured Loans are covered by:**

Term Loans including current maturities are secured by way of first charge / assignment ranking pari-passu interse the lenders, as under:

- i. First charge on all the movable and immovable properties (including intangible assets) of the Company excluding:
  - a) Spectrum and Telecom Licenses
  - b) Vehicles up to ₹ 250 crores and
  - c) Passive Telecom Infrastructure.
- ii. Rupee Loan amounting to ₹ 31,500.00 Mn. (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil) are secured by way of first charge on all the movable fixed assets and immovable properties (including intangible assets) of the Company excluding:
  - a) Spectrum and Telecom Licenses;
  - b) Vehicles; and
  - c) Passive Telecom Infrastructure.
- iii. Foreign Currency Loan amounting to ₹ Nil (March 31, 2016: ₹ 5,092.32 Mn., April 1, 2015: ₹ 5,803.22 Mn.) has additional security as first priority charge over certain Telecom Licenses.
- iv. NCDs amounting to ₹ 3,960.00 Mn. (March 31, 2016: ₹ 3,960.00 Mn., April 1, 2015: ₹ 3,960.00 Mn.) have pari passu charge only on the tangible fixed assets excluding passive telecom infrastructure and ₹ 10,000.00 Mn (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil) have pari passu charge on movable fixed assets of the company excluding :
  - a) Spectrum and Telecom Licenses;
  - b) Vehicles up to ₹ 250 crores; and
  - c) Passive Telecom Infrastructure.
- v. Vehicle Loans amounting to ₹ 353.28 Mn. (March 31, 2016: ₹ 519.37 Mn., April 1, 2015: ₹ 508.98 Mn.) is secured by hypothecation of Vehicles against which the loans have been taken.

**b) Repayment Terms of outstanding long term borrowings (excluding current maturities) as on March 31, 2017**

**Repayment Terms for Secured Foreign Currency Borrowings**

**Facility 1** (₹ 4,095.05 Mn.) - Balance amount is repayable as follows:

Tranche 1 - Balance amount is repayable in 4 equal half yearly installments starting April, 2018

## Notes forming part of the Consolidated Financial Statements

Tranche 2 - Balance amount is repayable in 2 equal half yearly installments starting April, 2020

**Facility 2** (₹ 3,583.19 Mn.) - Balance amount is repayable in 7 equal half yearly installments starting May, 2018

**Facility 3** (₹ 4,165.33 Mn.) - Balance amount is repayable as follows:

Tranche 1 - Balance amount is repayable in 9 equal half yearly installments starting July, 2018

Tranche 2 - Balance amount is repayable in 7 equal half yearly installments starting July, 2018

**Facility 4** (₹ 3,737.75 Mn.) - Balance amount is repayable in 7 equal half yearly installments starting June, 2018

**Facility 5** (₹ 4,519.62 Mn.) - Balance amount is repayable as follows:

1. 3 equal half yearly installments starting September, 2018
2. 6 equal half yearly installments starting August, 2018

### Repayment Terms for Secured INR Borrowings

**Facility 1** (₹ 31,500.00 Mn.) - Balance amount is repayable as follows:

1. 8 equal quarterly installments of 1.25% each of the total drawn amount starting June, 2019
2. 12 equal quarterly installments of 3.75% each of the total drawn amount starting June, 2021
3. 8 equal quarterly installments of 5% each of the total drawn amount starting June, 2024
4. 2 equal quarterly installments of 2.5% each of the total drawn amount starting June, 2026.

**Facility 2** (₹ 10,000.00 Mn.) - Repayable in 20 equal quarterly installments starting September, 2021.

**Facility 3** (₹ 3,500.00 Mn.) - Repayable in 20 equal quarterly installments starting September, 2021.

### Redeemable Non-Convertible Debentures (NCDs) (₹ 13,960.00 Mn.) -

1. 9.45% NCDs (396) of ₹ 10 Mn. each - ₹ 3,960.00 Mn. is repayable in October, 2019 (Out of the 1,000 NCDs issued in FY 2013, the Company has re-purchased 604 NCDs of ₹ 10 Mn. each, aggregating to ₹ 6,040.00 Mn. with an option to re-issue the same in future)
2. 8.12% NCDs (10,000) of ₹ 1 Mn. each - ₹ 10,000.00 Mn. is repayable in February 2024.

**Vehicles Loans** are repayable in equal monthly installments over the term of the loan ranging from 2 to 4 years.

### Repayment Terms for Unsecured Foreign Currency Borrowings

**Facility 1** (₹ 2,569.23 Mn.) - Balance amount is repayable as follows:

1. 5 equal quarterly installments of 4.125% each of the total drawn amount starting April, 2018
2. 4 equal quarterly installments of 4.75% each of the total drawn amount starting July, 2019.

**Facility 2** (₹ 4,668.38 Mn.) - Balance amount is repayable in June, 2018.

**Facility 3** (₹ 3,378.85 Mn.) - Balance amount is repayable in 11 equal half yearly installments starting April, 2018.

### Repayment Terms for Unsecured INR Borrowings

#### Redeemable Non-Convertible Debentures (NCDs) (₹ 60,000.00 Mn.) -

1. 7.57% NCDs (15,000) of ₹ 1 Mn. each - ₹ 15,000.00 Mn. is repayable in December, 2021
2. 7.77% NCDs (15,000) of ₹ 1 Mn. each - ₹ 15,000.00 Mn. is repayable in January, 2022
3. 8.04% NCDs (20,000) of ₹ 1 Mn. each - ₹ 20,000.00 Mn. is repayable in January, 2022
4. 8.03% NCDs (5,000) of ₹ 1 Mn. each - ₹ 5,000.00 Mn. is repayable in January, 2022
5. 8.03% NCDs (5,000) of ₹ 1 Mn. each - ₹ 5,000.00 Mn. is repayable in February, 2022

## Notes forming part of the Consolidated Financial Statements

### Repayment Terms for Deferred Payment Liability (DPL)

**DPL for Spectrum won in November 2012** (₹ 9,404.62 Mn.) - Balance amount and interest thereon is repayable in 6 equated annual installments starting December, 2019.

**DPL for Spectrum won in February 2014** (₹ 69,533.84 Mn.) - Balance amount and interest thereon is repayable in 8 equated annual installments starting March, 2019.

**DPL for Spectrum won in March 2015** (₹ 224,033.26 Mn.) - Balance amount and interest thereon is repayable in 9 equated annual installments starting April, 2019.

**DPL for Spectrum won in October 2016** (₹ 60,809.90 Mn.) - Balance amount and interest thereon is repayable in 10 equated annual installments starting October, 2019.

**DPL for Partial Spectrum** (₹ 3,567.65 Mn.) - Balance amount and interest thereon is repayable in 10 equated annual installments starting September, 2019.

- c) During the year, the Company has re-financed Loans worth ₹ 4,317.34 Mn. (Previous year ₹ 10,586.48 Mn.).

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>24 OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
a) Security deposits	383.97	369.07	46.93
b) Payables for capital expenditure	43.35	8.09	56.70
c) Interest accrued but not due on deferred payment liability	9,954.49	22,593.58	1,139.70
d) Derivative liabilities at fair value through profit or loss	-	750.89	1,102.52
<b>Total</b>	<b>10,381.81</b>	<b>23,721.63</b>	<b>2,345.85</b>
<b>25 LONG TERM PROVISIONS</b>			
a) Gratuity (refer note 54A)	1,574.91	1,542.91	1,237.21
b) Compensated absences	1,774.66	1,442.36	1,185.29
c) Asset retirement obligation (refer note 51)	492.72	468.63	420.97
<b>Total</b>	<b>3,842.29</b>	<b>3,453.90</b>	<b>2,843.47</b>
<b>26 OTHER NON-CURRENT LIABILITIES</b>			
a) Deferred revenue	4,307.68	3,544.00	3,066.73
b) Others	612.78	564.30	594.55
<b>Total</b>	<b>4,920.46</b>	<b>4,108.30</b>	<b>3,661.28</b>
<b>27 SHORT TERM BORROWINGS</b>			
<b>a) Secured loans</b>			
Bank overdraft	20.09	-	49.87
(Secured by way of second charge on movable and immovable assets of the company)			
<b>b) Unsecured loans</b>			
Bank overdraft	327.00	1,455.78	1,464.07
Short term loan from banks	-	10,000.00	-
Commercial papers from banks	-	5,000.00	-
<b>Total</b>	<b>347.09</b>	<b>16,455.78</b>	<b>1,513.94</b>

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>28 OTHER CURRENT FINANCIAL LIABILITIES</b>			
a) Current maturities of long term debt* (refer note 23a)	33,820.18	29,916.86	97,175.38
b) Payable for capital expenditure	45,942.96	20,252.33	13,768.46
c) Interest accrued but not due on borrowings #	18,596.53	950.20	777.90
d) Unpaid dividend	4.10	2.52	1.44
e) Derivative liabilities at fair value through profit or loss	1,898.51	497.75	45.19
f) CCPS Liability (refer note 42)	-	28,792.96	25,619.18
g) Security deposits from customers and others	2,297.80	2,127.07	2,014.29
<b>Total</b>	<b>102,560.08</b>	<b>82,539.69</b>	<b>139,401.84</b>
*Includes ₹ 22,403 Mn. to be prepaid in April 2017 (March 31, 2016: ₹ Nil, April 1, 2015: ₹ 76,475 Mn. prepaid in May 2015)			
#Includes ₹ 17,702 Mn. to be prepaid in April 2017 (March 31, 2016: ₹ Nil, April 1, 2015: ₹ Nil)			
<b>29 OTHER CURRENT LIABILITIES</b>			
a) Advance from customers and deferred revenue	14,138.78	12,714.25	12,541.05
b) Taxes and other liabilities	12,503.61	10,649.63	8,654.67
c) Others	89.69	130.27	163.09
<b>Total</b>	<b>26,732.08</b>	<b>23,494.15</b>	<b>21,358.81</b>
<b>30 SHORT TERM PROVISIONS</b>			
a) Compensated absences	144.93	129.58	114.62
b) Asset retirement obligation (refer note 51)	32.03	-	-
c) Provision for current tax (net of advance tax)	21.68	796.80	281.26
<b>Total</b>	<b>198.64</b>	<b>926.38</b>	<b>395.88</b>

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>31 OTHER OPERATING INCOME</b>		
Liabilities / provisions no longer required written back	93.48	136.82
Miscellaneous receipts	137.34	193.61
<b>Total</b>	<b>230.82</b>	<b>330.43</b>
<b>32 OTHER INCOME</b>		
Interest income	674.64	276.70
Gain on Mutual Funds (including fair value gain/(loss))	2,394.71	1,854.69
<b>Total</b>	<b>3,069.35</b>	<b>2,131.39</b>

## Notes forming part of the Consolidated Financial Statements

		₹ Mn	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
<b>33 EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, wages and bonus	15,575.61	13,715.03	
Contribution to provident and other funds (refer note 54B)	1,118.78	925.51	
Share based payment expenses (ESOS) (refer note 53)	432.35	614.48	
Staff welfare	675.68	645.71	
Recruitment and training	174.03	217.78	
<b>Total</b>	<b>17,976.45</b>	<b>16,118.51</b>	
<b>34 NETWORK EXPENSES AND IT OUTSOURCING COST</b>			
Security service charges	1,098.62	1,077.63	
Power and fuel	30,616.91	25,203.00	
Repairs and maintenance - plant and machinery	12,057.20	10,627.69	
Switching and cellsites rent	1,643.86	1,488.57	
Lease line and connectivity charges	6,749.54	6,639.46	
Network insurance	174.35	181.76	
Passive infrastructure charges	47,330.42	41,724.13	
Other network operating expenses	1,122.40	1,132.34	
IT outsourcing cost	5,859.34	4,703.05	
<b>Total</b>	<b>106,652.64</b>	<b>92,777.63</b>	
<b>35 LICENSE FEES AND SPECTRUM USAGE CHARGES</b>			
License fees	24,897.38	25,078.74	
Spectrum usage charges	15,617.45	16,429.09	
<b>Total</b>	<b>40,514.83</b>	<b>41,507.83</b>	
<b>36 ROAMING AND ACCESS CHARGES</b>			
Roaming charges	9,107.52	13,203.70	
Access charges	33,646.92	33,449.76	
<b>Total</b>	<b>42,754.44</b>	<b>46,653.46</b>	
<b>37 SUBSCRIBER ACQUISITION AND SERVICING EXPENDITURE</b>			
Cost of sim and recharge vouchers	2,017.66	1,775.35	
Commission to dealers	18,477.53	17,683.14	
Customer verification expenses	2,410.15	2,771.11	
Collection, telecalling and servicing expenses	5,963.60	5,543.59	
Customer retention and customer loyalty expenses	1,413.29	894.85	
<b>Total</b>	<b>30,282.23</b>	<b>28,668.04</b>	

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>38 ADMINISTRATION AND OTHER EXPENSES</b>		
Repairs and maintenance		
Building	113.13	83.59
Others	818.17	500.83
Other insurance	38.00	31.12
Non network rent	1,504.54	1,180.24
Rates and taxes	550.29	159.92
Electricity	570.47	574.17
Printing and stationery	84.99	91.90
Communication expenses	121.18	115.82
Travelling and conveyance	1,162.98	1,236.02
Bad debts / advances written off	104.16	1,328.12
Allowances for doubtful debts and advances (refer note 50)	1,869.01	282.74
Net loss/(gain) on disposal of property, plant and equipment	(176.19)	(63.75)
Exchange difference (net)	(326.26)	387.95
Bank charges	304.30	244.11
Directors commission	-	150.01
Directors Sitting Fees	4.77	3.81
Legal and professional charges	1,004.18	964.82
Audit fees (refer note 55)	47.20	46.95
CSR expenditure (refer note 56)	372.47	188.99
Miscellaneous expenses	1,790.45	1,432.48
<b>Total</b>	<b>9,957.84</b>	<b>8,939.84</b>
<b>39 FINANCE COSTS</b>		
Interest		
- On fixed period loan (Net of ₹ 1,732.39 Mn. capitalised, Previous year ₹ 345.02 Mn.)	3,546.50	4,636.23
- On deferred payment liability towards spectrum (Net of ₹ 2,157.11 Mn. capitalised, Previous year ₹ 18,479.47 Mn.)	35,095.64	13,034.59
- Others	284.18	109.51
Other finance charges	94.74	428.79
<b>Total interest expense</b>	<b>39,021.06</b>	<b>18,209.12</b>
Exchange difference (net) on foreign currency borrowings	(118.36)	-
Loss / (gain) on derivatives (including fair value changes on derivatives)	1,217.93	(421.40)
<b>Total</b>	<b>40,120.63</b>	<b>17,787.72</b>

## Notes forming part of the Consolidated Financial Statements

40. The Department of Telecommunications (DoT) conducted auctions for frequency blocks in the 700, 800, 900, 1800, 2100, 2300 and 2500 MHz spectrum bands in October 2016. The Company successfully bid for its spectrum requirements at a total cost of ₹ 127,979.80 Mn. as under:

- 54.6 MHz of 1800 MHz spectrum in the 12 service areas of Maharashtra, Madhya Pradesh, Gujarat, Haryana, Punjab, Uttar Pradesh (West), Bihar, Rajasthan, Himachal Pradesh, West Bengal, Assam and Jammu & Kashmir
- 20 MHz of 2100 MHz spectrum in the 4 service areas of Rajasthan, Mumbai, Bihar and Uttar Pradesh (East)
- 30 MHz of 2300 MHz spectrum in the service areas of Maharashtra, Madhya Pradesh and Kerala.
- 170 MHz of 2500 MHz spectrum in the 16 service areas of Maharashtra, Madhya Pradesh, Kerala, Andhra Pradesh, Gujarat, Uttar Pradesh (West), Uttar Pradesh (East), Haryana, Bihar, Rajasthan, West Bengal, Orissa, Assam, Himachal Pradesh, Jammu & Kashmir and North east service area.

The validity of the above spectrum will be for a 20 year period starting from the spectrum assignment date. The entire spectrum except 2 MHz of 1800 MHz spectrum in Maharashtra service area has been assigned on November 10, 2016. As per the payment options available, the Company has chosen the deferred payment option. The upfront payment amount of ₹ 63,989.90 Mn. under the deferred payment option was paid on the October 20, 2016, the due date for payment.

The above has resulted in an addition to the Intangible Assets (including intangible assets under development) during the year by ₹ 121,619.80 Mn. along with corresponding Deferred Payment Liability of ₹ 60,809.90 Mn. which is reflected under Long term Borrowings. An amount of ₹ 3,180 Mn. paid towards the upfront payment for the unassigned spectrum in Maharashtra service area is included in Capital Advances and the deferred payment obligation of ₹ 3,180 Mn. along with accrued interest of ₹ 132.07 Mn. is disclosed under Capital Commitments.

41. On March 20, 2017, the board of directors of the Company approved the scheme of amalgamation of Vodafone India Ltd (VIL) and its wholly owned subsidiary Vodafone Mobile Services Ltd (VMSL) with the Company subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, the Competition Commission of India, the Department of Telecommunications (DoT), the Foreign Investment Promotion Board, the Reserve Bank of India, other governmental authorities and third parties as may be required.

On the scheme of amalgamation becoming effective, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) to VIL equal to 47% of the post issue paid up capital of the Company on a fully diluted basis. Immediately thereafter, on the amalgamation of VIL with the Company, the shares issued to VIL pursuant to amalgamation of VMSL shall stand cancelled and, post such cancellation, the Company shall issue an aggregate number of equity shares of the Company (credited as fully paid up) equal to 50% of the post issue paid up capital of the Company to the shareholders of VIL.

Existing shareholders of VIL (VIL promoters) will own 45.1% of the combined company after transferring a 4.9% stake to the Aditya Birla Group for an agreed consideration concurrent with completion of the merger. The Aditya Birla Group will then own 26.0% of the combined company and Idea's other shareholders will own the remaining 28.9%.

The Aditya Birla Group has the right to acquire up to 9.5% additional stake from VIL promoters under an agreed mechanism with a view to equalising the shareholdings over time. Until equalisation is achieved, the additional shares held by VIL promoters will be restricted and votes will be exercised jointly under the terms of the shareholders' agreement. The combination will be jointly controlled by VIL promoters and the Aditya Birla Group.

42. Compulsorily Convertible Preference Shares (CCPS) issued by ABTL to P5 Asia Holdings Investments (Mauritius) Limited (P5) was classified as a Financial Liability on the date of transition and was accounted at FVTPL. During the year, the CCPS were converted to Equity Shares. Subsequently, the Hon'ble High Court of Bombay approved the scheme petition to extinguish the equity shares held by P5 by distributing (a) 57,794 equity shares of ₹1 each held by ABTL in Indus Towers Limited (4.85% stake); and (b) an amount of ₹ 4,550 Mn. The capital reduction pursuant to the above mentioned approval became effective on February 1, 2017. Accordingly, the Group's share in net assets and profit of Indus has been consolidated at 11.15% effective February 1, 2017. The accounting for capital reduction in the books of ABTL and consequently in consolidated financial statements of the Group has been done as per scheme approved by Hon'ble High Court. The excess of CCPS liability over the face value of equity shares issued to P5 has been credited to securities premium. The difference along with proportionate net assets of Indus (equivalent to 4.85% stake) and ₹ 4,550 Mn. payable to P5 have been debited to retained earnings.

43. **Capital and other Commitments:**

Estimated amount of commitments are as follows:

- Spectrum won in auctions ₹ 3,312.07 Mn. (Previous year: ₹ Nil, Transition date: ₹ 282,025.25 Mn.)
- Contracts remaining to be executed for capital expenditure (net of advances) and not provided for are ₹ 20,226.66 Mn. (Previous year: ₹ 19,867.32 Mn., Transition date: ₹ 27,689.06 Mn.)
- Long term contracts remaining to be executed including early termination commitments (if any) are ₹ 17,600.26 Mn. (Previous year: ₹ 14,800.13 Mn., Transition date: ₹ 17,866.22 Mn.)

## Notes forming part of the Consolidated Financial Statements

### 44. Contingent Liabilities:

#### A) Licensing Disputes:

##### i. One Time Spectrum Charges:

In Financial year 2012-13, DoT had issued demand notices towards one time spectrum charges

- For spectrum beyond 6.2 MHz in respective service areas for retrospective period from July 1, 2008 to December 31, 2012, amounting to ₹ 3,691.30 Mn., and
- For spectrum beyond 4.4 MHz in respective service areas effective January 1, 2013 till expiry of the period as per respective licenses amounting to ₹ 17,443.70 Mn.

In the opinion of Company, inter-alia, the above demands amount to alteration of financial terms of the licenses issued in the past. The Company had therefore, petitioned the Hon'ble High Court of Bombay, where the matter was admitted and is currently sub-judice. The Hon'ble High Court of Bombay has directed the DoT, not to take any coercive action until the matter is further heard. No effects have been given in the consolidated financial statements for the above.

##### ii. Other Licensing Disputes - ₹ 58,318.18 Mn. (Previous year: ₹ 30,501.90 Mn., Transition date: ₹ 35,520.91 Mn.):

- Demands due to difference in interpretation of definition of Adjusted Gross Revenue (AGR) and other license fee assessment related matters. Most of these demands are currently before the Hon'ble TDSAT, Hon'ble High court and Hon'ble Supreme Court.
- Disputes relating to alleged non-compliance of licensing conditions & other disputes with DoT, either filed by or against the Company and pending before Hon'ble Supreme Court / TDSAT.
- Demands on account of alleged violations in license conditions relating to amalgamation of erstwhile Spice Communications Limited currently sub-judice before the Hon'ble TDSAT.
- Demand with respect to upfront spectrum amounts for continuation of services from February 02, 2012 till various dates in the service areas where the licenses were quashed following the Hon'ble Supreme Court Order.

#### B) The Group has an obligation to buy equity shares of Indus held by P5 at fair value if:

- i. The Group sells its stake in Indus before P5 and P5 is not able to find a buyer for their stake in Indus, or
- ii. Aditya Birla Group companies collectively cease to be the single largest shareholder of the Company before P5 is able to sell its stake in Indus.

#### C) Other Matters

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax matters not acknowledged as debts (see note i below)	74,030.30	88,017.53	100,040.47
Sales tax and entertainment tax matters not acknowledged as debts (see note ii below)	1,687.26	1,511.18	996.85
Service tax matters not acknowledged as debts (see note iii below)	4,073.00	3,968.07	1,525.82
Entry tax and customs matters not acknowledged as debts (see note iv below)	351.20	320.93	402.82
Other claims not acknowledged as debts (see note v below)	2,611.25	2,429.26	2,394.48

##### i. Income Tax Matters:

- Appeals filed by the Company against the demands raised by Income Tax Authorities which are pending before Appellate Authorities include mainly disputes on account of incorrect disallowance of revenue share license fee, disputes on non-applicability of tax deduction at source on pre-paid margin allowed to prepaid distributors & roaming settlements, disallowance of interest proportionate to interest free advances given to wholly owned subsidiaries etc.
- Appeal filed for tax demand on difference between revalued figures of Investment in Indus held through a wholly owned subsidiary and book value of Passive Infrastructure assets transferred to step down subsidiary through a High Court approved scheme.

##### ii. Sales Tax and Entertainment Tax:

- Sales Tax demands mainly relates to the demands raised by the VAT/Sales Tax authorities of few states on Broadband Connectivity, SIM cards etc. on which the Company has already paid Service Tax.

## Notes forming part of the Consolidated Financial Statements

- Demand of tax for non-submission of Declaration forms viz. C forms & F forms in stipulated time limit.
- In one State entertainment tax is being demanded on revenue from value added services. However, the Company has challenged the constitutional validity of the levy.
- Amounts in respect of Jammu & Kashmir General Sales Tax Amnesty scheme pending clarification / notification.

### iii. Service Tax:

Service Tax demands mainly relates to the following matters:

- Interpretation issues arising out of Rule 6 (3) of the Cenvat Credit Rules, 2004.
- Denial of Cenvat credit related to Towers and Shelters.
- Demand raised on services provided by Foreign Telecom operators for Service tax under reverse charge.
- Disallowance of Cenvat Credit on input services viewed as not related to output service.
- Demand of tax on telecommunication services provided to employees.
- Demand of interest on the credit availed but not utilized.

### iv. Entry Tax:

- Entry Tax disputes pertains to classification / valuation of goods.

### v. Other claims not acknowledged as debts :

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

## 45. Details of Guarantees given

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank guarantees given	114,302.80	96,842.27	86,474.04

## 46. Operating Lease

### a) Group as lessee

The Group has entered into non-cancellable operating leases for offices, switches and cell sites for periods ranging from 36 months to 240 months.

Lease payments amounting to ₹ 50,423.93 Mn. (Previous year: ₹ 44,337.17 Mn.) are included in rental and passive infrastructure expenses in the Statement of Profit and Loss during the current year.

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

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	45,333.60	41,662.24	36,360.94
After one year but not more than five years	127,326.34	119,444.43	117,647.59
More than five years	60,332.11	45,866.62	43,930.11

### b) Group as lessor

The Group has leased certain Optical Fibre Cables pairs (OFC) on Indefeasible Rights of Use (IRU) basis and certain cell sites under operating lease arrangements. The gross block, accumulated depreciation and depreciation expense of the assets given on lease are not separately identifiable and hence not disclosed.

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

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	2,909.54	2,010.35	1,266.43
After one year but not more than five years	10,579.63	7,834.28	4,275.71
More than five years	8,445.32	7,470.09	4,690.82

## Notes forming part of the Consolidated Financial Statements

47. The Group has composite IT outsourcing agreements where in Property, plant and equipment, computer software and services related to IT has been supplied by the vendor. Such Property, plant and equipment received have been accounted for as finance lease. Correspondingly, such assets are recorded at fair value at the time of receipt and depreciated on the stated useful life applicable to similar IT assets of the Group.

### 48. Details of Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Qty in ₹ 000 Units	₹ in Mn Value	Qty in ₹ 000 Units	₹ in Mn Value	Qty in ₹ 000 Units	₹ in Mn Value
Birla Sun Life Cash Plus - Dir - Growth	171,583.65	44,836.38	21,137.94	5,143.17	211,684.92	47,543.72
Reliance Liquidity Fund - Dir - Growth	510.11	1,250.38	-	-	1,423.46	3,001.62
DSP BlackRock Liquidity Fund - Dir - Growth	537.59	1,250.32	-	-	237.46	475.38
UTI-Liquid Cash Plan -Dir- Growth	375.58	1,000.27	-	-	-	-
Kotak Liquid Scheme - Plan A - Dir - Growth	100.10	330.09	-	-	-	-
IDFC Cash Fund - Dir - Growth	167.07	330.08	135.89	250.29	588.42	1,000.66
Religare Invesco Liquid Fund - Dir - Growth	-	-	479.94	1,000.73	-	-
HDFC Liquid Fund - Dir - Growth	-	-	334.71	1,000.85	-	-
Reliance Liquid Fund - TP - Dir - Growth	-	-	270.89	1,000.93	-	-
ICICI Prudential Money Market Fund - Dir- Growth	-	-	4,775.70	1,000.82	-	-
Birla Sun Life Savings Fund - Dir - Growth	-	-	12,448.39	3,657.56	4,095.74	1,104.30
Tata Liquid Fund - Dir - Growth	-	-	89.48	250.25	387.34	1,000.60
Birla Sun Life Floating Rate Fund - STP - Dir - Growth	-	-	-	-	80,568.62	15,011.81
HDFC Cash Mgmt Fund - Savings Plan - Dir - Growth	-	-	-	-	119,840.03	3,501.62
ICICI Prudential Liquid -Dir- Growth	-	-	-	-	179,708.15	37,217.38
JPMorgan India Liquid Fund - Dir - Growth	-	-	-	-	55,087.31	1,000.35
DWS Insta Cash Plus Fund - Dir - Growth	-	-	-	-	5,506.14	1,000.53
Kotak Floater - ST - Dir - Growth	-	-	-	-	1,526.50	3,503.83
<b>Total</b>	<b>173,274.10</b>	<b>48,997.52</b>	<b>39,672.94</b>	<b>13,304.60</b>	<b>660,654.09</b>	<b>115,361.80</b>

### 49. Details of Foreign Currency Exposures

#### A. Hedged by a Derivative Instrument

Amount in Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Foreign Currency Loan</b>			
Foreign Currency Loan in USD	127.03	254.05	528.21
Equivalent INR of Foreign Currency Loan	10,000.89	18,996.80	33,695.31
<b>Trade Payables and Other Current Financial Liabilities</b>			
Trade Payables in USD	161.67	62.47	32.63
Interest accrued but not due on Foreign Currency Loans in USD	0.05	0.41	1.56
Equivalent INR of Trade Payables and Other Current Financial Liabilities	10,891.80	4,294.82	2,161.31

(Amount in INR represents conversion at hedged rate)

## Notes forming part of the Consolidated Financial Statements

### B. Not hedged by a Derivative Instrument or otherwise

Amount in Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Foreign Currency Loan</b>			
Foreign Currency Loan in USD	473.75	473.75	473.75
Equivalent INR of Foreign Currency Loan	30,717.39	31,425.32	29,652.49
<b>Trade Payables and Other Current Financial Liabilities</b>			
Trade Payables in USD	138.67	60.35	40.73
Trade Payables in EURO	0.16	0.12	0.33
Trade Payables in GBP	0.03	-	0.02
Interest accrued but not due on Foreign Currency Loans in USD	2.93	3.34	4.72
Equivalent INR of Trade Payables and Other Current Financial Liabilities	9,195.09	4,234.46	2,869.59
<b>Trade Receivables</b>			
Trade Receivables in USD	13.55	13.53	15.37
Trade Receivables in EURO	0.23	0.29	0.08
Equivalent INR of Trade Receivables in Foreign Currency	894.93	919.48	969.42

### 50. Movement of Allowances for Doubtful debts/Advances

₹ Mn

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance	4,463.35	4,180.61
Charged to the Statement of Profit and Loss (net)	1,869.01	282.74
<b>Closing Balance</b>	<b>6,332.36</b>	<b>4,463.35</b>

### 51. Asset Retirement Obligation:

The Group installs equipment's on leased premises and lays down optical fibre cables (OFC) to provide seamless connectivity to its customers. In certain cases, the Company may have to incur some cost to remove such equipment's on leased 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	468.63	420.97
Additional Provision	14.19	9.24
Unwinding of discount	41.93	38.42
<b>Closing Balance</b>	<b>524.75</b>	<b>468.63</b>

### 52. Segment information

The Group operates in three different segments as

- Mobility Services: providing GSM based mobile and related telephony services
- International Long Distance (ILD): providing international long distance services.
- Passive Infrastructure (PI): providing passive infrastructure services.

The above segments have been identified based on the significant components of the enterprise for which discrete financial information is available and are reviewed by the Chief operating decision maker (CODM) to assess the Group's performance and allocate resources.

Transactions between segments are accounted on agreed terms on arm's length basis and have been eliminated at the Group level.

## Notes forming part of the Consolidated Financial Statements

The Group's operating segment information for the year ended March 31, 2017 are as below:

₹ Mn

Particulars	Business Segments			Elimination	Total
	Mobility	ILD	PI		
<b>Revenue</b>					
External Revenue	346,856.70	6,177.04	2,723.63	-	355,757.37
Inter-segment Revenue	1,931.40	1,333.40	4,861.24	(8,126.04)	-
<b>Total Revenue from Operations</b>	<b>348,788.10</b>	<b>7,510.44</b>	<b>7,584.87</b>	<b>(8,126.04)</b>	<b>355,757.37</b>
<b>Segment Result</b>	<b>22,759.59</b>	<b>521.67</b>	<b>1,209.56</b>	<b>-</b>	<b>24,490.82</b>
Other Income					3,069.35
Finance Costs					(40,410.78)
<b>Profit/(Loss) before Tax and Share of Joint Venture</b>					<b>(12,850.61)</b>
Add: Share in Profits of Joint Venture					4,302.93
Add: Share in Loss of Associate					(84.67)
<b>Profit/(Loss) before Tax</b>					<b>(8,632.35)</b>
Provision for Tax (net)					4,635.39
<b>Profit/(Loss) after Tax</b>					<b>(3,996.96)</b>
<b>Other Information</b>					
Depreciation & Amortisation	76,973.11	27.32	1,271.61	-	78,272.04
Capital Expenditure	212,078.72	30.73	755.79	-	212,865.24

The Group's operating segment information for the year ended March 31, 2016 are as below:

₹ Mn

Particulars	Business Segments			Elimination	Total
	Mobility	ILD	PI		
<b>Revenue</b>					
External Revenue	351,421.52	6,983.59	1,088.95	-	359,494.06
Inter-segment Revenue	2,208.90	1,419.71	1,332.95	(4,961.56)	-
<b>Total Revenue from Operations</b>	<b>353,630.42</b>	<b>8,403.30</b>	<b>2,421.90</b>	<b>(4,961.56)</b>	<b>359,494.06</b>
<b>Segment Result</b>	<b>55,710.49</b>	<b>768.83</b>	<b>635.26</b>	<b>-</b>	<b>57,114.58</b>
Other Income					2,131.39
Finance Costs					(20,961.50)
<b>Profit before Tax and Share of Joint Venture</b>					<b>38,284.47</b>
Add: Share in Profits of Joint Venture					4,216.81
Add: Share in Loss of Associate					-
<b>Profit before Tax</b>					<b>42,501.28</b>
Provision for Tax (net)					(15,219.95)
<b>Profit after Tax</b>					<b>27,281.33</b>
<b>Other Information</b>					
Depreciation & Amortisation	62,195.81	36.74	328.19	-	62,560.74
Capital Expenditure	382,037.63	23.91	81.05	-	382,142.59

## Notes forming part of the Consolidated Financial Statements

The Group's segment assets and liabilities as at March 31, 2017 are as below:

₹ Mn

Particulars	Business Segments			Unallocated Assets	Total
	Mobility	ILD	PI		
Segment Assets	877,083.97	975.05	23,164.75	67,077.97	968,301.74
Less: Inter Segment Eliminations	(533.40)	(144.35)	(577.05)		(1,254.80)
<b>Total Assets</b>	<b>876,550.57</b>	<b>830.70</b>	<b>22,587.70</b>	<b>67,077.97</b>	<b>967,046.94</b>
Segment Liabilities	703,836.68	479.55	3,050.19	13,612.88	720,979.30
Less: Inter Segment Eliminations	(721.40)		(533.40)		(1,254.80)
<b>Total Liabilities</b>	<b>703,115.28</b>	<b>479.55</b>	<b>2,516.79</b>	<b>13,612.88</b>	<b>719,724.50</b>

The Group's segment assets and liabilities as at March 31, 2016 are as below:

₹ Mn

Particulars	Business Segments			Unallocated Assets	Total
	Mobility	ILD	PI		
Segment Assets	744,450.06	1,476.18	23,659.94	33,167.60	802,753.78
Less: Inter Segment Eliminations	(922.41)	(556.02)	(20.33)		(1,498.76)
<b>Total Assets</b>	<b>743,527.65</b>	<b>920.16</b>	<b>23,639.61</b>	<b>33,167.60</b>	<b>801,255.02</b>
Segment Liabilities	544,728.56	739.80	1,442.63	20,337.92	567,248.91
Less: Inter Segment Eliminations	(576.35)		(922.41)		(1,498.76)
<b>Total Liabilities</b>	<b>544,152.21</b>	<b>739.80</b>	<b>520.22</b>	<b>20,337.92</b>	<b>565,750.15</b>

The Group's segment assets and liabilities as at April, 1 2015 are as below:

₹ Mn

Particulars	Business Segments			Unallocated Assets	Total
	Mobility	ILD	PI		
Segment Assets	425,603.48	1,194.34	20,418.13	138,641.76	585,857.71
Less: Inter Segment Eliminations	(2,107.65)	(482.75)	(119.59)		(2,709.99)
<b>Total Assets</b>	<b>423,495.83</b>	<b>711.59</b>	<b>20,298.54</b>	<b>138,641.76</b>	<b>583,147.72</b>
Segment Liabilities	358,568.24	491.56	2,496.86	13,558.48	375,115.14
Less: Inter Segment Eliminations	(602.34)		(2,107.65)		(2,709.99)
<b>Total Liabilities</b>	<b>357,965.90</b>	<b>491.56</b>	<b>389.21</b>	<b>13,558.48</b>	<b>372,405.15</b>

### Information About major customers

There is no single external customer from whom the revenue exceeds 10% of the total revenue of the Group.

### 53. Share-based payments

#### Employee stock option plan

The Company has granted stock options under the employee stock option scheme (ESOS) 2006 and stock options as well as restricted stock units (RSU's) under ESOS 2013 to the eligible employees of the company and its subsidiaries from time to time. These options would vest in 4 equal annual installments after one year of the grant and the RSU's will vest after 3 years from the date of grant. The maximum period for exercise of options and RSU's is 5 years from the date of vesting. Each option and RSU when exercised would be converted into one fully paid-up equity share of ₹ 10 each of the Company. The options granted under ESOS 2006 and options as well as RSUs granted under the ESOS 2013 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

## Notes forming part of the Consolidated Financial Statements

There were no modifications to the awards during the year ended March 31, 2017 and March 31, 2016. As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Options	Weighted average exercise price (₹)	No. of Options	Weighted average exercise price (₹)
<b>i) Options granted under ESOS 2006</b>				
Options outstanding at the beginning of the year	2,681,041	52.56	4,851,573	51.74
Options granted during the year	-	-	-	-
Options lapsed during the year	9,750	68.86	10,625	62.74
Options exercised during the year	1,337,663	46.37	2,136,095	50.67
Options expired during the year	116,477	56.97	23,812	49.64
Options outstanding at the end of the year	1,217,151	58.80	2,681,041	52.56
Options exercisable at the end of the year	1,217,151	58.80	2,681,041	52.56
Range of exercise price of outstanding options (₹)	45.55 - 68.86		39.30 - 68.86	
Remaining contractual life of outstanding options (years)	0.31 - 2.81		0.31 - 3.81	
<b>ii) Options granted under ESOS 2013</b>				
Options outstanding at the beginning of the year	19,018,618	126.66	18,657,280	127.16
Options granted during the year	416,033	110.45	1,048,615	117.55
Options lapsed during the year	462,010	127.29	158,421	126.45
Options exercised during the year	-	-	528,856	126.45
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	18,972,641	126.28	19,018,618	126.66
Options exercisable at the end of the year	13,166,437	126.76	8,622,110	126.83
Range of exercise price of outstanding options (₹)	110.45 - 150.10		117.55 - 150.10	
Remaining contractual life of outstanding options (years)	2.87 - 8.87		3.87 - 8.81	
<b>iii) RSU's granted under ESOS 2013</b>				
Options outstanding at the beginning of the year	8,550,446	10.00	8,160,108	10.00
Options granted during the year	161,869	10.00	476,851	10.00
Options lapsed during the year	221,913	10.00	86,513	10.00
Options exercised during the year	3,481,190	10.00	-	-
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	5,009,212	10.00	8,550,446	10.00
Options exercisable at the end of the year	4,123,456	10.00	41,422	10.00
Range of exercise price of outstanding options (₹)	10.00		10.00	
Remaining contractual life of outstanding options (years)	4.87 - 7.87		5.87 - 7.81	

The weighted average share price at the date of exercise of options exercised during the year was ₹ 84.88 (March 31, 2016 ₹ 155.01).

## Notes forming part of the Consolidated Financial Statements

The fair value of each option and RSU is estimated on the date of grant / re-pricing based on the following assumptions:

Particulars	ESOS 2006					
	On the date of Grant				On the date of re-pricing	
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche I	Tranche II
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected life	6 years 6 months	6 years 6 months	6 years 6 months	6 years 6 months	4 years 6 months	5 years 9 months
Risk free interest rate (%)	7.78	7.50	7.36	8.04-8.14	7.36	7.36
Volatility (%)	40.00	45.80	54.54	50.45	54.54	54.54
Market price on date of grant / re-pricing (₹)	131.30	91.95	57.55	68.86	57.05	57.05
Fair Value*(₹)	68.99	48.25	31.34	37.47	18.42	10.57

\*As on the date of transition, all ESOP's were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

Particulars	ESOS 2013			
	Tranche I	Tranche II	Tranche III	Tranche IV
	Stock Options	Stock Options	Stock Options	Stock Options
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	6 years 6 months	6 years 6 months	6 years 6 months	6 years 6 months
Risk free interest rate (%)	8.81 - 8.95	8.04 - 8.06	7.42 - 7.66	6.68 - 7.03
Volatility (%)	34.13-44.81	34.28-42.65	34.70 - 35.33	36.37 - 38.87
Market price on date of grant (₹ )	126.45	150.10	117.55	110.45
Fair Value (₹ )	60.51 <sup>#</sup>	66.27	48.97	46.39

<sup>#</sup>As on the date of transition, first instalment of the grant were vested and therefore, in line with the exemptions under Ind AS 101, the expense of such share based payment has been recognised based on intrinsic value.

Particulars	ESOS 2013			
	Tranche I	Tranche II	Tranche III	Tranche IV
	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units	Restricted Stock Units
Dividend yield (%)	0.24	0.40	0.51	0.54
Expected life	5 years 6 months			
Risk free interest rate (%)	8.91	8.05	7.60	6.94
Volatility (%)	43.95	35.66	34.24	37.21
Market price on date of grant (₹ )	126.45	150.10	117.55	110.45
Fair Value (₹ )	118.70	140.41	107.71	100.40

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on the historical share price over a period similar to the expected life of the options.

### 54. Employee Benefits

#### A. Defined Benefit Plan (Gratuity)

##### General description and benefits of the plan

The respective companies in the Group operate 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 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.

## Notes forming part of the Consolidated Financial Statements

### Regulatory framework, funding arrangement and governance of the Plan

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

### 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 following tables summarize the components of net benefit expense recognised in the Consolidated Statement of Profit and Loss and the funded status and amounts recognised in the Consolidated Balance Sheet for gratuity:

Particulars	₹ Mn		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Amount recognised in Balance Sheet</b>			
Present value of obligations as at the end of the year	2,400.25	1,968.28	1,476.06
Fair value of plan assets as at the end of the year	826.14	425.55	238.97
Net Funded Obligation	1,574.11	1,542.73	1,237.09
Net Asset/(Liability) recognised in Balance Sheet	(1,574.11)	(1,542.73)	(1,237.09)
Net Asset/(Liability) recognised in Balance Sheet is bifurcated as			
- Other non-financial asset	0.80	0.18	0.12
- Long term provision	(1,574.91)	(1,542.91)	(1,237.21)

Sr. No.	Particulars	₹ Mn	
		For the year ended March 31, 2017	For the year ended March 31, 2016
1	<b>Reconciliation of Net Defined Benefit Obligation</b>		
	Opening Net Defined Benefit liability/(asset)	1,542.73	1,237.09
	Expense charged to the Statement of Profit & Loss	427.93	326.52
	Expense charged to OCI	56.82	200.05
	Employer contributions	(423.56)	(220.93)
	Liabilities assumed / (settled)*	(29.81)	-
	Closing Net Defined Benefit liability/(asset)	1,574.11	1,542.73
2	<b>Reconciliation of Defined Benefit Obligation</b>		
	Opening Defined Benefit Obligation	1,968.28	1,476.06
	Current Service cost	307.84	229.09
	Interest on Defined Benefit Obligation	157.94	115.29
	Actuarial (Gain)/Loss arising from change in financial assumptions	295.86	225.94
	Actuarial (Gain)/Loss arising from change in demographic assumption	0.19	-
	Actuarial (Gain)/Loss arising on account of experience changes	(237.57)	(14.24)
	Benefits paid	(62.48)	(63.86)
	Liabilities assumed / (settled)*	(29.81)	-
	Closing of Defined Benefit Obligation	2,400.25	1,968.28

## Notes forming part of the Consolidated Financial Statements

₹ Mn

Sr. No.	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
3	<b>Reconciliation of plan assets</b>		
	Opening fair value of plan assets	425.55	238.97
	Employer contributions	423.56	220.93
	Interest on plan assets	37.85	17.86
	Re measurements due to-	-	-
	- Actual return on plan assets less interest on plan assets	1.66	11.65
	Benefits paid	(62.48)	(63.86)
	Closing fair value of plan assets	826.14	425.55

\*On account of inter group transfer.

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	For the year ended March 31, 2016
1	<b>Expenses Recognised in the Statement of Profit &amp; Loss</b>		
	Current Service cost	307.84	229.09
	Interest on Net Defined Benefit liability/(asset)	120.09	97.43
	Expenses recognised in the Statement of Profit & Loss	427.93	326.52
2	<b>Amount recorded as Other Comprehensive Income (OCI)</b>		
	Re measurement during the year due to		
	- Changes in financial assumptions	295.86	225.94
	- Experience adjustments	(237.38)	(14.24)
	- Return on plan assets (excluding amounts included in net interest expense)	(1.66)	(11.65)
	Amount recognised in OCI	56.82	200.05

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.10%	8.10%
Future salary increases*	8.00%	8.00%
Mortality rate during employment	As per Indian Assured Lives Mortality (2006-08) Ult Table	
Rate of Employee Turnover		
Age(Years) – 21-30	5 -12%	
31-40	3-12%	
41and above	2-12%	
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.

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

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Discount Rate	Salary escalation Rate	Discount Rate	Salary escalation Rate
Impact of increase in 50 bps on DBO	(8.04)%	5.36%	(6.55)%	7.14%
Impact of decrease in 50 bps on DBO	5.46%	(8.01)%	7.18%	(6.57)%

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

## Notes forming part of the Consolidated Financial Statements

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

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Within the next 12 months	158.00	153.76

Disaggregation details of plan assets (% allocation):

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Insurer Managed Funds *	826.15	425.56

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

### Projected plan cash flow:

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

Maturity Profile	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected benefits for year 1	92.88	76.04
Expected benefits for year 2	73.69	48.61
Expected benefits for year 3	78.87	72.04
Expected benefits for year 4	82.42	75.81
Expected benefits for year 5 and above	7,089.90	7,140.47

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.92 – 19.53 years (March 31, 2016: 11.86 - 13.80 years).

### B. Defined contribution plans:

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

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Employers' contribution to provident and pension fund	536.43	474.68
Employers' contribution to superannuation fund	95.42	77.65

C. 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 contributions towards the plans have been invested in Insurer Managed Funds.

### 55. Auditor's Remuneration

Particulars	₹ Mn	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Audit Fees	47.20	46.95
Certification and Other services (included in Legal and Professional Charges)	22.90*	14.05
Out of pocket expenses (included in Misc. Expenses)	0.99	0.71
Total Remuneration	71.09	61.71

\*includes ₹ 5 Mn. payment to an affiliate firm of statutory auditors

## Notes forming part of the Consolidated Financial Statements

### 56. Expenditure for Corporate Social Responsibility

a) Gross amount required to be spent by the Group during the year is ₹ 744.49 Mn. (Previous year ₹ 556.92 Mn.).

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

		₹ Mn		
Sr. No.	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	170.70	112.45	283.15
2	Education	20.59	2.52	23.11
3	Sanitation	12.00	2.40	14.40
4	Others	36.41	15.40	51.81
	<b>Total</b>	<b>239.70</b>	<b>132.77</b>	<b>372.47</b>

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

		₹ Mn		
Sr. No.	Particulars	Amount Paid	Amount Payable	Total
1	Healthcare	62.00	4.30	66.30
2	Education	87.93	25.10	113.03
3	Sanitation	9.65	-	9.65
4	Others	-	0.01	0.01
	<b>Total</b>	<b>159.58</b>	<b>29.41</b>	<b>188.99</b>

### 57. 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	990.09	8,921.67	
<b>Total Current Tax Expense (A)</b>	<b>990.09</b>	<b>8,921.67</b>	
Deferred Tax			
Relating to addition & reversal of temporary differences	(4,569.66)	6,298.28	
Relating to effect of previously unrecognised tax credits, now recorded	(1,053.33)	-	
Relating to change in tax rate	(2.49)	-	
<b>Total Deferred Tax Expense (B)</b>	<b>(5,625.48)</b>	<b>6,298.28</b>	
<b>Income Tax Expense (A+B)</b>	<b>(4,635.39)</b>	<b>15,219.95</b>	
<b>Income tax impact of re-measurement gains/ losses on defined benefit plans taken to other comprehensive income</b>	<b>(19.30)</b>	<b>(69.21)</b>	

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

		₹ Mn	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	
Profit/(Loss) before income tax expense (₹ Mn.)	(8,632.35)	42,501.28	
<b>Applicable Tax Rate</b>	<b>34.61%</b>	<b>34.61%</b>	
Increase / reduction in taxes on account of:			
Effect of share of profits in JV / Associate	16.91%	(3.43)%	
Effect of previously unrecognised tax credits, now recorded	12.20%	0.00%	
Effects of expenses that are not deductible in determining the taxable profits	(2.20)%	2.82%	
Effect of different tax rate	(0.07)%	0.01%	
Effects of losses on which deferred tax not recognised	(2.33)%	0.17%	
Effect of undistributed retained earnings of JV	(6.00)%	1.69%	
Other Items	0.57%	(0.06)%	
<b>Effective Tax Rate</b>	<b>53.70%</b>	<b>35.81%</b>	

## Notes forming part of the Consolidated Financial Statements

- (c) Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, in view of uncertainty, the respective companies have not recognised deferred tax assets in respect of temporary differences arising out of effects of assessments and unused tax losses/credits of ₹ 5,936.82 Mn., ₹ 4,425.13 Mn. and ₹ 4,140.67 Mn. as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively.

### 58. Movement in Deferred Tax

Particulars	₹ Mn									
	As at	Recognised in			As at	Recognised in				As at
	April 1, 2015	Profit and Loss	OCI	MAT Credit Utilisation	March 31, 2016	Profit and Loss	OCI	Retained Earnings	MAT credit Utilisation	March 31, 2017
<b>Liabilities</b>										
Depreciation & Amortisation	19,012.82	12,107.27	-		31,120.09	20,828.39	-			51,948.48
Effects of remeasuring financial instruments under Ind AS	777.54	79.43	-		856.97	(765.53)	-			91.44
Effects of inflation linked escalation on rental income/ expense not requiring equalization over the lease term	1,725.84	360.74	-		2,086.58	(2,091.08)				(4.50)
Undistributed retained earnings of JV	84.05	716.65		-	800.70	517.51		(737.50)		580.71
Others	210.29	(62.88)	-		147.41	(147.41)	-			-
<b>Total (A)</b>	<b>21,810.54</b>	<b>13,201.21</b>	<b>-</b>	<b>-</b>	<b>35,011.75</b>	<b>18,341.88</b>	<b>-</b>	<b>(737.50)</b>	<b>-</b>	<b>52,616.13</b>
<b>Assets</b>										
Tax Losses	-	-	-	-	-	22,181.16	-	-	-	22,181.16
Expenses allowable on Payment Basis	1,293.81	281.29	69.21	-	1,644.31	216.03	19.30	-	-	1,879.64
Provisions for doubtful debts/ advances	1,246.40	133.92	-	-	1,380.32	650.16	-	-	-	2,030.48
MAT credit	5,848.39	6,471.23	-	(33.75)	12,285.87	899.35	-	-	(61.79)	13,123.43
Others	146.16	16.48	-	-	162.64	20.66	-	-	-	183.30
<b>Total (B)</b>	<b>8,534.76</b>	<b>6,902.93</b>	<b>69.21</b>	<b>(33.75)</b>	<b>15,473.15</b>	<b>23,967.36</b>	<b>19.30</b>	<b>-</b>	<b>(61.79)</b>	<b>39,398.00</b>
<b>Net Deferred Tax Liabilities/ (Assets) (A-B)</b>	<b>13,275.78</b>	<b>6,298.28</b>	<b>(69.21)</b>	<b>33.75</b>	<b>19,538.60</b>	<b>(5,625.48)</b>	<b>(19.30)</b>	<b>(737.50)</b>	<b>61.79</b>	<b>13,218.13</b>
<b>As per Financials :</b>										
Deferred Tax Asset	-				-					368.97
Deferred Tax Liabilities	13,275.78				19,538.60					13,587.10

### 59. 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/(Loss) after Tax* (₹ Mn.)	(4,420.13)	26,711.23
Profit/(Loss) attributable to equity shareholders (₹ Mn.)	(4,420.13)	26,711.23
Weighted average number of equity shares outstanding during the year	3,601,290,214	3,599,336,054
Basic Earnings Per Share (₹ )	(1.23)	7.42
Dilutive effect on weighted average number of equity shares outstanding during the year	*	9,670,230
Weighted average number of diluted equity shares	3,601,290,214	3,609,006,284
Diluted Earnings Per Share (₹ )	(1.23)	7.40

\*As the Group has incurred loss during the year, dilutive effect on weighted average number of shares would have an anti-dilutive impact and hence, not considered.

#Adjusted for Group's share of additional depreciation debited to other equity by Joint venture pursuant to scheme.

## Notes forming part of the Consolidated Financial Statements

### 60. Related party transactions

The related parties where control, joint control and significant influence exist are subsidiaries, joint ventures and associates respectively. Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director whether executive or otherwise.

The Group has transactions with the below related parties:

Relationship	Related Party	
Associate	Aditya Birla Idea Payments Bank Limited	
Joint Venture	Indus Towers Limited	
Entities having significant influence	Aditya Birla Capital Advisors Private Limited	
	Aditya Birla Finance limited	
	Aditya Birla Financial Services Limited	
	Aditya Birla Financial Shared Services Limited	
	Aditya Birla Health Insurance Company Limited	
	Aditya Birla Housing Finance Limited	
	Aditya Birla Insurance Brokers Limited	
	Aditya Birla Money Limited	
	Aditya Birla Money Mart Limited (ABMML)	
	Aditya Birla Nuvo Limited	
	Axiata Group Berhad	
	Axiata Investments 1 India Limited	
	Axiata Investments 2 India Limited	
	Birla Institute of Technology and Science Company	
	Birla Sun Life AMC Limited	
	Birla Sun Life Asset Management Company Limited	
	Birla Sun Life Insurance Company Limited	
	Birla TMT Holdings Private Limited	
	Dialog Axiata PLC- Sri Lanka	
	Grasim Industries Limited	
	Hindalco Industries Limited	
	Ultratech Cement Limited	
	Key Management Personnel (KMP)	Smt Rajashree Birla
		Mr Kumar Mangalam Birla
		Ms. Alka Bharucha (effective 26 December 2016)
		Mr. Akshaya Moondra
		Mr. Arun Thiagarajan
Mr. Himanshu Kapania		
Mr. Mohan Gyani		
Mr. P. Murari		
Mr. R.C. Bhargava		
Mr. Sanjeev Aga		
Ms. Madhabi Puri Buch		
Mr. Baldev Raj Gupta		
Ms. Tarjani Vakil		
Others	Agora Advisory Private Limited	
	Bharucha and Partners	
	Breach Candy Hospital and Research Centre.	
	Citec Engineering India Private Limited	
	G.D Birla Medical Research & Education Foundation	
Trust*	Svatantra Microfin Private Limited	
	ICL Employee's Group Gratuity Scheme	
	ICL Employee Superannuation Scheme	
	Spice Communications Limited Employee Superannuation Scheme	
	Idea Cellular Infrastructure Services Limited Employee's Group Gratuity Scheme	
Idea Cellular Services Limited Employee Superannuation Scheme		
Idea Mobile Commerce Services Limited Employee's Group Gratuity Scheme		

\*Refer note 54 for information on transactions with post-employment benefit plans mentioned above.

## Notes forming part of the Consolidated Financial Statements

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

₹ Mn

Particulars	Associate	Entities having significant influence	Joint Venture	KMP	Others
Sale of service	0.16 (-)	167.26 (156.93)	10.00 (4.77)	0.05 (0.07)	1.38 (0.60)
Purchase of service		170.81 (70.43)	40,615.45 (35,830.12)		23.79 (-)
Remuneration*				138.54 (119.74)	
Non-Compete Fee				15.00 (15.00)	
Director's Commission and sitting fees		1.66 (1.78)		153.06 (152.02)	
Interest on NCD		9.45 (9.45)			
Expense incurred on behalf of	- (14.38)	0.52 (0.84)		- (0.00)	0.01 (0.17)
Dividend paid on equity shares		1,339.47 (1,339.47)		0.59 (0.54)	
Investments	173.71# (2.45)				
Sale of Fixed Assets	8.99 (-)				
Towards insurance including advance given		385.71 (0.15)			
Contribution towards Gratuity		200.00 (-)			
Contribution towards CSR					160.00 (-)

(Figures in bracket are for the year ended March 31, 2016)

\*excludes charge taken towards share based payments.

# Includes advance given for purchase of shares.

### B. Balances with Related Parties:

#### i. As at March 31, 2017

₹ Mn

Particulars	Associate	Entities having significant influence	JV	KMP	Others
Trade and Other Receivables	0.14	8.29	0.16	-	0.33
Trade and Other Payables	20.17	2.34	5,909.88	-	109.94
Security Deposit	-	-	1,000.00	-	-
Other financial and non- financial asset	-	39.38	-	-	-
9.45% NCD	-	100.00	-	-	-
Interest Accrued but not due	-	3.92	-	-	-
Remuneration payable	-	-	-	45.08	-

## Notes forming part of the Consolidated Financial Statements

### ii. As at March 31, 2016

Particulars	₹ Mn				
	Associate	Entities having significant influence	JV	KMP	Others
Trade and Other Receivables	14.38	7.54	-	-	0.14
Trade and Other Payables	-	17.66	3,682.95	1.25	0.18
Security Deposit	-	-	1,000.00	-	-
Other financial and non- financial asset	-	8.20	-	-	-
9.45% NCD	-	100.00	-	-	-
Interest Accrued but not due	-	3.92	-	-	-
Remuneration payable	-	-	-	50.71	-

### iii. As at April 1, 2015

Particulars	₹ Mn				
	Associate	Entities having significant influence	JV	KMP	Others
Trade and Other Receivables	-	13.46	-	-	0.12
Trade and Other Payables	-	0.82	2,969.93	-	-
Security Deposit	-	-	1,000.00	-	-
Other financial and non- financial asset	-	3.71	-	-	-
Advance taken	-	-	-	-	-
9.45% NCD	-	100.00	-	-	-
Interest Accrued but not due	-	3.91	-	-	-
Remuneration payable	-	-	-	63.57	-

Outstanding balances at year end are unsecured and considered good.

- C. **Commitments with related parties:** The group has lease commitments towards its joint venture amounting to ₹ 125,969.39 Mn. (Previous year: ₹ 130,659.67 Mn., Transition date : ₹ 130,238.99 Mn.)

- D. **Compensation of Key Management Personnel of the Company:**

Particulars	₹ Mn	
	March 31, 2017	March 31, 2016
Short-term employee benefits	135.79	117.27
Post-employment benefits*	2.75	2.47
Share-based payment transactions	41.96	60.65

\*represents contribution to provident and superannuation funds. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included.

61. The Company is one of the members of Aditya Birla Management Corporation Private Limited, a Company limited by guarantee, which has been formed to provide common pool of facilities and resources to its members with a view to optimise the benefits of specialisation and minimize cost to each member. The Company's share of expenses incurred under the common pool has been accounted for at actuals in the respective heads in the Statement of Profit & Loss.

## Notes forming part of the Consolidated Financial Statements

### 62. Financial Instruments

- a) **Financial Instruments by Category:** The following table provides categorization of all financial instruments at carrying value except non-current investments in joint venture and associates (including advance given for purchase of shares) which are carried at cost.

₹ 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
<b>Financial Assets</b>						
Current investments	48,997.52	-	13,304.60	-	115,361.80	-
Trade receivables	-	13,139.21	-	11,423.53	-	9,440.29
Deposit with body corporates	-	-	-	4,983.90	-	3,020.86
Security deposits	-	5,142.89	-	4,665.78	-	3,847.60
Loans to Employees	-	46.68	-	41.76	-	41.66
Cash and cash equivalents	-	782.46	-	7,630.04	-	15,392.77
Bank balance other than cash and cash equivalents	-	44.97	-	61.26	-	53.45
Interest receivable	-	0.24	-	20.00	-	1,061.65
Derivative Financial assets	13.69	-	100.32	-	2,841.61	-
Others	107.02	-	115.99	-	187.41	-
<b>Total Financial Assets</b>	<b>49,118.23</b>	<b>19,156.45</b>	<b>13,520.91</b>	<b>28,826.27</b>	<b>118,390.82</b>	<b>32,858.28</b>
<b>Financial Liabilities</b>						
Borrowings including interest accrued but not due	-	579,096.57	-	428,956.84	-	258,597.74
Payables for capital expenses	-	45,986.31	-	20,260.42	-	13,825.16
CCPS liability	-	-	28,792.96	-	25,619.18	-
Trade payables	-	40,776.67	-	32,471.30	-	29,617.48
Derivative Financial liabilities	1,898.51	-	1,248.64	-	1,147.71	-
Security deposits	-	2,681.77	-	2,496.14	-	2,061.22
Others	4.10	-	2.52	-	1.44	-
<b>Total Financial Liabilities</b>	<b>1,902.61</b>	<b>668,541.32</b>	<b>30,044.12</b>	<b>484,184.70</b>	<b>26,768.33</b>	<b>304,101.60</b>

### b) Fair value hierarchy

The Group 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
<b>Financial Assets</b>				
Current investments	48,997.52	-	-	48,997.52
Derivative financial assets	-	13.69	-	13.69
Others	-	107.02	-	107.02
<b>Total Financial Assets</b>	<b>48,997.52</b>	<b>120.71</b>	<b>-</b>	<b>49,118.23</b>
<b>Financial Liabilities</b>				
Derivative financial Liabilities	-	1,898.51	-	1,898.51
Others	-	4.10	-	4.10
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,902.61</b>	<b>-</b>	<b>1,902.61</b>

## Notes forming part of the Consolidated Financial Statements

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
<b>Financial Assets</b>				
Current investments	13,304.60	-	-	13,304.60
Derivative financial assets	-	100.32	-	100.32
Others	-	115.99	-	115.99
<b>Total Financial Assets</b>	<b>13,304.60</b>	<b>216.31</b>	<b>-</b>	<b>13,520.91</b>
<b>Financial Liabilities</b>				
CCPS liability	-	-	28,792.96	28,792.96
Derivative financial liabilities	-	1,248.64	-	1,248.64
Others	-	2.52	-	2.52
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,251.16</b>	<b>28,792.96</b>	<b>30,044.12</b>

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
<b>Financial Assets</b>				
Current investments	115,361.80	-	-	115,361.80
Derivative financial assets	-	2,841.61	-	2,841.61
Others	-	187.41	-	187.41
<b>Total Financial Assets</b>	<b>115,361.80</b>	<b>3,029.02</b>	<b>-</b>	<b>118,390.82</b>
<b>Financial Liabilities</b>				
CCPS liability	-	-	25,619.18	25,619.18
Derivative financial liabilities	-	1,147.71	-	1,147.71
Others	-	1.44	-	1.44
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,149.15</b>	<b>25,619.18</b>	<b>26,768.33</b>

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
  - Security deposits and deposits with body corporates
  - Loans to Employees
  - Cash and cash equivalents
  - Bank balances other than cash and cash equivalents
  - Interest receivable
- b) Financial Liabilities
  - Trade payables
  - Payable for capital expenditure
  - Security deposits

v. Fair value hierarchy of financial liabilities measured at amortised cost is below:

	₹ Mn				
Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>Fixed rate borrowings including interest accrued but not due* :</b>					
As at March 31, 2017	511,240.89	-	529,377.06	-	529,377.06
As at March 31, 2016	394,507.79	-	413,498.04	-	413,498.04
As at April 1, 2015	130,033.47	-	136,204.83	-	136,204.83

\*Includes Deferred Payment Liability, NCD and others.

## Notes forming part of the Consolidated Financial Statements

### c) Valuation Technique used to determine fair value

Fair value of quoted current investments in Mutual Funds is based on price quotations 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 and 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.

The liability towards CCPS is the only financial instrument with a level 3 fair value hierarchy. The fair value for CCPS has been calculated using the dividend discount model by taking the present value of the estimated future dividend based on the risk adjusted discount rates.

### d) Quantitative information about the significant unobservable input used in level 3 fair value measurement:

Particulars	Fair value as at			Significant unobservable inputs	Ranges for sensitivity			Sensitivity
	March 31, 2017	March 31, 2016	April 1, 2015		March 31, 2017	March 31, 2016	April 1, 2015	
CCPS (refer note 42)	-	28,792.96	25,619.18	Dividend Growth rate	-	3.5% - 4.5%	3.5% - 4.5%	<b>a) March 31, 2016 :</b> Increased Dividend growth rate (+50 bps) and decrease in Risk adjusted discount rate (-100 bps) would increase Fair value by ₹ 7,928.43 Mn.  Decrease in Dividend growth rate (-50 bps) and increase in Risk adjusted discount rate (+100 bps) would decrease Fair value by ₹ 4,719.64 Mn.  <b>b) April 1, 2015 :</b> Increased Dividend growth rate (+50 bps) and decrease in Risk adjusted discount rate (-100 bps) would increase Fair value by ₹ 6,917.50 Mn.  Decrease in Dividend growth rate (-50 bps) and increase in Risk adjusted discount rate (+100 bps) would decrease Fair value by ₹ 4,195.25 Mn.
				Risk adjusted discount rate	-	8.83% - 10.83%	9.02% - 11.02%	

### e) Movement in financial assets and liabilities categorized as level 3 in the fair value hierarchy:

Particulars	₹ Mn
<b>As at April 1, 2015</b>	<b>25,619.18</b>
Gain/(Loss) recognised in statement of profit and loss	3,173.78
<b>As at March 31, 2016</b>	<b>28,792.96</b>
Gain/(Loss) recognised in statement of profit and loss	290.15
Settled by issue of equity shares (refer note 42)	(29,083.11)
<b>As at March 31, 2017</b>	<b>-</b>
Unrealised gains/(losses) recognised in statement of profit and loss related to assets and liabilities held at the end of the reporting period	-
<b>March 31, 2017</b>	<b>-</b>
<b>March 31, 2016</b>	<b>3,173.78</b>

## Notes forming part of the Consolidated Financial Statements

### 63. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets comprise investments, cash and bank balance, trade and other receivables. The Group also enters into derivative transactions such as foreign forward exchange contracts, Interest rate swaps as a part of Group's financial risk management policies. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

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

#### 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, investments and derivative financial instruments.

The sensitivity analysis as shown below relates to the position as at March 31, 2017 and March 31, 2016.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

#### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2017, after taking into account the effect of interest rate swaps, approximately 88.06% of the Company's borrowings are at a fixed rate of interest (Previous year: 92.62%, Transition date: 51.59%).

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

		₹ Mn
Particulars	Increase/decrease in basis points	Effect on profit before tax
<b>March 31, 2017</b>		
INR - Borrowings	+100	(480.00)
	- 100	480.00
USD - Borrowings	+100	(174.40)
	- 100	174.40
<b>March 31, 2016</b>		
INR - Borrowings	+100	(100.25)
	- 100	100.25
USD - Borrowings	+100	(184.82)
	- 100	184.82

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

#### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

## Notes forming part of the Consolidated Financial Statements

When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

At March 31, 2017, the Company hedged 21.14% (Previous year: 34.91%, Transition date: 52.72%), of its foreign currency loans. This foreign currency risk is hedged by using foreign currency forward contracts.

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

		₹ Mn
Currency exposure	Change in currency exchange rate	Effect on profit before tax
<b>March 31, 2017</b>		
USD	+5%	(1,951.00)
	- 5%	1,951.00
<b>March 31, 2016</b>		
USD	+5%	(1,737.62)
	- 5%	1,737.62

The derivatives have not been designated in a hedge relationship, they act as a hedge and will offset the underlying transactions when they occur.

### c) Other Price risk

The Group invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and fixed deposits.

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.

On the duration investment balance, an increase/ decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease/increase in the marked to market value of the investments by ₹ Nil and ₹ 9.14 Mn. as on March 31, 2017 and March 31, 2016 respectively.

### d) 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 Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks, foreign exchange transactions 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 Group 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 Group estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. 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 is managed by the Group's treasury department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Group's Treasury Department on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2017, March 31, 2016 and April 01, 2015 on its carrying amounts as disclosed in notes 11, 16, 17 and 18.

## Notes forming part of the Consolidated Financial Statements

### e) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Approximately 6.21% of the Group's debt will mature in less than one year as at March 31, 2017 (Previous year: 11.44%, Transition date: 38.45%) based on the carrying value of borrowings reflected in the financial statements. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years	> 5 years	₹ Mn
					Total payments
<b>As at March 31, 2017</b>					
Borrowings and Interest thereon	579,096.57	63,031.82	377,908.16	470,531.22	911,471.20
Trade and other payables	86,762.98	86,719.63	43.35	-	86,762.98
Other financial liabilities	2,685.87	2,301.90	383.97	-	2,685.87
Derivatives	1,898.51	1,898.51	-	-	1,898.51
<b>Total</b>	<b>670,443.93</b>	<b>153,951.86</b>	<b>378,335.48</b>	<b>470,531.22</b>	<b>1,002,818.56</b>
<b>As at March 31, 2016</b>					
Borrowings and interest thereon	428,956.84	49,248.16	249,120.28	394,379.67	692,748.11
Trade and other payables	52,731.72	52,723.63	8.09	-	52,731.72
Other financial liabilities	2,498.66	2,129.59	369.07	-	2,498.66
Payable for CCPS	28,792.96	28,792.96	-	-	28,792.96
Derivatives	1,248.64	497.75	750.89	-	1,248.64
<b>Total</b>	<b>514,228.82</b>	<b>133,392.09</b>	<b>250,248.33</b>	<b>394,379.67</b>	<b>778,020.09</b>
<b>As at April 1, 2015</b>					
Borrowings and interest thereon	258,597.74	105,665.61	127,577.93	108,763.60	342,007.14
Trade and other payables	43,442.64	43,385.94	56.70	-	43,442.64
Other financial liabilities	2,062.66	2,015.73	46.93	-	2,062.66
Payable for CCPS	25,619.18	25,619.18	-	-	25,619.18
Derivatives	1,147.71	45.19	1,102.52	-	1,147.71
<b>Total</b>	<b>330,869.93</b>	<b>176,731.65</b>	<b>128,784.08</b>	<b>108,763.60</b>	<b>414,279.33</b>

### 64. Capital management

For the purpose of the Group'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 Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, Bank balance other than cash and cash equivalents and investment in liquid mutual funds.

## Notes forming part of the Consolidated Financial Statements

₹ Mn

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	516,725.37	375,496.20	159,504.76
Current maturities of long term debts	33,820.18	29,916.86	97,175.38
Less: Investment in liquid mutual funds	(48,997.52)	(13,304.60)	(115,361.80)
Less: Cash and cash equivalents	(782.46)	(7,630.04)	(15,392.77)
Less: Bank balance other than cash and cash equivalents	(44.97)	(61.26)	(53.45)
<b>Debt</b>	<b>500,720.60</b>	<b>384,417.16</b>	<b>125,872.12</b>
Equity share capital	36,053.28	36,005.09	35,978.44
Other Equity	211,269.16	199,499.78	174,764.13
<b>Total Equity</b>	<b>247,322.44</b>	<b>235,504.87</b>	<b>210,742.57</b>
<b>Debt Equity ratio</b>	<b>2.02</b>	<b>1.63</b>	<b>0.60</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call the consequences attached with the same.

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

## Notes forming part of the Consolidated Financial Statements

## 65. Additional disclosure as per requirement of Schedule III

Name of the entity in the Group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in Other Comprehensive Income / (Loss)		Share in total Comprehensive Income / (Loss)	
	As % of consolidated net assets	Amount (₹ Mn)	As % of consolidated profit or (loss)	Amount (₹ Mn)	As % of Other Comprehensive Income / (Loss)	Amount (₹ Mn)	As % of Total Comprehensive Income / (Loss)	Amount (₹ Mn)
<b>Idea Cellular Limited</b>								
31-Mar-17	88.48%	218,820.65	207.93%	(8,310.75)	74.67%	(32.36)	206.50%	(8,343.11)
31-Mar-16	99.65%	234,673.46	97.00%	26,462.88	96.50%	(134.37)	97.00%	26,328.51
<b>Subsidiaries</b>								
<b>Idea Telesystems Limited</b>								
31-Mar-17	0.08%	193.90	1.18%	(47.27)	-	-	1.17%	(47.27)
31-Mar-16	0.10%	241.17	0.03%	9.11	-	-	0.03%	9.11
<b>Idea Cellular Services Limited</b>								
31-Mar-17	(0.04)%	(89.46)	(0.18)%	7.20	3.97%	(1.72)	(0.14)%	5.48
31-Mar-16	(0.04)%	(83.83)	0.01%	1.69	(2.75)%	3.83	0.02%	5.52
<b>Idea Cellular Infrastructure Services Limited</b>								
31-Mar-17	2.66%	6,579.71	(19.07)%	762.34	5.65%	(2.45)	(18.81)%	759.89
31-Mar-16	0.81%	1,900.97	1.25%	341.43	-	-	1.26%	341.43
<b>Aditya Birla Telecom Limited</b>								
31-Mar-17	3.11%	7,703.56	(12.03)%	481.01*	-	-	(11.91)%	481.01
31-Mar-16	(9.28)%	(21,845.41)	(10.30)%	(2,808.69)	-	-	(10.35)%	(2,808.69)
<b>Idea Mobile Commerce Services Limited</b>								
31-Mar-17	0.02%	44.56	14.77%	(590.24)	2.28%	(0.99)	14.63%	(591.23)
31-Mar-16	0.01%	17.37	(0.83)%	(225.25)	0.22%	(0.31)	(0.83)%	(225.56)
<b>Associate</b>								
<b>Aditya Birla Idea Payments Bank Limited</b>								
31-Mar-17	(0.03)%	(86.14)	2.12%	(84.67)	10.04%	(4.35)	2.20%	(89.02)
31-Mar-16	-	-	-	-	-	-	-	-
<b>Joint venture</b>								
<b>Indus Towers Limited</b>								
31-Mar-17	5.72%	14,155.66	(94.72)%	3,785.42	3.39%	(1.47)	(93.64)%	3,783.95
31-Mar-16	8.75%	20,601.14	12.84%	3,500.16	6.03%	(8.40)	12.87%	3,491.76
<b>Total</b>								
31-Mar-17	100.00%	247,322.44	100.00%	(3,996.96)	100.00%	(43.34)	100.00%	(4,040.30)
31-Mar-16	100.00%	235,504.87	100.00%	27,281.33	100.00%	(139.25)	100.00%	27,142.08

\*Excluding dividend received from Indus Towers Limited, a joint venture of the company.

## 66. Interest in Other Entities

## (a) Interests in associates and joint ventures:

The associates / joint ventures which, in the opinion of the directors, are material to the group as at March 31, 2017 are as below. The entities listed below have share capital consisting solely of equity shares which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% of ownership interest	Relationship	Accounting method	Quoted fair value		Carrying amount	
					March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Indus	India	11.15%	Joint Venture	Equity Method	*	*	14,736.56	21,402.03
								17,763.64

\* Unlisted entity – No quoted price available

## Notes forming part of the Consolidated Financial Statements

### (b) Summarised financial information for associates and joint ventures:

The table below provide summarised financial information for the joint ventures and associates of the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not Idea Cellular Limited's share of those amounts.

#### Summarised Balance Sheet:

Particulars	Indus Towers Limited (Indus)			ABIPBL
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017
<b>Equity</b>				
Equity share capital	1.19	1.19	1.19	1,365.65
Other equity	132,163.59	133,761.51	111,021.59	(267.54)
<b>Total Equity</b>	<b>132,164.78</b>	<b>133,762.70</b>	<b>111,022.78</b>	<b>1,098.11</b>
<b>Liabilities</b>				
Long term borrowings	10,589.19	25,585.16	37,203.20	-
Other non-current Liabilities	18,144.97	16,045.21	14,768.78	224.33
Deferred tax liability	11,225.17	10,881.00	11,046.45	-
Short term borrowings	11,535.48	-	3,494.30	-
Other current liabilities	42,000.32	38,068.71	50,234.43	336.17
<b>Total Liabilities</b>	<b>93,495.13</b>	<b>90,580.08</b>	<b>116,747.16</b>	<b>560.50</b>
<b>Assets</b>				
Net Block (including CWIP)	191,656.14	192,489.63	193,883.58	708.93
Other non-current assets	15,493.66	14,950.39	15,241.13	60.07
Current investments	-	2,702.63	-	770.66
Other current assets	18,510.11	14,200.13	18,645.23	118.95
<b>Total Assets</b>	<b>225,659.91</b>	<b>224,342.78</b>	<b>227,769.94</b>	<b>1,658.61</b>

#### Summarized Statement of Profit and Loss:

Particulars	Indus Towers Limited (Indus)		ABIPBL
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017
Revenues from operations	175,279.82	161,694.55	-
Other income	1,682.88	1,773.27	28.05
Operating Costs	101,683.27	91,766.46	368.34
EBITDA	75,279.43	71,701.36	(340.29)
Finance costs	5,440.29	6,226.06	5.49
Depreciation & amortisation	26,115.43	25,442.08	6.28
Profit / (loss) before tax	43,723.71	40,033.22	(352.06)
Exceptional item	-	549.00	-
Taxes	15,273.05	14,227.15	-
Profit/ (loss) after tax	28,450.66	26,355.07	(352.06)
Other Comprehensive Income/ (loss)	(22.03)	(52.46)	(0.84)
<b>Total Comprehensive Income/(loss)</b>	<b>28,428.63</b>	<b>26,302.61</b>	<b>(352.90)</b>

The Group has received a dividend of ₹ 3,622.58 Mn. (Previous year: ₹ Nil) from Indus Towers Limited

## Notes forming part of the Consolidated Financial Statements

The contingent liabilities and capital commitment of the above joint venture and associates are given below:

Particulars	Indus Towers Limited (Indus)			ABIPBL		
	As at	As at	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Contingent Liability	36,787.00	31,044.00	21,729.00	-	-	-
Capital Commitment	7,077.00	3,864.00	2,889.00	-	-	-

(c) **Reconciliation to carrying amounts:**

The table below provides reconciliation to carrying amounts for the joint venture and associates material to the Group.

Particulars	Indus	
	March 31, 2017	March 31, 2016
Opening net assets	133,762.70	111,022.78
Profit for the year	28,450.66	26,355.07
Other comprehensive income/(loss)	(22.03)	(52.46)
Dividends paid (incl. DDT)	(27,251.05)	-
Other Equity Movement	(2,775.50)	(3,562.69)
Closing net assets	132,164.78	133,762.70
Group's share in %	11.15%	16.00%
Group's share in ₹	14,736.56	21,402.03
Carrying Amount	14,736.56	21,402.03

67. **Information with respect to Subsidiaries as at March 31, 2017:**

Particulars	Indus				
	Aditya Birla Telecom Limited	Idea Cellular Services Limited	Idea Cellular Infrastructure Services Limited	Idea Telesystems Limited	Idea Mobile Commerce Services Limited
Equity share capital	100.00	0.50	0.60	0.50	900.00
Other equity	63,430.48	8.43	6,622.76	191.01	(875.83)
Total Assets	23.69	146.06	8,896.69	61.84	440.39
Total Liabilities	16,390.17	137.13	3,071.83	45.61	521.15
Investments other than investments in Subsidiary	79,896.96	-	798.50	175.28	104.93
Turnover (Total Revenue)	4,963.03	1,571.60	7,635.18	358.21	113.15
Profit/(Loss) before Taxation	4,662.04	10.78	1,167.78	(47.41)	(590.25)
Provision for taxation	382.61	3.57	405.43	(0.14)	-
Profit/(Loss) after taxation	4,279.43	7.21	762.35	(47.27)	(590.25)
Other comprehensive income/(loss)	10,616.64	(1.73)	(2.46)	-	(0.98)
Total comprehensive income/(loss)	14,896.07	5.48	759.89	(47.27)	(591.23)

## Notes forming part of the Consolidated Financial Statements

68. 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			₹ Mn
	SBN	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016*	61.55	0.93	62.48
Permitted receipts	3.76	589.16	592.92
Permitted payments	-	(0.75)	(0.75)
Amount deposited in Banks	(65.31)	(583.19)	(648.50)
Closing Cash in Hand as on 30.12.2016	-	6.15	6.15

\*includes amount of ₹ 48.24 Mn. pertaining to distributors on November 8, 2016 collected from retail points as part of Idea Money normal operating cycle and deposited subsequently.

69. During the year ended March 31, 2017, the Company paid / accrued remuneration amounting to ₹ 100.46 Mn. to its Managing Director, Mr. Himanshu Kapania. As the Company did not have profits in the financial year ended March 31, 2017, an amount of ₹ 30.54 Mn. is in excess of the limits specified in section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payments, including seeking approval of shareholders / central government, as necessary.
70. Refer Note 10 for details of investment, loans and guarantees given (if any) under Section 186 of the Companies Act, 2013.

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### For and on behalf of the Board

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

Place : Mumbai  
Date : May 13, 2017

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary

## Statement of Consolidated 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
<b>A) Cash Flow from Operating Activities</b>		
Profit/(Loss) before Tax	(8,632.35)	42,501.28
<b>Adjustments For</b>		
Share in profits / (loss) of joint venture and associate	(4,218.26)	(4,216.81)
Depreciation	49,913.76	48,045.13
Amortisation	28,358.28	14,515.61
Loss / (Gain) on disposal of PPE, intangible assets and non-current assets held for sale	(176.19)	(63.75)
Finance costs (including fair value change in financial instruments)	40,410.78	20,961.50
Interest income	(674.64)	(276.70)
Gain on Mutual Funds (including fair value gain/(loss))	(2,394.71)	(1,854.69)
Bad debts / advances written off	104.16	1,328.12
Allowance for doubtful debts / advances	1,869.01	282.74
Share based payment expenses (ESOS)	432.35	614.48
Provision for gratuity and compensated absences	322.83	377.67
Liabilities / provisions no longer required written back	(93.48)	(136.82)
	113,853.89	79,576.48
<b>Operating Profit before Working Capital Changes</b>	<b>105,221.54</b>	<b>122,077.76</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade receivables	(3,614.16)	(3,554.79)
(Increase)/Decrease in Inventories	477.44	(355.07)
(Increase)/Decrease in Other financial and non financial assets	(2,537.89)	(6,078.18)
Increase / (Decrease) in Trade Payables	8,398.87	2,990.58
Increase / (Decrease) in Other financial & non financial liabilities	4,235.74	3,017.22
	6,960.00	(3,980.24)
<b>Cash generated from Operations</b>	<b>112,181.54</b>	<b>118,097.52</b>
Tax paid (including TDS) (net)	(6,808.39)	(8,611.43)
<b>Net Cash from / (used in) Operating Activities</b>	<b>105,373.15</b>	<b>109,486.09</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of PPE & Intangible assets (including CWIP)	(53,312.81)	(71,242.71)
Payment towards Spectrum and Licenses - Upfront payment	(66,207.00)	(58,081.99)
Payment towards Spectrum and Licenses - Deferred payment liability	(7,181.60)	-
Proceeds from sale of PPE, Intangible assets and AHFS	382.42	207.00
Investment in Aditya Birla Idea Payments Bank Limited (including advance given for purchase of shares)	(173.70)	(2.45)
Net proceeds from sale / (purchase) of Current Investment	(33,298.21)	103,911.89
Interest received	611.40	1,318.35
Dividend received from Joint Venture	3,622.58	-
<b>Net Cash from / (used in) Investing Activities</b>	<b>(155,556.92)</b>	<b>(23,889.91)</b>

## Statement of Consolidated 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
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital under ESOS	96.85	175.10
Amount paid on extinguishment of Equity Shares held by P5 as per high court approved scheme	(4,550.00)	-
Proceeds from Long Term Borrowings	115,155.79	347.11
Repayment of Long Term Borrowings	(15,859.04)	(101,630.03)
Proceeds from Short Term Borrowings	-	14,798.09
Repayment of Short Term Borrowings	(15,000.00)	-
Payment of Dividend, including Dividend Distribution Tax	(2,598.89)	(2,598.19)
Payment of Interest and Finance Charges	(32,799.83)	(4,392.83)
<b>Net Cash from / (used in) Financing Activities</b>	<b>44,444.88</b>	<b>(93,300.75)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(5,738.89)</b>	<b>(7,704.57)</b>
Cash and Cash Equivalents at the beginning	6,174.26	13,878.83
<b>Cash and Cash Equivalents at the end</b>	<b>435.37</b>	<b>6,174.26</b>

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

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

Cash on hand	8.93	18.51
Cheques on hand	63.62	86.73
Balances with banks		
- In Current Accounts	709.91	323.61
- In Deposit Accounts	-	7,201.19
Bank overdrafts which forms an integral part of cash management	(347.09)	(1,455.78)
	435.37	6,174.26

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

**Arun Thiagarajan**  
Director

**Sanjeev Aga**  
Director

**Himanshu Kapania**  
Managing Director

Place : Mumbai  
Date : May 13, 2017

**Akshaya Moondra**  
Whole time Director &  
Chief Financial Officer

**Pankaj Kapdeo**  
Company Secretary



**Idea Cellular Limited**  
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Gandhinagar - 382 011, Gujarat  
[www.ideacellular.com](http://www.ideacellular.com)